

Compensation Glossary

Salary Survey Terminology

- Benchmark job title: The title used in the salary survey, not necessarily the title used by participating organizations.
- Employee or Incumbent Count: Total number of job incumbents for a survey benchmark position as reported by participating organizations.
- Organization or Company Count: Total number of organizations reporting salary data for a survey benchmark position.
- Base pay rate: The fixed compensation paid to an employee for performing specific job responsibilities; base pay is exclusive of additional payments or allowances.
- Salary Range: The simple average of salary range minimums and maximums reported by organizations with established ranges.
- Incentive or Additional Cash: Additional pay (above and beyond the base salary or wage) awarded to an employee.
- Total cash compensation: Base pay plus additional cash.

Statistical Elements

- Weighted Mean: The average annual salary, computed by totaling the salary paid to each incumbent and dividing by the total number of incumbents. This measure reflects the influence on the marketplace by organizations with many incumbents in one job.
- 25th Percentile: 25% of companies, on average, pay below this level.
- 50th Percentile / Median: Half of all companies, on average, pay below this level; half pay above this level.
- 75th Percentile: 75% of companies, on average, pay below this level.

Common Compensation Terms

- Compensation Philosophy: A set of guiding principles that are based on values that drive compensation decision-making.
- Compensation: A methodical approach to assigning a monetary value to employees in return for work performed. Compensation may include any or all of the following: base pay, overtime pay, commissions, stock option plans, merit pay, profit sharing, bonuses, housing allowance, vacations and all benefits. This is referred to as remuneration in some foreign countries.
- Total compensation: An individual's complete pay package that includes cash, benefits, non-cash rewards, services, and work/life components.

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- 🔊 Job description: A generic term that refers to either a classification description or a position description. It is a recognized list of functions and tasks included in a particular occupation or job describing concisely but clearly the basic components of the job, the scope of assigned responsibility, authority, and autonomy as well as identifying the essential functions of the position and describes the environment in which the work will be completed.
- 🔊 Pay grade: Usually established within an organization, this refers to the levels or hierarchy of job and pay ranges. Also referred to as the salary structure, job grades, job-evaluation points and or policy lines.
- 🔊 Labor Market: The market in which workers compete for jobs and employers compete for workers.
- 🔊 Internal equity: Refers to the pay relationships among jobs internal to the organization regardless of the job's relationship to the external market.
- 🔊 Across-the-board increase: A wage or salary increase where either a flat rate or a common percentage of salary is used. Also called a General Increase.
- 🔊 Market adjustment: The adjustment that is necessary for an individual or an organization to bring the individual's pay or organization's average pay to approximate market values.
- 🔊 Lump Sum: Complete non-recurring payment consisting of a single sum of money.
- 🔊 Exempt: Not subject to (i.e., they are exempt from) the Fair Labor Standards Act (FLSA) minimum wage and overtime provisions. Employees are typically paid on a salaried basis.
- 🔊 Non-exempt: Subject to the minimum wage and overtime pay provisions of the Fair Labor Standards Act (FLSA).
- 🔊 Overtime: Each hour worked in a workweek in excess of the maximum hours applicable. This usually means hours worked in excess of 40 in a workweek. Under the Fair Labor Standards Act of 1938 (FLSA), there is no limit to the number of hours that an employee may work, either daily or weekly. It requires that overtime pay must be paid at a rate of not less than 1½ times the nonexempt employee's regular rate of pay for hours worked over the maximum in a workweek.

Sources: <http://www.salariesurveys.milliman.com/> & <http://www1.umn.edu/ohr/toolkit/compensation/glossary.html> & <http://www.eri-salary-survey.com/glossary.htm>