

Report: Employers Plan to Raise Wages 3.9% in 2025

The latest [Salary Budget Planning Report](#) released by Willis Towers Watson (WTW) shows that salary budget increases are expected to rise by 3.9% in 2025. The overall median pay raise for 2024 dropped to 4.1%, compared with 4.5% in 2023. Although these expected wage increases have diminished since 2023, this figure remains high compared to many previous pay cycles, where 3% was common.

WTW's report collected responses from 32,000 companies across 168 countries worldwide, including 1,888 U.S. organizations.

“As the workplace stabilizes and employers look more toward the future, companies are reviewing and updating their compensation philosophies to ensure they align with business strategy.” Lesli Jennings, North America leader of Work, Rewards and Careers, WTW

WTW's report also revealed the following:

- Almost half (47%) of U.S. organizations reported that their salary budgets for the 2024 cycle are lower than from 2023.
- Total annual payroll expenses (which include salaries, bonuses, variable pay and benefit costs) continue to rise considerably in the United States. Almost three-quarters (73%) of companies report that their total payroll expenses were higher than last year.
- Nearly half (49%) of companies are hiring people at higher salaries.

Employer Takeaway

This report suggests that employers will continue increasing wages to keep up with inflation and remain competitive in the labor market. Although the high rate of employee resignations and turnover seen in recent years has subsided, compensation remains a critical factor for winning over workers. Organizations should expect wage increases to remain high for the foreseeable future.

Employers should continue to monitor inflation, industry trends and the labor market. Contact us today for more information.

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