

# FY2025 BONUS GUIDELINES

## Performance Bonuses

### Objective

- The objective of a performance bonus is to give managers an option they can use to recognize employees who have earned a rating of **Exceeds Expectations or Far Exceeds Expectations** for their annual performance.
- The definition of **Far Exceeds Expectations** is when an employee consistently demonstrates superior performance throughout the review period. Both what is produced and how it is produced far exceed Emory standards and expectations of the position. The employee is extraordinarily competent and productive. Performance at this level occurs throughout the year and across all key aspects of the position. The employee is often sought out by others for counsel and assistance and is widely recognized as a role model. Examples of the results and sought after expertise must be given to receive this rating.
- The definition of **Exceeds Expectations** is when an employee demonstrates strong, consistent performance in all or almost all competencies, skills and responsibilities. Both what is produced and how it is produced meet and often exceed Emory standards and expectations of the position. Results add value beyond the scope of the current role, often benefiting the division/department. Examples of these results must be given to receive this rating. This rating should be reserved for employees with strong, commendable performance.

### Eligibility

- The employee must be a regular employee working at least 20 hours/week.
- The employee must have an **overall Exceeds Expectations or Far Exceeds Expectations rating**.

### Payment(s)

- Bonus amounts may vary depending on the value the business unit receives from the employee's contributions. They should generally reflect the same overall practice as the annual salary increase plan. The payment of bonuses must be within the unit's financial budget limitations.
- Bonuses are one time payments. The value of bonus payments is not guaranteed as employee earnings in future years.
- Bonus payments are not considered base salary and are not eligible for retirement plan contributions.
- Business units have the flexibility to identify resources to pay the performance bonus from departmental non-salary dollars. However, the bonus must be charged to a salary sub account. Departments may want to consider doing a budget revision if non-salary dollars are used to pay the bonus.
- Bonus payments are assessed the full fringe rate. This should be taken into consideration when calculating the bonus payment from non-salary dollars.
- Bonus payments should not be grossed up to offset taxes.

## **Payment Timing**

- Bonuses are paid after the successful completion of the rating period.
- Bonuses can be paid prior to the end of the fiscal year; i.e., during August with current fiscal year money.

## **Approval Process**

- Approval must be obtained from the appropriate Dean or Vice President before a performance bonus is given.
- Performance Bonuses should be reviewed consistent with current fiscal year guidelines. Please contact the Compensation Department with questions prior to communicating bonus payments.
- If multiple employees in a business unit are receiving performance bonuses, equity issues should be reviewed.
- A supplemental pay request (using an earnings code of PER, performance bonus) must be submitted on-line to the Payroll Department. Refer to the Payroll Department web site for information on processing payroll pay requests.

## Certification Bonuses

### Objective

- The objective of the certification bonus program is to reward employees who have earned a certification in a program or course of study that directly impacts the work they do in their job at Emory.
- Certification bonuses should be reviewed with the Compensation Department before communication to employees.

### Eligibility

- The employee must be a regular employee *working at least part time* 6 months (20 hours/week) in his/her current position.
- The certification must be directly job related and generally involves classroom time and formal testing. Study time for the coursework should be on personal time.

### Payment(s)

- Typically, the bonus amount can vary from \$100 - \$1,000 depending on the value the business unit receives from the employee's enhanced skills.
- The bonus amount should be communicated to the employee in advance and should be quoted before taxes.
- If registration fees are associated with the certification program, the business unit may elect to reimburse the employee for the fee if the employee successfully completes the program.
- Bonus payments are assessed the full fringe rate. This should be taken into consideration when calculating the bonus payment from non-salary dollars.
- Bonus payments should not be grossed up to offset taxes.

### Payment Timing

- Certification bonuses are generally paid after the successful completion of the program.
- If the certification program involves multiple classes and testing, the unit may want to structure the program to give a small bonus after the successful completion of each class/test and then pay a larger bonus at the end of the program. For example, if it is a 10 class program, pay a \$50 bonus after the successful completion of each class and at the end pay a \$500 bonus when the certification is awarded.

### Time Frame

- If the employee is required to complete the certification program within a specified amount of time to be eligible for the bonus, this must be communicated to the employee in advance.
- If there are extenuating circumstances that prevent the employee from completing the certification within the specified time, the unit should consider granting a one time extension.
- The bonus should only be paid for original certification (not continuing certification requirements).

### Communication Plan

- Review the plan with senior management, if appropriate.
- After the successful completion of the program, there may be special recognition within the business unit to recognize the employee for his/her efforts.
- A letter of recognition documenting the payment should be placed in the employee's permanent employment file.

## **Approval Process**

- Approval must be obtained through the appropriate process within a division or department before a certification bonus is given.
- A supplemental pay request (using an earnings code of CRT, certification bonus) must be submitted on-line to the Payroll Department. Refer to the Payroll Department web site for information on processing payroll pay requests.

