

LENGTH OF SERVICE & RETIREMENT AWARDS

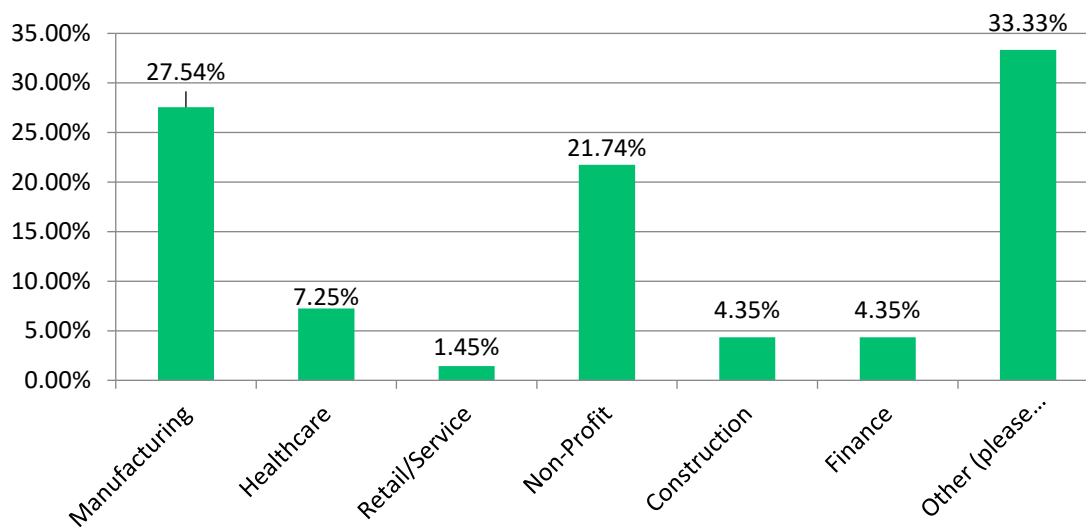
June 2024

Total participants: 69 in Illinois, Indiana, Missouri & Florida

Demographics:

70% of respondents have fewer than 250 employees.

INDUSTRY



BUDGET PER EMPLOYEE PER YEAR

- Most respondents have no budget for awards or the budget is included in general administrative expenses.
- Of those that do have budgets, the lowest reported was \$25 per employee up to a high of \$2,000 per employee.
- The average budget was \$306 per person per year.
- For those that base it on a percentage of payroll, the average was 3%

RETIREMENT PROGRAMS

25% of responding companies have a formal retirement service awards program in place.

Retirement Recognition Program Overview:

- **Awards:**
 - Cash award based on years of service upon retirement.
 - Gift cards, certificate, and a watch for 10+ years of service.
 - Lapel pins with diamonds for each 5-year milestone.
- **Eligibility:**
 - 10+ years of continuous service.
 - Additional service award for 20+ years.
- **Celebratory Events:**
 - Retirement luncheon or party for those with 10+ years.
 - President's lunch with service groups and check presentation in December.
- **Future Invitations:** Retirees are invited to the next company event post-retirement.

Awards:

Awards or plaques 53.06%

Monetary bonuses 40.82%

Gifts or vouchers 67.35%

Other

- Retirees have the option to select a gift (such as through TerryBerry) or check.

Length of Service Milestones Observed for Retirement Program:

10 years 86.67%

15 years 67.67%

20 years 67.67%

Other

- 1-3 years 10.00%
- 5 years 16.67%

Basis of Award Determination:

- **Service Tenure:** Many organizations base awards on the number of years an employee has served.
- **Employee Position:** Higher-level positions tend to receive more substantial awards.
- **Case-by-Case:** Some companies decide awards individually, particularly if those companies have few employees retiring.
- **Executive Involvement:** Executive teams often play a key role in determining the type and value of awards, emphasizing the importance of tangible, branded items

Common Practices:

- **Monetary Awards:** Several companies provide monetary awards, often calculated as a multiple of years served (e.g., \$50 per year for non-management, \$100 per year for management).
- **Tangible Gifts:** Custom-made items such as glass awards, clocks, or watches are popular, often personalized with the employee's name and service dates.
- **Lapel Pins:** Some organizations use lapel pins with additional embellishments (e.g., diamonds) for long-term service recognition.

