agora

Total Rewards 2022:

Stellar Comp Programs That Win Candidates and Retain Employees

Contents

Employers also need to convey that total value to candidates and explain complex benefits so that a candidate has a full understanding of what they'll receive.

Introduction

Let's be honest: In 2022, the job market has been anything but predictable. Employers and employees alike are scrambling to keep up with fluctuations in the stock market, hiring freezes and layoffs, and shifting needs during a turbulent time.

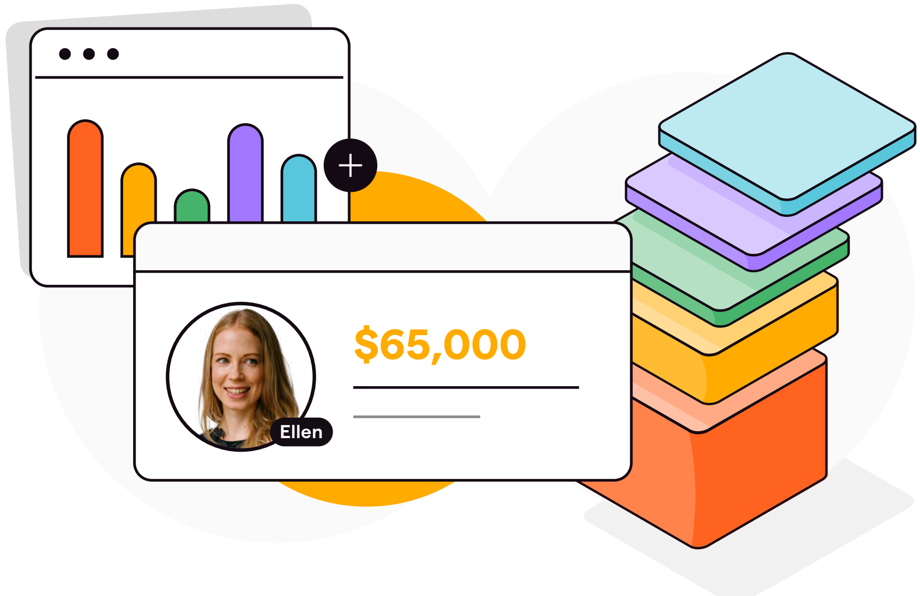
More than ever, employees want to find a job that feels both worthwhile and rewarding. Employers want to find team members who will be invested in the growth of the company and who are a good fit for the long haul.

Cue total rewards. Creating a total rewards package that is comprehensive and competitive is only one piece of the puzzle. Employers also need to convey that total value to candidates and explain complex benefits so that a candidate has a full understanding of what they'll receive.

With data from Agora's industry-leading companies, we've compiled some of the most popular total rewards practices in 2022. To that end, here are a few different ways you can use this guide:

- Gain a greater understanding of total rewards in order to **decide which perks and benefits to offer** to your employees
- Share this guide (or snippets of it) to **explain total rewards** to candidates and employees in a meaningful way
- Start your journey of in offer letters and in employee retention programs — both qualitatively and quantitatively

Ready? Let's dive in.



Base Pay

Base pay is one of the most important metrics that a candidate will use to determine whether or not they want to work with a new company. 59% of candidates say that base salary is a leading factor in their job search — but it's also only one piece of a quality total rewards package.

Put simply, base pay is the salary employees earn before taxes. Determining the right base pay for any given candidate is complex, and best achieved with a pulse on current industry trends.

How to determine competitive base pay

Consider company budget and compensation philosophy

Venture funding, cash flows, and approach to compensation all play a factor in the base pay your company decides to offer

59% of candidates say that base salary is a leading factor in their job search.

Base Pay

The salary employees earn before taxes any given candidate. A company that pays above the 50th percentile is typically considered competitive.

Many employers also have a compensation philosophy — a statement that documents their approach to employee compensation. This is usually based on the company mission and values, and helps guide whether the employer will lead or match the market.

A growing chorus of voices in the remote-first space advocate for pay based on skill and contribution rather than location.

Evaluate industry and location

Industry

Compensation may greatly fluctuate depending on how lucrative an industry is. For example, product managers working in tech versus product managers working in the nonprofit sector will have a different set of salary expectations.

Healthcare, engineering, IT, finance, energy, and legal are the highest paying industries in the United States — due to a hybrid of specialized skill sets and potential for company profits.

Location

Location plays a complex factor in deciding how to compensate an employee. Many employers approach location-based compensation on:

- Cost of living versus cost of labor
- Local labor rates
- The company's compensation philosophy
- The level of competition in the local market

A growing chorus of voices in the remote-first space advocate for pay based on skill and contribution rather than location. The reasoning for this is simple: The value of the employee's labor should reflect their contribution to the company, not where they're located.

Just as one example, many employees would find it unreasonable to take a pay cut for moving to a different region, when their material contribution to the company hasn't changed.

Skill-based compensation also encourages freedom of movement for employees who do not want to — or cannot — be committed to their original location and need more choice around their lifestyle. Companies that embrace this philosophy are employers of choice for remote workers.

Market Rate

The typical compensation level for an occupation, based on demand.

Levels

The level of seniority someone is at in their career.

Bands

The minimum or maximum base salary an employee will receive based on their level.

Determine market rates, levels, and bands

Market rates

Within any given occupation, a person might be more proficient in certain skills or have expertise that companies are willing to pay a premium for. Look for up-to-date compensation data that allows you to compare current market rates. This helps you stay competitive but also within budget.

Levels

A level refers to the level of seniority that someone is at in their career. Your company can calculate levels by factoring in years of experience, competencies, and educational background. Leveling is a straightforward way to delineate payment between employees within similar job roles, but with different levels of experience and expertise.

It also outlines a clear path for growth and promotion within the company. For example, a product manager with three years of experience will be at a different level of compensation than a product manager with 10 years of experience.

Bands

Create bands that represent the minimum or maximum base salary an employee will receive based on their current level, market rates, and what the company has budgeted for the role.