## Project Bonuses

### Objective

- The objective of a project bonus is to reward exceptional effort upon the successful completion of a major project. A successful project is usually defined as a project that is completed on time, at or under budget and satisfies the business requirements of the customer.
- A project bonus program must have a set of attainable goals and milestones, and the project must be funded and staffed appropriately.
- Project bonuses are generally only appropriate when the project is outside the scope of the employee's normal job.
- Project bonuses should be reviewed with the Compensation Department before communication to employees.

### Eligibility

- Depending on the scope of the project it may cover
  - all team members;
  - team leader only;
  - only team members who were 100% dedicated to the project;
  - only team members who worked on the project for a specific amount of time;
  - only team members with a certain level of responsibility and accountability.
- Team members must still be employed by Emory in good standing at the time the bonus payment is made.
- To be eligible team members must be involved in the planning, development, implementation and/or execution of the project.

### Payment(s)

- Typically, the bonus amount varies depending on the scope of the project and the level of responsibility of the team members.
- The amount is calculated as a percent of the employee's base salary or a standard lump sum amount.
- The project leader usually receives a larger bonus payment than the team members.
- Amounts should be stipulated in advance and quoted before taxes.
- Bonus payments are assessed the full fringe rate. This should be taken into consideration when calculating the bonus payment from non-salary dollars.
- Bonus payments should not be grossed up to offset taxes.

### Payment Frequency

- For very large projects (i.e., projects lasting 12 months or longer), tying the bonus payment to a schedule based on project milestones provides the team members with an incentive to meet deadlines in phased manner. For example, if the payments were going to be made 3 times over the course of the project the payments could be scheduled to pay 25% after completion of the initial set of milestones, 25% after the completion of the second set of milestones, and 50%, 60 days after the completion of the project.
- Depending on the size and scope of the project it may be appropriate to pay a bonus at the end of the project based on an objective set of criteria.

## **Time Frame**

- Payment of a bonus should be contingent upon adherence to the time table established for the project, unless there are extenuating circumstances that are not within the control of the team members.

## **Communication Plan**

- Review with senior management or the project steering committee.
- Communicate to employees the project objectives and how results will be measured.
- Provide employees with periodic feedback on the progress of the project.
- Share the final results with employees even if the goals and objectives are not met.

## **Approval Process**

- Approval must be obtained through the appropriate process within a division or department before a project bonus is given.
- A supplemental pay request (using an earnings code of PRJ, project bonus) must be submitted on-line to the Payroll Department. Refer to the Payroll Department web site for information on processing payroll pay requests.

## Retention Bonuses

### Objective

- The objective of a retention bonus is to provide a financial incentive to retain eligible key staff with unique skills or abilities whose contribution is critical to the success of the business unit or project. A retention bonus would be appropriate to provide an incentive for a key employee to stay until the end of a major project, the closing of a unit or to encourage longer service in a high turnover job. In unique situations, multiple payments may be provided.

### Eligibility

The following should be considered when designing a retention bonus:

- The employee's unique qualifications and the needs of the unit/project that make it essential to retain the employee.
- The likelihood the employee will resign if a retention bonus is not provided.
- The remaining time period the employee is critically needed.
- The potential impact to the project/unit if the employee leaves.
- A member of management should determine if the employee's skills are critical to the organization.

To be eligible for a retention bonus the employee must be:

- a regular employee working at least half time;
- employed by Emory for at least 1 year; and
- in a position where departure would create a hardship for the unit or project.

### Payment

- The payment amount should be based on the following criteria:
  - How critical the employee is to the unit or the project
  - The employee's base salary
  - Continued employment with Emory after the completion of the work/project
- The bonus amount should be communicated in advance to the employee and should be quoted before taxes.
- Bonus payments are assessed at the full fringe rate. This should be taken into consideration when calculating the bonus payment from non-salary dollars.
- Bonus payments should not be grossed up to offset taxes.

### Payment Timing

- The payment should be made based on an agreed date between the manager and project leader, as applicable.

### Approval Process

- Approval must be obtained through the appropriate process within a division or department before a retention bonus is given.
- A payroll pay request (using an earnings code of RTN, retention bonus) must be submitted on-line to the Payroll Department. Refer to the Payroll Department web site for information on processing supplemental pay requests.

## **Spot Bonuses**

### **Objective**

- The objective of spot bonuses is to reward employees who have demonstrated exemplary service and whose work has impacted the organization by reducing costs or suggesting a process improvement positively impacting the unit. Spot bonuses do not need to be monetary bonuses.

### **Eligibility**

- At the business unit's discretion.

### **Reward Methods**

- Cash – typically between \$50 - \$300 (taxable)
- Non monetary – typically 1 to 2 days off with pay
- Gift certificate - typically \$25 - \$75 (taxable)\*
- Recognition programs i.e. employee of the month
- Award ceremony recognizing the employee's accomplishment
- Lunch with the manager or director of the unit

### **Approval Process**

- Approval must be obtained through the appropriate process within a division or department before a spot bonus is given.
- If the spot bonus is processed as a cash payment, a payroll pay request (using an earnings code of BON, bonus payment) must be submitted on-line to the Payroll Department. Refer to the Payroll Department web site for information on processing payroll pay requests.

\*Please refer to the Emory University gift policy on the Finance Division web site.