Award Levels:

- **Standard Amounts:** Some companies set standard amounts for various milestones (e.g., \$750 for 10 years, \$1,000 for 15 years, etc.).
- **Personalized Recognition:** Recognizing employees individually based on their interests and service length.

Monetary Awards:

- Flat amounts like \$100 per year of service or set increments (e.g., \$50, \$100 per year).
- Structured tiers, such as \$300-\$1,000, depending on service duration.
- Specific amounts for milestones: 5 years (\$500), 10 years (\$750), 20 years (\$1,500), etc.

Non-Monetary Recognition:

- Plaques, anniversary gifts, gift cards, luncheons.
- Examples include company store gift cards, physical gifts, and watch awards.
- Case-by-case discretionary awards.
- "Get Away Days" or extra vacation time after certain milestones.
- Sabbaticals or extended time off for long-term service.

Varied Policies:

- Specific programs tailored to employee rank (management vs. non-management).

Only **4%** of employers have noticed a change in employee retention/motivation since implementing their Retirement Awards Program.

95% of employers review their Retirement Awards Programs rarely or only as needed.

Challenges to Retirement Awards Programs:

1. Budget Constraints:

- Many companies lack a dedicated budget for retirement awards.
- Some companies rarely have retirements, thus do not allocate funds for this purpose.

2. Operational Challenges:

- Manual processes for handling retirement awards can be tedious and time-consuming.
- Ensuring consistency in awarding can be difficult.

3. Lack of Formal Programs:

- Several companies do not have a formal retirement award program.
- Some companies give personal gifts or hold small receptions instead.

4. Employee Participation:

- Difficulty in getting employees to participate in celebrations like luncheons or parties.
- Some retirees are not interested in receptions or formal acknowledgments.

5. Equity and Customization:

- Struggle to make discretionary awards equitable.
- Desire to offer employees choices in their awards, rather than standardized items.

6. Other Issues:

- Lack of interest from leadership in funding a formal program.
- Finding and purchasing suitable items for employees. Balancing meaningful gifts and avoiding unwanted “clutter.”

Desired Improvements:

- More rewards at service milestones (5, 10, 15, 20, 25, 30 years, etc.).
- Formalize or revamp existing programs.
- Increase the budget to provide more impactful gifts.

1. Specific Changes:

- Introduce a structured plan with budgeted amounts.
- Offer a variety of gift options.
- Create less manual processes.

2. New Initiatives:

- Starting a new program where none exists.
- Implementing a meaningful awards program.

3. Current Program Adjustments:

- Recently increased "get away cash."
- Considerations for increasing gift value over time.

4. Employee Preferences:

- Recognize that some employees prefer public recognition while others do not.
- Suggestions for personalized celebrations, such as detailing retiree's history with the company.

LENGTH OF SERVICE AWARDS PROGRAMS

81% of responding employers have Length of Service Awards Programs.

Intervals in which Length of Service Awards are granted:

Number of Years	% of Responding Employers Recognizing
1	22%
2-4	10%
5	82%
10	69%
15	59%
20	63%

Recognition for Length of Service milestones:

Type of Award	% of Responding Employers
Awards/Plaques	52%
Monetary Bonuses	46%
Gifts/Vouchers	56%

1. Gift Cards and Monetary Gifts:

- Gift cards in varying amounts: \$50, \$100, \$150, \$200.
- Monetary gifts tied to years of service: \$10 per year of service, specific amounts for milestone years (e.g., 3 years = \$100, 5 years = \$200, etc.).

2. Gift Selection and Customization:

- Employees can choose from an online gift program, catalog, or take a cash equivalent.
- Points system to shop from a catalog.

- Company logo items from a clothing store.
- Custom gifts requested by staff and presented at holiday parties.
- Extra vacation days and one-month sabbaticals for long-term service.

3. **Physical Awards and Celebrations:**

- Service award pins and lapel pins.
- Longevity pay after 5 years.
- Anniversary luncheons and monthly celebrations with treats.
- Recognition at company events and annual holiday parties.

5. **Varied Recognition Methods:**

- Email announcements, small department parties.
- Structured service award programs coordinated by HR, with awards presented by the President.