For example, a company may have five different levels within the job family, from entry-level individual contributors to managers, and directors. Within each of those levels, there's a band of minimum and maximum compensation.

Here's an example of what that might look like:

Customer support level	Low salary	Target salary	High salary
Level 1	$45,000	$60,000	$75,000
Level 2	$70,000	$95,000	$110,000
Level 3	$105,000	$125,000	$140,000
Level 4	$130,000	$155,000	$170,000
Level 5	$170,000	$185,000	$200,000

Establishing pay bands has several positive effects: it brings transparency to compensation practices, standardizes pay in a way that encourages equity across factors like gender and race, and also establishes a pathway for employee growth.

Variable Pay

Compensation paid on top of an employee's base salary—often structured around business goals or incentives.

Think about variable pay

Base pay isn't the only way for employees to get straight cash — bonuses and pay incentives are also a persuasive way to sweeten the pot. Depending on the compensation structure of the team, departments like sales may more frequently use variable pay to motivate employee performance.

Some of the most common monetary incentives include:

Signing bonus

According to Agora's data in 2022, employers often offer sign-on bonuses at an average of about 9% of the employee's salary. The average bonus size was $14,000.

According to Agora's data in 2022, employers often offer sign-on bonuses at an average of about 9% of the employee's salary. The average bonus size was $14,000.

Sign-on bonuses are usually given upon joining a company, but some employers put restrictions on them. For example, the employee will have to give back their sign-on bonus if they don't stay on board for at least six months.

Spot bonus

A spot bonus is a spur-of-the-moment gift to an employee who has done exceptionally well or positively impacted the company. This may be given as a public recognition award or as a retention tool. A typical amount can range from $50 to $1,000 or more.

Referral bonus

Many companies offer bonuses for referring new employees to the company. Some of these referral bonuses also come with contingencies. For example, not paying out unless the referral employee stays with the company for at least six months. Drafted calculated that the most compelling referral bonus is between $3,000-$5,000.

Typical holiday bonuses can range anywhere from $100-$5,000 or more

Holiday and annual bonus

Typical holiday bonuses can range anywhere from $100-$5,000 or more, but they don't just have to be money — a bonus could be extra paid days off or company holidays, for example.

Commission

Employees who work in sales often have a compensation plan that allows them to make commission when they hit certain goals. An on-target earnings (OTE) model displays the expected total pay, so long as a salesperson hits their targets.

Here are some motivating ways you can approach commission:

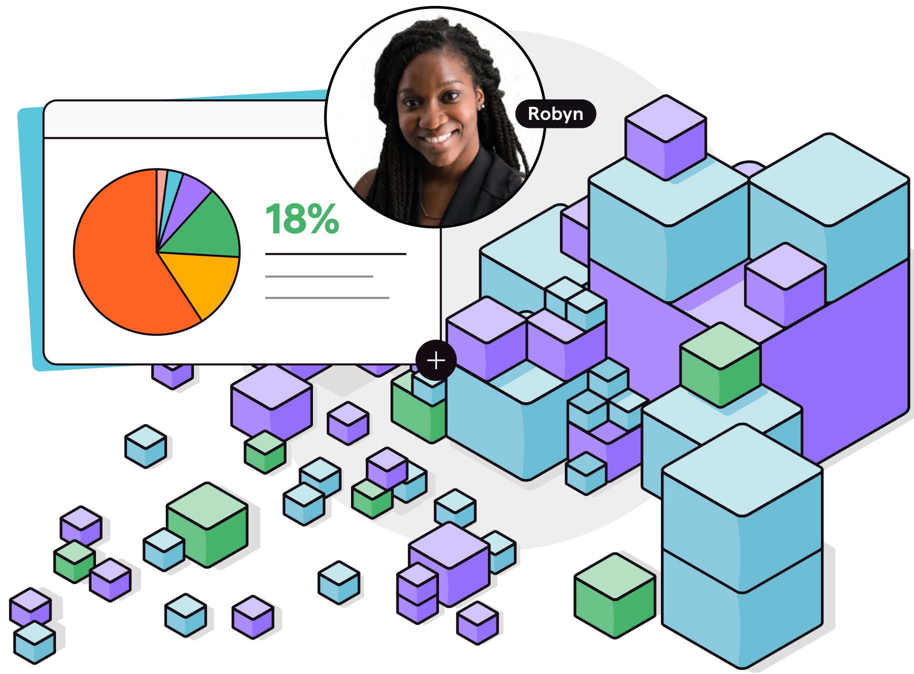
Pay mix—Select a ratio of base salary to commission. For example, this could be 60/40 (60% base pay, 40% commission pay). The ratio largely depends on factors like the complexity of the product and sales cycle, and motivation and experience level of the employee.

If your employee surpasses the commission ratio of their quota, consider adding a multiplier.

Accelerators over 100% attainment—If your employee surpasses the commission ratio of their quota, consider adding a multiplier for extra incentive. For example, let's say Andy works on 40% commission pay and his sales quota to hit OTE is $4,000. This month, he hit $7,000. Your company offers an 8% rate multiplier for anything over the employee's commission pay ratio. That means Andy will make $240 [($7000-$4000)*.08] in addition to his base pay and $7,000 in sales.

Uncapped commission—Uncapped commission is a huge motivator for any salesperson. Not only does it encourage more sales, it can also cultivate an employee who is more loyal to the company and invested in its success.

Once you've determined what will make for competitive base and variable pay, creating quality equity offerings is another important consideration.



Equity and Stock Options

Offering equity as a startup is one of the most powerful ways to increase the value of a total rewards package, but ensuring that employees understand the full value of that equity is one of the biggest challenges.

Framing the value of equity

Equity offers a share in company ownership. It's a key part of compensation that aligns incentives of employers and employees, giving employees the potential to own and share in the company's future profits.

