News Brief

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Employers Plan to Offer 4% Average Salary Increase in 2024

The latest Salary Budget Planning Survey by WTW found that U.S. employers plan an average salary increase of 4% in 2024. This is well above the 3.1% salary increase in 2021 and years prior, although down from the actual average increase of 4.4% in 2023. Inflationary pressures and concerns over tight labor market conditions are the primary factors driving the increase in salary budgets, cited by 55% and 52% of employers, respectively, according to WTW.

> **"Though economic uncertainty looms, employers are looking to remain competitive for talent, and pay is a key factor."**
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> - Hatti Johannsson, research director of Reward Data and Intelligence at WTW

Even though inflation has cooled somewhat from the 40-year high of 9.1% in June 2022, employees continue to struggle with the steep cost of food, housing, health care and other expenses. Furthermore, a recent study by Bank of America found that months of high costs of living have pushed employees' financial well-being to a record low.

Competition for labor also remains high. According to WTW, voluntary turnover and attrition are at 11% overall, although fewer employers are reporting issues finding and keeping workers.

Pay bumps aren't the only way employers seek to attract, retain and support employees in 2024. According to WTW, many organizations are also enhancing nonmonetary perks such as improved workplace flexibility (63%); increased focus on diversity, equity and inclusion (60%); and expanded efforts to improve the employee experience (55%).

Additionally, 55% of employers have committed to hiring staff in a higher salary range, undertaking compensation reviews of specific employee groups (54%) and raising starting salary ranges (49%).

Employer Takeaways

Salary remains a top priority for employees in 2024. Employers who provide competitive compensation and robust benefits offerings may be better equipped to attract and retain employees in the new year.

Contact us today for more information.