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FOR IMMEDIATE RELEASE

Challenger Survey on Holiday Bonuses

TWO-THIRDS OF EMPLOYERS TO AWARD YEAR-END BONUSES

CHICAGO, December 14, 2016 – More of the nation’s employees will benefit from an improving economy and higher corporate profits this year in the form of year-end bonuses, according to a new survey released Wednesday by global outplacement and executive coaching consultancy Challenger, Gray & Christmas, Inc.

In the survey, conducted among approximately 100 human resources executives in November, 66 percent indicated that their companies will be awarding some type of year-end bonus/gift. That is up from 50 percent who said the same a year.

Meanwhile, 30 percent said there will be no year-end award of any type, down from 44 percent in 2015.

“The economy has been steadily improving since the Great Recession ended in 2010. This last year was no exception. As it continues to improve, employers will have to rely increasingly on bonuses and other perks to hold onto valuable employees,” said John A. Challenger, chief executive officer of Challenger, Gray & Christmas.

“Most Americans do not enjoy the type of five- and six-figure bonuses lavished upon Wall Street bankers. For the vast majority of workers, three and sometimes four figures are likely to be the standard. Some may not even get a cash award, but instead receive a gift card, gift basket or some other type of material object. Our survey shows that the structure of the bonus or gift varies widely,” said Challenger.

The 2016 survey found that 15 percent of employers provide a non-monetary gift to all employees, such as a gift basket or extra vacation day. Another 11 percent plan to give employees a small monetary award of \$100 or less.

Meanwhile, about 40 percent give larger monetary awards that vary year-to-year and worker-to-worker, which can be based on the overall performance of the company, the performance of the individual, or some combination of the two.

“Bonuses and other forms of employee recognition are becoming increasingly important, due to the fact that unemployment rates are falling across the country. As the pool of available talent continues to shrink, it is critical that companies focus more energy and resources on retention. The need to keep the talent was undoubtedly a driving factor behind the increased percentage of employers awarding year-end bonuses,” said Challenger.

Another factor helping to fuel year-end bonuses is the fact that after-tax corporate profits steadily increased throughout the year, after falling to a 17-quarter low to close out 2015. The latest data from the U.S. Bureau of Economic Analysis shows that third-quarter profits of nearly \$1.7 trillion were up 5.2 percent from the same period a year ago.

With profits on the rise, about 18 percent of survey respondents said their companies were upping the amount of year-end bonuses. However, most employers (73 percent) plan to keep bonus levels unchanged from last year.

“Despite the lack of six-figure Wall Street-like bonuses, most employees still appreciate the year-end bonus. Mostly, they want to know that their hard work is recognized and appreciated. Many workers would be happy with a \$50 gift certificate to a local restaurant or store. Many would probably be happy with an extra day or two of paid vacation at the end of the year,” said Challenger.

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Does your company award year-end/holiday bonus, perks or gifts to employees? (Check all that apply)

	<u>2016</u>	<u>2015</u>
Yes, we provide a non-monetary gift to all employees (such as gift basket or extra vacation day).	14.8%	6.3%
Yes, we award a nominal (\$100 or less) monetary award to all employees (cash or gift certificate).	11.1%	12.5%
We award a monetary bonus to all employees, the size of which is determined by the company's overall performance throughout the year.	18.5%	18.8%
We award a performance-based year-end bonus to selected employees, the amount of which is determined by individual's contribution to departmental and/or company-wide objectives.	22.2%	37.5%
No, we do not award any type of year-end/holiday monetary or non-monetary bonus/perk/gift.	29.6%	43.8%
No, we have awarded year-end/holiday bonuses in the past, but we will not be doing so this year due to the economy.	0.0%	0.0%
Other	3.7%	6.3%

If your company does award year-end/holiday bonus, perks or gifts to employees, please describe how this year's distribution differs from last year.

	<u>2016</u>
The monetary value of the year-end bonus will increase.	18.2%
The monetary value of the year-end bonus will decrease.	9.1%
The monetary value of the year-end bonus will be about the same as last year.	72.7%
We are reinstating year-end bonus/perk/gift after one or more years of not offering such awards.	0.0%

Source: Challenger, Gray & Christmas, Inc. ©