Equity is also a great way to incentivize employees to feel more invested in the outcomes of the company — if the employee performs better, the company value may increase, which

> Equity is also a great way to incentivize employees to feel more invested in the outcomes of the company.

means the potential of a greater payout and greater value over time. A program with strategically placed vesting schedules also encourages employees to commit to a company for the long run.

> Because equity is such a varied and powerful tool in compensation, employers can use equity in innovative ways to close candidates and retain high-performing employees.

Equity approach and strategy

Because equity is such a varied and powerful tool in compensation, employers can use equity in innovative ways to close candidates and retain high-performing employees.

Here are a few strategies your company can try out:

Choice of equity-rich versus cash-rich compensation

Consider laying out two or three different compensation scenarios in a candidate's offer package, with ranges of either more cash or more equity.

For example, an offer package may include a choice between the following:

- $120,000 and 2,604 options
- $114,000 and 3,688 options
- $110,000 and 4,772 options

Some private companies decide to confidentially share the company's valuation and currently valued stock price with candidates during the offer process. This helps to give candidates a baseline understanding of the offer's current value, and shows them that the company practices equity transparency.

Whether the candidate is more interested in cash or equity has to do with their:

- Risk tolerance for a potential future payout
- Current financial needs and personal cash flow
- Belief in the potential success of the company, and how they can contribute to it

Exercise Window

A fixed period of time an employee has to exercise their options.

Offering longer exercise windows for options reassures candidates that the value of their options will last for a long time.

10 year exercise windows for options

An exercise window is a fixed period of time an employee has to exercise their options. Some companies have exercise windows as short as 90 days after an employee leaves their position. This poses a big problem for many employees: some of them simply can't afford the cash it would cost to exercise their options and pay all applicable taxes.

In effect, that means that an employee could be forced to leave a good chunk of their compensation on the table if they don't have the needed cash on hand within the exercise window. What's more, a private company could take a decade or even longer to go public (if at all). Once again, forking over all that cash almost immediately poses a big risk to employees who might not have the bandwidth to swing it.

Offering longer exercise windows for options reassures candidates that the value of their options will last for a long time, and that they won't have to make a choice between leaving it on the table — or stay while feeling unmotivated with golden handcuffs.

Early exercise

Most of the time, employees can only exercise their options after their options have vested. Early exercise offers an alternative option, so that an employee can exercise their options earlier.

Typically, the biggest benefit here is saving on taxes: if an option is close to its strike price and close to expiration, this could potentially be a beneficial time for an employee to buy. Depending on the circumstances, an employee may decide to file an 83(b) election at the time of granting, instead of when the stock has vested.

However, choosing early exercise does mean the employee assumes the risk of exercising their options before they are fully vested.

Liquidity Event

An event allowing company shareholders to cash out some or all of their equity.

Liquidity events allow equity owners to cash out on their investment

Frequent liquidity events

Investing in equity within a private company comes with its risks, as employees may not have an immediate option to cash out on their shares. Liquidity events allow equity owners to cash out on their investment — potentially bringing a huge windfall, especially for early employees and investors.

Typical liquidity events include:

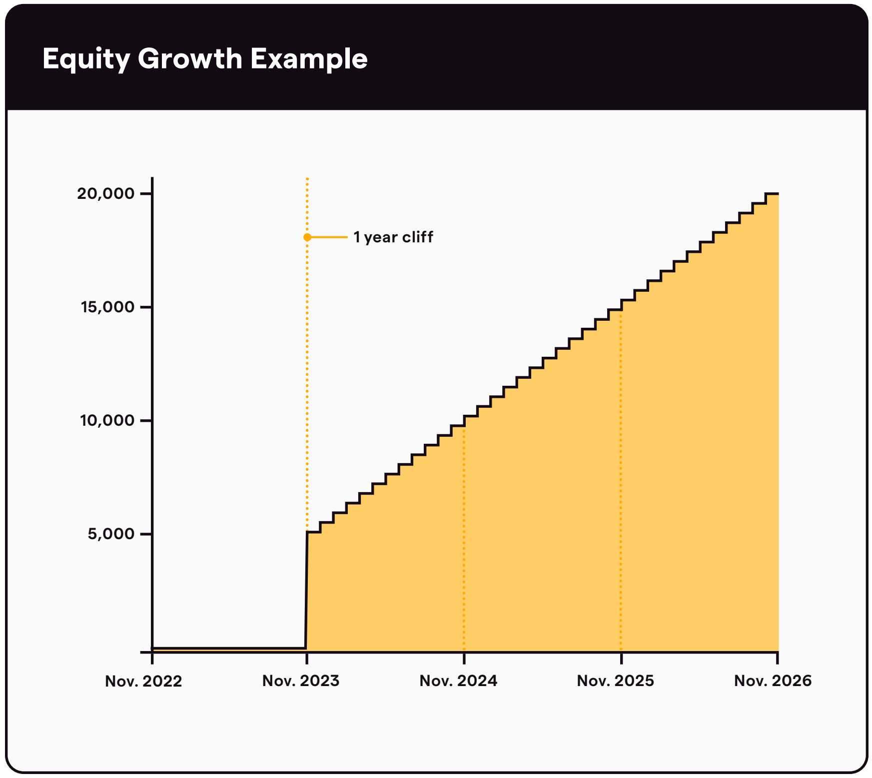
- Tender offers
- Not blocking secondary transactions
- Initial public offering (IPO)
- Acquisition
- Merger

Liquidity events are especially beneficial for investors, though it may materially change the holdings and voting control at a company.

Explaining the value of equity to candidates and employees

Convey the potential for growth

Showing the number of options available to the candidate may come off more as abstract numbers than total value. Software that explicitly lays out the potential growth value of equity over time is a great way to educate employees on the full value of the offer, empowering them to make the best choice for their lifestyle and needs.



An example of what it can look like to explain equity growth to employees.

Explain equity and stock options

Many candidates do not understand the nuances of equity, much less basic concepts like vesting and exercising options. Ensuring that the candidate has a full understanding of what equity means — including the full value of that equity's potential — is pivotal when laying out different options.

