



NEWS RELEASE

Buoyed by the largest projected bonuses in four decades, employees should see pay climb in 2020 according to Aon

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Employees at small businesses are projected to see higher salary increases and larger bonuses than midsize and large businesses

CHICAGO, Sept. 11, 2019 /PRNewswire/ -- Salaries are projected to rise in 2020, and U.S. employees should also expect to bring home more in bonuses next year, according to new data released today by **Aon plc**, a leading global professional services firm providing a broad range of risk, retirement and health solutions.

Aon's 2019 U.S. Salary Increase Survey of 1,216 U.S. businesses projects base pay budgets will increase by 3.2% in 2020, slightly higher than 2019's 3.1% actual lift. In addition, variable pay, such as incentive or sign-on bonuses, is expected to rise to record levels at 13.1% of payroll, the largest allocation to projected variable pay in the history of the 43-year study.

"These increases in salary and variable pay reinforce the commitment of businesses to invest in talent, especially top performers. This is a very positive development for employees who have seen mostly stagnant wage growth since 2011 when base pay budgets increased by 2.7% and variable pay spending was 11.6% of payroll," said Ken Abosch, an employee rewards consulting leader at Aon.

Variable pay continues to climb as businesses seek to de-risk their fixed costs by allocating more to performance-based pay. Business spending on variable pay programs in 2019 was at 12.9% of payroll and is expected to rise to 13.1% in 2020. "This is evidence that organizations want to share the benefits of strong business performance with their people but aim to do so in a way that does not add to their fixed costs," said Abosch.

The majority (90%) of businesses surveyed have a broad-based variable pay plan, which includes signing bonuses (63%), individual performance awards (53%), special recognition awards (52%) and business incentives (50%). Nearly

60% of businesses surveyed use performance ratings in determining variable payouts. These practices increase employee line of sight and therefore strengthen their focus on desired business outcomes.

Company size and geography

Workers in most U.S. cities can expect to see salary increases in line with the national average in 2020. However, cities with higher living costs may see higher increases, such as San Diego (3.9%) and San Francisco (3.8%). Additionally, some states may see higher-than-average increases in variable pay expenditures. Specifically, Texas is projected to see 17.8% of payroll allocated to variable pay, while the national average is 13.1%. In contrast, California falls short of reaching the national average with projected variable pay allocations at 12.8%, which is up from 12.2% in 2019.

Small business employees will see a greater increase in both base and variable pay compared to large businesses in 2020.

- For businesses under \$50 million in revenue:
 - Base pay budgets are projected to grow by 3.5%; and
 - Variable pay is projected to account for 16.8% of payroll in 2020, up from 14.4% in 2019
- For businesses with fewer than 500 employees:
 - Base pay budgets are projected to grow by 3.3%; and
 - Variable pay is projected to account for 13.8% of payroll in 2020, up from 12.9% in 2019

For more information about Aon's Salary Increase Survey results, visit Aon's Rewards Solutions website [here](#).

About Aon

Aon plc (NYSE: AON) Aon is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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