

# Salary budget planning sets the stage for a successful 2025

Salary expenses are often **the largest component of an organization's operating costs**. As organizations enter the heart of compensation planning season, HR and compensation professionals are working with their business partners to determine their pay increase strategy for the coming year.

Salary budget planning is a critical lever in an organization's ability to achieve their business and talent objectives in the year ahead.

Is your organization effectively using the insights from salary budget planning to inform your 2025 strategy?

## Payscale's Salary Budget Survey

In the 2024–2025 salary budgeting season, HR leaders and compensation professionals must determine their pay increase strategy for the coming year. Payscale's 2024–2025 Salary Budget Survey (SBS) provides unparalleled insights on projected salary budget submissions from 1,550 organizations collected between May and June of 2024.

Payscale's Salary Budget Survey features insightful analysis of data sourced directly from compensation professionals and broken out by employee groups (non-exempt, exempt, managers, and executives), geographic segments, industry groups, and key firmographics.

This includes actual salary increases from 2024, planned salary increase budgets for 2025, and salary structure increase budgets. The full Salary Budget Survey shows the breakdown of total salary budget increases by industry group, sector, organization size, revenue, region, and individual state.

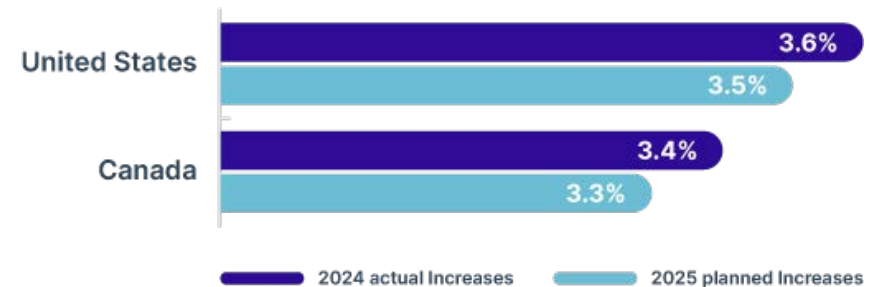
Download the free report [here](#).

## Salary budget planning for 2025

U.S. employers plan on 3.5 percent salary budget increases for 2025. Canada employers plan on 3.3 percent increases.

This is a decline from 3.6 percent and 3.4 percent respectively for the pay increases employers actually gave in 2024 — a 0.1 percent decrease.

The stabilization of inflation along with a loosening of labor market conditions is likely what is leading to planned salary increases diminishing slightly. However, it should be noted that base pay increases are projected to remain higher than 3 percent, which was the average before the COVID-19 pandemic.



## Data is key for decision-making

Every organization will approach salary budget planning uniquely. Whether that's driven by industry, talent availability, or total rewards strategies, salary budget data can help instruct planning recommendations and inform decisions.

Get the Salary Budget Survey today to access insightful analysis sourced directly from compensation professionals.

Learn more



## How to use salary budget planning as a strategic lever

Looking ahead, compensation professionals should not only be focusing on salary budget planning but also preparing to elevate the strategic importance of this annual budgeting practice. Compensation professionals play a crucial role in managing an organization's compensation strategy and ensuring that it aligns with business goals, industry standards, and employee expectations.

By creating a well-structured salary budget plan with a clear line to business objectives, compensation and HR professionals can help the organization allocate funds appropriately, ensuring that compensation expenses are in line with business goals and constraints.

Before walking into the next salary budget review, compensation and HR professionals should ask themselves:

1

**Do I have a clear understanding of our business objectives for 2025?**

2

**Do I understand how we will connect these strategies to our talent objectives?**

3

**Does our 2025 salary budget recommendation support our business and talent objectives?**

4

**Can I succinctly articulate how our salary budget recommendation connects to our business and talent objectives?**



## About Payscale

As the industry leader in compensation management, Payscale is on a mission to help job seekers, employees, and businesses get pay right and make sustainable fair pay a reality. Empowering more than 50% of the Fortune 500 in 198 countries, Payscale provides a combination of diverse and dynamic data sources, compensation services, and scalable software to enable organizations such as Angel City Football Club, Perry Ellis International, United Healthcare, Vista, and The Washington Post to make fair and appropriate pay decisions.

**Pay is powerful™**

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