Below, here is a common scenario you can copy and paste for candidates to help them understand how equity works. But first, some common terminology to get started:

- ESOs (employee stock options) - Stock options that cannot be immediately sold but that may appreciate in value over time.
- Strike price - A set price at which options will be sold. Also known as the exercise price or grant price.
- Exercising options - Purchasing shares of common stock at the set strike price. You may need to pay taxes on the difference between the strike price and the current fair market value.

- Fair market value (FMV) - The price an asset would sell for in an open market. This may differ from the original strike price when you exercise your options, especially over time.
- Vesting - The process of earning an asset. For example, your stock options may offer partial vesting, meaning that you can gradually earn the opportunity to purchase a certain percentage of your options after hitting a specific amount of time with the company.
- Cliff vesting - Cliff vesting sets up an employee to become vested on a specific date, instead of partially vesting in increased amounts over time. If an employee leaves the company before the cliff, they will not receive equity options.

Once they are able to exercise their options, employees can purchase the stock at the strike price they were originally offered.

When an employee signs on with a new company, they may receive **stock options** at a set **strike price**. In order to exercise their options, they typically need to wait for a certain amount of **vesting time** or a **cliff**. Once they are able to **exercise their options**, they can purchase the stock at the strike price they were originally offered.

For example, Preeti is a designer for a venture-backed tech startup. Preeti got in on the ground floor, so she took a lower annual salary with a higher amount of stock options.

Let's say the strike price of her options were at $0.25 a share when she started at the company. Her company is on a four-year vesting schedule, with 25% of her options vesting each year, and with a one year cliff.

That means that Preeti will have to wait one year until she can begin to exercise 25% of the options available to her at the original strike price. On year two, she can exercise 25% more (50% total), on year three, 25% more (75% total), etc.

If Preeti left the company before her one year mark, she would forfeit any rights to her stock options as she didn't meet the vesting cliff. This system incentivizes employees to stay longer in order to gain all of their vested stock.

Most candidates and employees don't understand the implications of taxes on equity.

Explain paying taxes on equity

Most candidates and employees don't understand the implications of taxes on equity. Let employees know that they won't have to pay any taxes on their options until they decide to exercise them.

Once they decide to do so, depending on specific laws and regulations, they may need to calculate taxes owed based on several factors:

- The difference between the strike price and the current FMV.
- The Alternative Minimum Tax (AMT) – Depending on the profit component of the employee's income for that year, they may need to calculate their AMT and see if the tax amount they owe is higher.
- Qualified Small Business Stock (QSBS) – A QSBS may mean an employee doesn't even have to pay taxes on their profits. These tax implications only apply to a C-Corporation whose gross assets don't exceed $50 million.

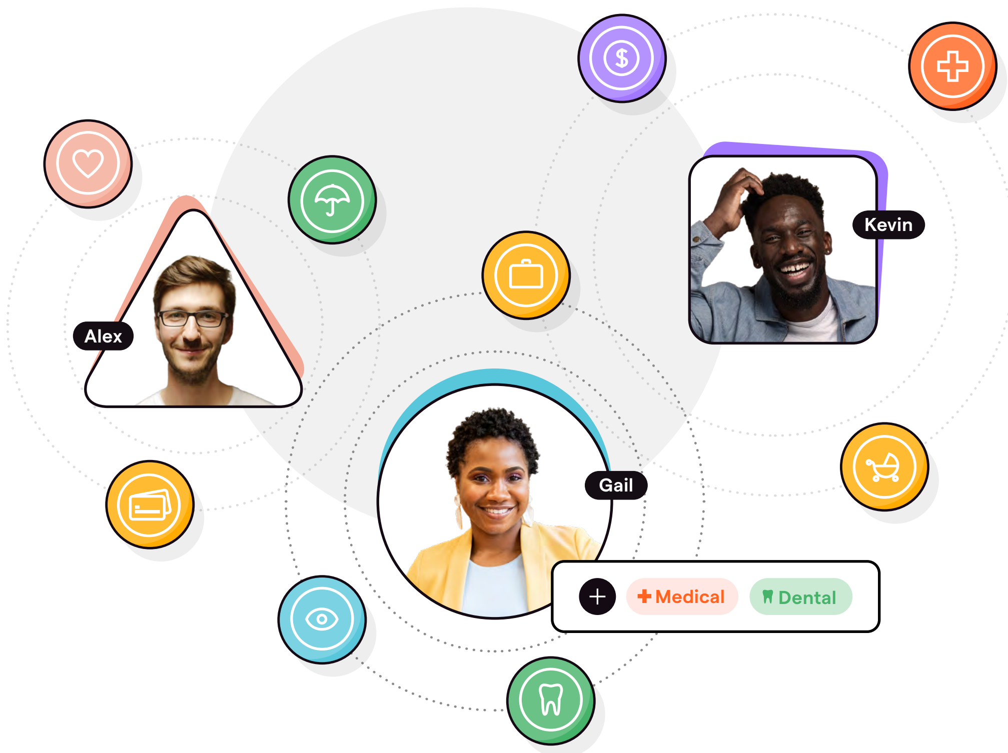
Due to the complexity around taxation of equity and assets, it's never a bad idea to get professional tax advice after exercising options.

When it comes down to it, creating a high-quality equity offering is not only a great recruiting tool, it's also a great retention tool.

This boils down to a few elements:

- **Leverage innovative and employee-friendly equity practices** – Allow employees latitude in deciding how much equity they want and when they can exercise it.

- **Educate on equity basics** – Help candidates and employees understand what you're offering them with a primer on foundational concepts.
- **Display the equity's value** – Offer a visual representation of growth potential of options over time during the offer process for full impact. This also helps employees understand what they would leave on the table by leaving the company early.



Benefits

Benefits are the bread-and-butter of a high-quality compensation package. According to a 2022 SHRM study, 88% of employees rate health-related benefits as very or extremely important.