Awards Determination:

1. **Standardized Rewards:**

- Set amounts or specific gifts for milestone years (e.g., 5, 10, 15, 20 years).
- Monetary rewards like \$10 for every 5 years of service.

2. **Gift Selection and Customization:**

- Employees choose gifts from catalogs, with higher value gifts for longer service.
- Lapel pins with incremental upgrades, such as adding diamonds for longer tenure.

3. **Physical Awards:**

- Certificates, plaques (costing \$160-\$200), and crystal awards.
- Watches or coats with company logos for specific milestones.

4. **Policy and Governance:**

- Awards are determined by policies, management decisions, or negotiated with unions.
- Reviewed annually but often unchanged for long periods.
- Administered by HR or a governing committee.

5. **Additional Recognition Methods:**

- Luncheons, bonuses, and individualized recognition.
- Points systems for anniversary rewards.
- Participation in corporate-administered programs.

Awards:

1. Gift Cards and Monetary Awards:

- Gift cards valued at \$50, \$100, \$150, \$200.
- Cash awards ranging from \$10 per year of service up to specific amounts for milestone years (e.g., \$200 for 5 years, \$1,000 for 40 years).
- Higher-value awards for longer service, such as travel vouchers and 401(k) contributions.

2. Formalized Programs:

- Structured reward programs with specific amounts for milestones (e.g., 5, 10, 15, 20 years).
- Points systems allowing employees to redeem items from a catalog.

3. Additional Gifts and Recognition:

- Physical items like plaques, watches, lapel pins, and engraved awards.
- Options for employees to choose from catalogs or receive cash equivalents.
- Celebrations, luncheons, and personalized recognition events.

4. Variety in Rewards:

- Different types of rewards for union vs. non-union employees.
- Discretionary awards and standardized amounts set by governing committees or company owners.

10% of employers have seen changes in employee retention/motivation since implementing their Length of Service Awards Program.

83% of employers review their Length of Service Awards Programs rarely or only as needed.

Challenges to Administering the Length of Service Awards Program:

1. General Challenges:

- **Manual Processes:** Handling service awards is often tedious and time-consuming.
- **Consistency Issues:** Lack of consistent policies and procedures.
- **Cost:** Managing and justifying the expense of awards.
- **Ownership Involvement:** The necessity of owner or top management involvement.

2. Employee Preferences:

- **Gift Choices:** Preference for cash or gift cards over physical gifts like watches or coats.
- **Recognition:** Ensuring meaningful and thoughtful recognition for employees.

3. Operational Issues:

- **Missed Recognition:** Potential dissatisfaction if employees are missed due to rehire dates or other administrative errors.
- **Turnover:** High leadership turnover impacts the continuity of the award program.
- **Formal Policy:** Lack of a formalized award program or policy.

4. Communication and Timing:

- **Recognition Timing:** Challenges in timely recognition and remembering to acknowledge service milestones.
- **Notification Methods:** Shift from all-employee meetings to email announcements and then to no notifications, causing confusion.

5. Employee Response:

- **Engagement:** Difficulty in getting employees to choose their awards or follow up in a timely manner.
- **Perception Issues:** Awards given at year-end perceived as Christmas bonuses, creating expectations for uniformity.

Improvements:

1. Enhancement Suggestions:

- **Increase Award Values:** Higher rewards for 5, 10, and 15-year milestones.
- **Points-Based System:** Allow employees to choose how to spend their awards through an online rewards program.
- **Budgeted Program:** Establish a formal, budgeted program.
- **Timely Recognition:** Provide plaques and awards immediately upon reaching milestones.
- **Monetary Awards:** Introduce cash bonuses for specific service years (1, 5, 10, 15, 20, etc.).
- **No Immediate Changes:** Some are content with their existing program and see no need for changes.

2. Current Practices:

- **Catered Meals and Senior Leadership:** Celebrations with meals and senior leadership present.
- **Company-Wide Emails:** Acknowledging employees via company-wide emails.
- **Third-Party Management:** Utilizing third-party vendors to handle the awards process.

3. **Additional Recognition:**

- **Personal Touch:** More personalized and meaningful recognition, including in-person recognition.
- **Remote Challenges:** Enhancing recognition for remote employees.
- **Employee Preferences:** Offering gift cards over vendor-specific gifts.