This should come as no surprise, as the United States has the most expensive healthcare system in the world. Most employees know that they could risk bankruptcy without proper coverage, which decidedly increases the value and care of offering quality healthcare benefits to team members.

Retirement savings and planning benefits, in addition to leave and family care benefits, also rank as the most popular. Beyond that, the right benefits can have a huge impact on company morale, retention, and recruiting.

Let's dive into some of the greatest assets employers can include in their total rewards package.

88% of employees rate health-related benefits as very or extremely important.

87% of full-time, year-round workers had private insurance coverage in 2020.

Medical benefits

87% of full-time, year-round workers had private insurance coverage in 2020. But in the US, health insurance can be an increasingly arcane and confusing system to navigate.

Here are a few clarifying terms for different types of health insurance coverage and accounts:

HMOs versus PPOs

HMO (Health Maintenance Organization)

An HMO usually limits coverage to care from healthcare providers who work for or contract with the specific HMO. It typically doesn't cover out-of-network care, except in certain cases of emergencies. Some HMOs only cover specific regions as well, such as the state in which you live.

Many HMOs also require patients to receive a referral from their primary care provider (PCP) in order to seek specialist care. Because the network has pre-negotiated rates, this keeps premiums and expenses lower. At the same time, it limits the range of choices an employee has for who provides medical care. It could also make out-of-network visits especially expensive.

PPO (Preferred Provider Organization)

A PPO offers both in- and out-of-network coverage at different rates. Enrollees don't have to choose a singular PCP or get referrals from their PCP in order to visit a specialist. This allows them more freedom to choose medical providers they feel are the best fit.

However, the extended network also comes with higher premiums and copays. But if the enrollee does find themself seeking emergency care outside of the network, they will inevitably pay less and have more options.

Whether an HMO or PPO is a better fit depends on medical and budgetary considerations for each employee.

FSAs versus HSAs

56% of employers offer an HSA, and 37% of those employers contribute to their employees' HSAs as well.

56% of employers offer an HSA, and 37% of those employers contribute to their employees' HSAs as well.

FSA (Flexible Spending Account)

An FSA is a tax-advantaged savings account established by employers. It enables employees to pay for qualified out-of-pocket health care expenses. Employers own FSA accounts. That means if an employee leaves, they are no longer entitled to their FSA funds.

FSA funds are immediately available the day an employee enrolls. However, if the employee doesn't use the amount in their funds by the end of the plan year, they forfeit the use of those funds. Some employees offer rollovers or extended grace periods to give extra time to use funds.

Employees can use FSA funds to pay for qualified medical expenses such as:

- Deductibles and copays
- Prescription medications
- Monthly period supplies
- Over-the-counter medications
- Covid protective personal equipment

Some of the more wide-ranging items of qualified expenses include:

- Breast pump
- Condoms
- Acne medicine
- Bandages
- Shoe inserts

An HSA is owned by the employee and portable — meaning the employee can take it with them when they leave.

- Sunscreen with SPF 15 or higher
- Pregnancy tests
- Prenatal vitamins
- Prescription contact lenses or sunglasses

HSA (Health Savings Account)

An HSA is owned by the employee and portable — meaning the employee can take it with them when they leave.

With an HSA, employees set aside pretax money to pay for qualified medical expenses. In 2022, employees can contribute up to $3,650 for self coverage and up to $7,300 for family members. HSAs can also earn interest, which is non-taxable. That money also rolls over at the end of the year, available for future health expenses (unlike with an FSA).

However, in order to be eligible for an HSA, the employee must have a high-deductible health plan. For anyone who expects significant healthcare expenses in the future, a high-deductible health plan may not be the best choice.

Dental and Vision

Dental and vision care are both integral to complete healthcare offering. Roughly 68% of employers offer dental benefits to their employees. However, only 44% of small firms and 83% of large firms offer vision insurance.

Most dental insurance covers routine and preventative services in full (such as a teeth cleaning) and then have a cost-sharing model for basic and major services, from fillings to crowns.

Even if an employer doesn't offer vision insurance, options like HSAs or FSAs may help offset vision healthcare costs such as buying prescription glasses.

94% of employers offer a traditional 401(k), and 68% offer a Roth 401(k).

Retirement plans

Retirement plans are an integral part of any comprehensive compensation package. 94% of employers offer a traditional 401(k), and 68% offer a Roth 401(k). Employers can offer a wide variety of plans — including matching — to attract and retain top talent.

As of 2022, for tax-deferred 401(k) plans:

- Employees under 50 can contribute no more than $20,500.
- Employees over 50 can contribute "catch up" amounts of an additional $6,500.
- Employers cannot annually contribute more than 100% of the employee's compensation: $61,000 for employees under 50, $67,500 for employees over 50.

Read here to learn more about exceptions based on age and different account types.

Full matching

Match every dollar your employee contributes up to a certain amount.

Partial matching

Match a percentage of every dollar your employee contributes up to a certain amount.

Blanket contributions

Contribute a set amount to all employees, regardless of the amount they contribute.

Matching programs

Full matching (dollar-for-dollar matching)

Match every dollar your employee contributes to their 401(k) up to a certain amount. For example, you may choose to match up to 10% of the employee's total salary. If the employee only contributes 2%, you would only contribute 2%. If they contribute 12%, your contribution would cap out at 10%.

It's important to note that this matching is still limited up to the maximum contribution limit of 401(k)s. If your employee makes $40,000 and the company matches up to 10% of their salary, the max you would contribute is $4,000. However, anyone who made over $205,000 (or $270,000 for individuals over 50) would not get the 10% maximum.

Partial matching

Match an employee's contribution up to a certain amount. For example, let's say that you will contribute a 50% match for up to 8% of the employee's salary. If the employee contributes more than 8%, the employer will only match up to 50% of the employee's contribution — up to 8% of their annual salary.

Blanket/discretionary contributions

Contribute a set amount to all of your employees, regardless of the amount they contribute. This could be a fixed amount from $2,500 to $5,000 a year or more.

Traditional 401(k)

Contributions are tax-deferred. Employees only pay taxes once they withdraw funds.

Roth 401(k)

Contributions are made on income earned after paying tax dollars.

Popular retirement plans

Traditional 401(k)

Consider sponsoring traditional 401(k) plans, which offer different investment options for employees. These contributions and investment earnings are tax-deferred, and employees pay taxes once they withdraw funds.

Roth 401(k)

Roth 401(k)s are similar to traditional 401(k)s. These plans are also sponsored by employers and allow employees to choose different investment options. However, the contributions from employees come from income earned after paying tax dollars. That means any income earned on the account is tax-free.

Some other retirement plan types include Simple IRAs, SEP plans, and PSPs.

Insurance

Insurance is an important component of any total rewards package. While it might not be the first thing employees look for, it is an additional element that can help give employers a competitive edge.

Life insurance

Employers often offer group plan life insurance, which comes

Roughly half of mid-sized and large employers offer some version of disability insurance.

either free or at very low cost to their employees. Especially for employees with dependent family members, this can be a great additional incentive as it doesn't require typical medical exams or other requirements of individual plans.

The only downsides: the life insurance coverage terminates if the employee is no longer with the company, and the coverage amount is usually lower than with individual plans. Companies that cover as high of a percentage as possible for employees and their families will make this benefit more impactful to candidates and employees.

Disability insurance

Roughly half of mid-sized and large employers offer some version of disability insurance. Some states and territories require short-term disability plans: New York, Rhode Island, New Jersey, Hawaii, California, and Puerto Rico.

Short-term disability typically covers either part or all of income due to temporary disabilities. Some employers also use this to cover leave for pregnant and postpartum employees. However, it doesn't cover employee job protection.

Long-term disability (LTD)

72% of employers offer group long-term disability plans for their employees. LTD benefits often pick up where short-term disability benefits end. If an employee is permanently disabled, they may become eligible for Social Security benefits as well.

Workers compensation

Workers compensation requirements vary state by state and have varying penalties for not offering some kind of insurance, from fees to jail time.

Workers comp typically cover things like:

- Wage replacement benefits
- Medical treatment
- Vocational rehabilitation

One study found that 58% of employees would take a pay cut in order to get more vacation time.

Especially for employees in higher risk jobs, showing the workers compensation as part of a total rewards package may be a good way to solidify the value of the employment.

Paid time off (PTO)

99% of employers offer paid vacation leave, while 96% of employers offer paid sick leave. This benefit is an especially important element in a total rewards package. In fact, one study found that 58% of employees would take a pay cut in order to get more vacation time.

Weigh the pros and cons of unlimited vacation time versus limited days off

Limited PTO

The vast majority of employers offer limited PTO with varying policies on accrual, typically ranging from two to three work weeks a year. Employers with this policy also may need to pay out vacation days employees haven't taken, which incentivizes employers to encourage time off.

Unlimited PTO

Many companies are now offering unlimited vacation time, meaning technically employees are free to take off as many paid days of work as they would like. However, each company's policy on unlimited PTO varies in formality of PTO approval.

Studies have also found that employees are more likely to underuse their vacation days than overuse them with this policy. There are several ways to make this policy more effective. To start, it's important for company leaders to take that time off themselves, and signal to their employees that it's acceptable and encouraged.

American workers rarely take all of their paid vacation days, leaving the equivalent of $65.5 billion annually in lost benefits on the table.

Incentivize taking time off

99% of employers offer paid vacation leave — but American workers rarely take all of their paid vacation days, leaving the equivalent of $65.5 billion annually in lost benefits on the table. Oftentimes, this decision revolves around guilt about unplugging and fear of a poor reputation with their boss.

However, taking time off allows employees to rest and recharge, staves off burnout, and makes for a happier and more productive workforce. Here are a few ways employers can incentivize taking much needed time off:

Vacation stipends

Using vacation time to travel is fun — but it also requires money. Consider giving stipends for vacation after an employee has hit a certain mark. For example, give a stipend towards a fourth week of vacation after an employee has taken three.

Summer hours

There's something about summer that makes everyone antsy, whether that's to do outdoor activities, take a long afternoon nap, or simply enjoy the weather. A half day off on Fridays — or the whole day off — allows for longer weekends for travel and leisure, and a happier team of employees.

Company-wide holidays

Encourage employees to take extra time off around the holidays (for example, one to two weeks off baked into the winter season), or simply institute company-wide holidays. Employees will feel less guilty about taking time off if their peers and boss are doing it, too.

Sabbatical

For employees who make it to the five-year mark of employment at a company, a sabbatical is a sweet incentive that celebrates their commitment to the company and offers a much needed break. Some companies offer four to six consecutive weeks off, or something luxurious like a $10,000 travel stipend.

Parental, sick, and disability leave

All employees deserve to have quality, balanced lifestyles outside of the office. The best way to support them is to give them flexibility to take care of themselves and the ones they love.

Here are some ways to lead the pack:

Parental leave

Parental leave is a big differentiator when it comes to successfully recruiting and retaining employees — many employees at startups are at the age where they're starting families.

Many companies are now offering between 12 to 18 weeks for paid parental leave, regardless of the gender of the parent.

The US does not require mandated parental leave, but the Family Medical Leave Act (FMLA) does provide qualified employees up to 12 weeks of unpaid leave. Many companies are now offering between 12 to 18 weeks for paid parental leave, regardless of the gender of the parent.

This helps in multiple ways: parents are able to take time off together to bond with a new addition to the family, or alternate those times in order to give the child more care at home. Studies have shown that first-time mothers who use paid leave are 92% more likely to stay with their employers, making for an extremely effective retention program.

Sick leave

While the US also does not have a paid sick leave policy, the FMLA also requires employers to provide unpaid leave to qualified employees. Most employees receive at least eight days of paid sick leave per year.

Disability leave

A variety of different programs may cover disability leave for employees, from FMLA to the ADA (American with Disabilities Act), to workers compensation programs and company insurance programs. Employers should check up on their local and state laws to see what kind of assistance may be available.

Perks

Competitive tech companies have shown the value of employee perks — those extra incentives that are a cherry on top of a great compensation package, and help employees feel that they can live a more rounded and quality lifestyle.

Sometimes the cost of the perk doesn't matter as much as the perceived value of it.

Sometimes the cost of the perk doesn't matter as much as the perceived value of it. Offering a variety of perks that appeal to different people increases the likelihood that every employee will use company perks to their full advantage.

Here are among some of the most popular employee perks within a competitive total rewards package:

Physical health

For employees increasingly working off-campus, flexible incentives are the perfect way to encourage a healthy lifestyle based on an employee's specific needs. Data from Agora shows

Data from Agora shows that companies spend up to $1,000 a year per employee on average for wellness initiatives.

that companies spend up to $1,000 a year per employee on average for wellness initiatives.

For example:

- **Gym memberships** - Give subsidies for gym membership, whether it's a partnership with a certain gym, a monthly stipend up to $100, or monthly or annual discount.
- **Fitness perks** - Offer a monthly or annual stipend for fitness classes, Groupon, ClassPass, or home fitness equipment.
- **Exercise apps** - For those who choose to stay at home, apps like Whoop and Aaptiv are great choices.

Mental and emotional health

73% of employees and 81% of managers would more likely stay at a company that offered high-quality mental health resources.

Offering mental health benefits has become an increasingly important factor in the workplace, and is a top concern for Millennial and Gen Z employees. In fact, one recent study found that 73% of employees and 81% of managers would more likely stay at a company that offered high-quality mental health resources.

Here are some perks your company can offer:

- **Employee assistance programs (EAPs)** - An EAP gives free and confidential assessments, referrals, short-term counseling, and follow-up services for a wide variety of issues, from mental health disorders to substance abuse and family issues. Some popular options include Spring Health, Modern Health, Lyra, and Teladoc.
- **Meditation apps** - Offer membership to meditation apps like Headspace and Calm.
- **Mental health apps** - Check out company subscriptions to mental health resources like Talkspace, BetterHelp, and Ginger.io.

Workplace flexibility

Working remotely versus in the office is still a contentious and ever-changing goal post for many companies. 63% of employers in 2022 offer most of their employees a hybrid work model. Increasingly, many employees don't want to return to the office at all — but some still miss the camaraderie and mentorship opportunities it offers.

Whichever way your company decides to go, offering some degree of flexibility can satisfy all parties and make your company one people want to stay with.

Some ideas include:

- **Co-working options** — Offer either company satellite offices for people to work from, or cover the costs of co-working spaces like WeWork.
- **Schedule flexibility** — Support working parents, people taking care of sick or elderly family members, and accommodation for life transitions or medical events — not to mention people who want to work out in the middle of the day or do some easy upkeep around the house.
- **Team events** — If your team works remotely year-round, pay for happy hours, team events, and semi-annual retreats (maybe even somewhere fun or interesting, like Cancun or a mountain retreat).
- **Commuter benefits** — Most employees foot the bill to commute to work, a frustration as remote work has become more common. Programs like TransitChek in New York City offer pre-tax benefits for monthly commutes up to $280, but employers in a variety of locations can simply offer a subsidy or mileage reimbursement.
- **Phone and Wi-Fi reimbursement** — Especially for employees who work from home, this could be a big windfall. Data from offer letters sent through Agora shows that employers offer the average employee $900 per year for reimbursement.
- **Home office stipends** — Agora's data shows that on average, employers give $1,500 per employee to cover costs related to working from home — from buying new computers to office furniture like an ergonomic desk and chair.

Whichever way your company decides to go, offering some degree of flexibility can satisfy all parties and make your company one people want to stay with.

Agora's data shows that on average, employers give $1,500 per employee to cover costs related to working from home.

Training, development, and education

Developing employee talent is a great way to help team members grow within their own personal skill set and within the organization. In fact, as of 2022, 65% of employers offer some kind of professional and career development perks.

Some ideas include:

- **Professional development courses** - This could range from sponsorship to attend industry conferences to stipends for night classes, or internal training seminars.
- **E-learning memberships** - Check out resources like LinkedIn Learning, Degreed, Coursera, and Udemy.
- **Book stipends** - Offer up to $250-$500 a year for personal learning and enrichment.
- **Coaching and mentoring** - Provide one-on-one sessions with mentors who will help develop a specific skill set.
- **Hobby interests** - It doesn't just have to be for work! Offer tuition reimbursement for classes on photography, sculpture, cartography, cooking classes, or whatever else lights your employees' fire.

Company swag

Branded swag like mugs, t-shirts, and notepads are a perfect welcoming gift to onboard employees and help them feel like they're a part of the greater team. Check out places like Swag.com, USImprints, and Brandvia for a variety of options.

Just like with other comp components, putting together a package of great perks is just the beginning — conveying the value and availability of all those perks is equally important when closing candidates and retaining employees.

Conclusion

Between pay, equity, benefits, and perks, there is no shortage of compensation ideas to get employees and candidates excited.

But even if you have the most outstanding and competitive total rewards program out there, it won't make any difference if your candidates and employees don't understand the full value of what they're getting.

Once you've assembled a competitive total rewards package, look into compensation software that fully spells out the value of what your company offers.

It could make the difference between whether a candidate accepts, or whether an employee decides to leave — and will be one more tool in your box to hire and retain the best team out there.

Even if you have the most outstanding and competitive total rewards program out there, it won't make any difference if your candidates and employees don't understand the full value of what they're getting.

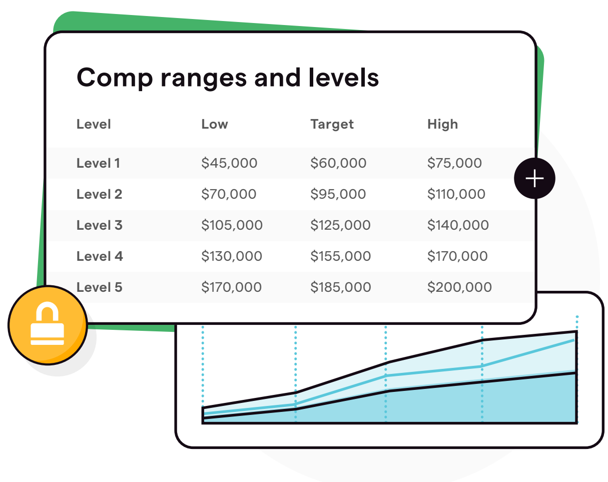
Communicate Total Rewards with Agora

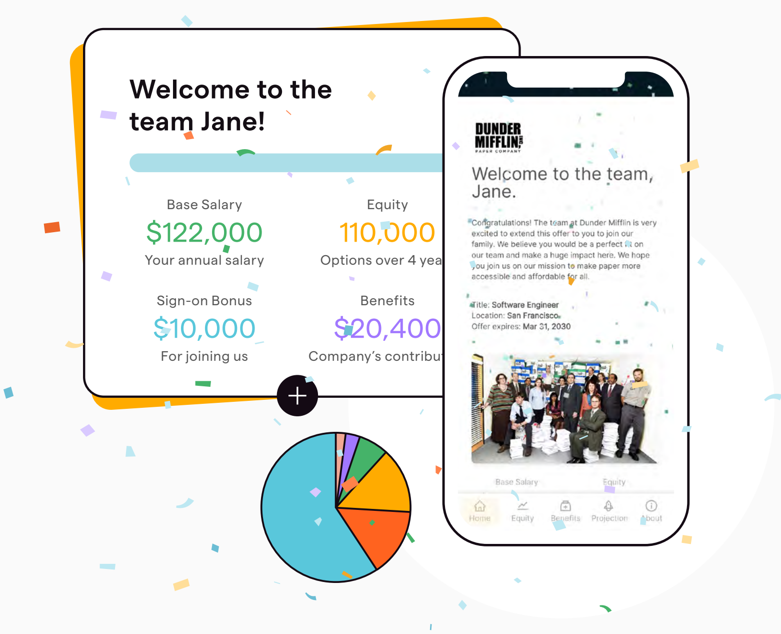
Most candidates and employees never get to see — much less understand — the full value of their total rewards packages. Many companies are now turning to compensation software tools like Agora to communicate total rewards and boost employee hiring and retention.

Use these tools to demonstrate the total value of any compensation package to impress new candidates and keep valuable employees on board.

Manage comp ranges and levels

Align your compensation philosophy with comp levels and ranges that best suit your company — with easy collaboration, permissions, and secure storage.





Create unforgettable offer letters

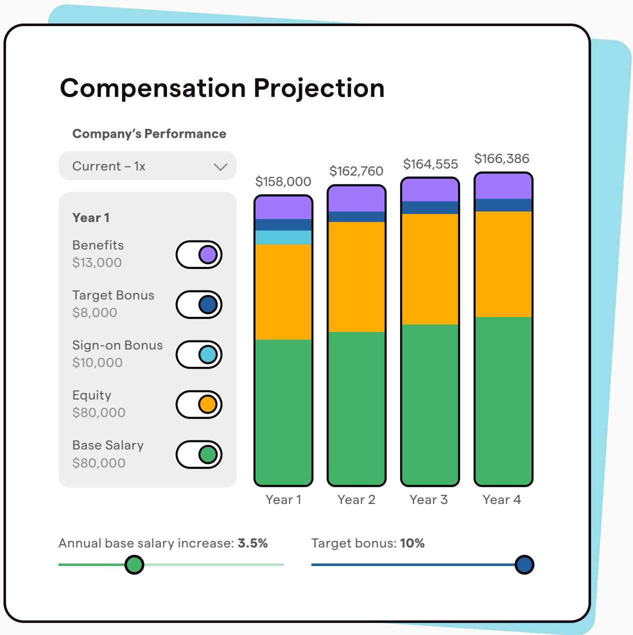
Send a dynamic and comprehensive offer letter that shows candidates their total rewards and everything they'll gain by coming on board.

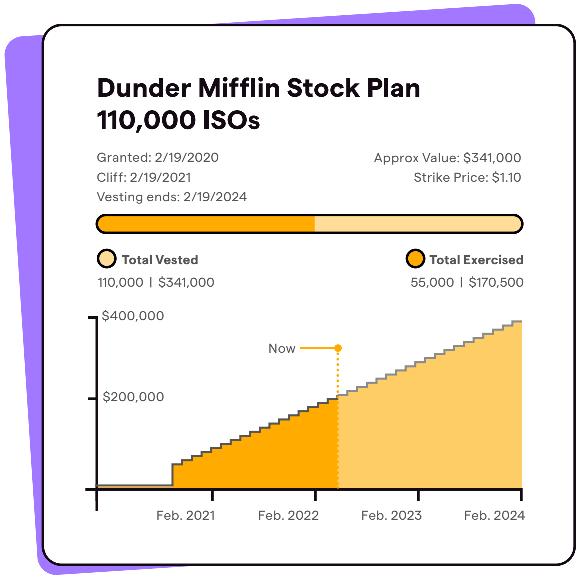
Preview Example →

agora

Easily calculate and communicate total rewards

What is the total value of your employee's base pay, stock options, perks, and benefits? Agora demonstrates this seamlessly in our dashboard, illustrating the value your company offers besides salary alone.





Demystify equity and project future growth

Sometimes equity is a difficult concept for employees to understand. Our dashboard tools allow candidates and employees to project their potential earning value through equity growth and vesting schedules. Simple, straightforward, powerful.

Want to see how it works?

Try a free demo today or schedule one with our team.