**Total Compensation**  
**Program Design Changes**  
**for TMG**  
**Phase 3**  
**Implementation**  
**Summary**  
**November 2019**

**Introduction:**
The TMG Total Compensation Redesign Sub-Committee was established to review the existing total compensation program for TMG and to develop recommendations intended to rejuvenate the design of the Total Compensation program. As a result of the work completed, 30 recommendations were developed with a 3-year implementation plan. In each of 2017, 2018 and 2019, subsets of the 30 recommendations were presented to the President and Vice-Presidents, the Remunerations Committee and the Board of Governors for approval, and subsequent implementation. This summary highlights the changes related to the third and final phase of the implementation.

**Implementation Status:**
The Implementation Status chart summarizes all of the recommendations, identifies the timeline of implementation, along with their current status and includes relevant notes for information. The Implementation Status chart will be periodically updated to reflect ongoing progress.

**Total Rewards Statements:**
The new Total Rewards Statements, which have been built in collaboration with UTS, are now available for members of TMG. You’ll find your statement in Mosaic on the Employee Self Service page. The Statement shows the overall value and full scope of your compensation and benefits you receive through your employment at McMaster and include information on compensation, extended health and dental benefits, life and disability insurance, retirement plan contributions, professional development, and government and other benefits.

The Statements are for the period July 1, 2018 to June 30, 2019. While it has taken some time to build and test the statements resulting in the release of these statements in the Fall for the initial launch, in future years, the Statements will follow the same July to June cycle and should be available in August of each year.

For more information on navigating your statement and to view answers to frequently asked questions, please visit the Total Rewards Statements section of the Human Resources website.

**Total Rewards Philosophy for TMG:**
The Total Rewards Philosophy translates the University’s vision, strategy and values into a framework that guides the design of the elements of the total rewards program.

The Total Rewards Philosophy provides the guiding principles for our Total Rewards program as well as the program elements which consist of cash compensation, benefits (including retirement income provisions), work life, development and career opportunities, and performance and recognition.

The two key foundational elements that underpin the compensation program design continue to be:

- Pay for performance; and
- Salary ranges targeted at the 60th percentile of the defined market.

As a reminder, the defined market is:

<table>
<thead>
<tr>
<th>Bands</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>F – I</td>
<td>Local Market (Hamilton, Burlington and surrounding area)</td>
</tr>
<tr>
<td>J – M</td>
<td>Regional Market (Toronto, South Western Ontario, Hamilton)</td>
</tr>
<tr>
<td>N – Q</td>
<td>National Market (All Canada)</td>
</tr>
</tbody>
</table>

For all bands, only organizations with revenues or operating budget of $100 million or greater are included.

**Total Rewards Policy for Employees in TMG:**
The Total Rewards Policy outlines the Total Rewards program provisions and documents many of the rules and practices within which we have been operating. There are some changes and new elements, as well.
The policy includes:

- Definition of market competitiveness
- Salary range structure and definitions
- Responsibilities of management
- Establishing salaries for new hires, on job transfer within TMG, on re-evaluation of TMG jobs and anomaly adjustments
- Controls and approvals required for establishing salaries
- New variable pay programs which include the Performance Excellence Program for TMG in Bands F Through M and the Variable Pay Plan for TMG in Bands N Through Q
- Benefits on retirement

The policy includes a change in terminology for our salary range structure. The Fully Competent Target has been renamed the Target.

The illustration that follows outlines the salary range structure that was introduced as part of the Redesign initiative and includes the new Target terminology.

There are different provisions and eligibility rules for post-retirement benefits for each employee group. For TMG, those hired prior to June 16, 2006 into a position that was eligible for post-retirement benefits retain eligibility for post-retirement benefits upon retirement from a TMG position. Those hired on or after June 16, 2006 are not eligible for post-retirement benefits. The Policy provides clarity on the topic of Benefits on Retirement for those employees who transfer from Unifor to TMG. An exception for employees who were hired into a Unifor post-retirement benefit eligible position after their date of hire and before May 1, 2022 has been confirmed. These individuals are grandparented and retain eligibility for post-retirement benefits upon retirement from a TMG position.

You can find more information on the above items in the new Policy.

**Guidelines for Cash Compensation Administration for Employees in TMG:**

The Guidelines are a revision of the existing TMG Protocols and Guidelines for Salary Administration. They outline the norms that are to be followed in the administration of cash compensation.

The Total Rewards Policy for TMG and the Guidelines for Cash Compensation Administration for Employees in TMG are complementary documents and are to be read in conjunction with each other.
Variable Pay Plans:

- Performance Excellence Program for TMG in Bands F Through M
- Variable Pay Plan for TMG in Bands N Through Q

Both of these programs were approved and announced to TMG in May 2019. Since then, the program details have been finalized and, as planned, the first assessment for potential payouts will take place in the Summer 2020.

These programs are designed to reward truly exceptional performers who are clearly leaders amongst their peers and have noticeably excelled in their performance over and above what would normally be expected in their role as well as high-potential employees. In order to be eligible for these programs, the individual must have a completed Annual Performance Review and received a rating of Outstanding.

The Program Guide for each program outlines the eligibility, assessment criteria, program features and program administration. They feature Recommendation forms which are easy to complete and the assessment will be completed concurrently with the Annual Salary Review for TMG.

The full program summaries for each of the Performance Excellence Program in Bands F Through M and the Variable Pay Plan for TMG in Bands N Through Q can be found on the HR web.

Career Framework:

The design and development of a Career Framework was completed by the Career Frameworks Working Committee. Through their work, the Committee developed an approach to career exploration at McMaster. The Career Framework is live on the HR web and includes information about: My Career, Career Pathways, Career Stories, and Current Opportunities.

In My Career, you’ll find a number of tools and resources to help you plan your career. Under the, Who Am I?, What Do I Want? And How Do I Get There? Sections, you can assess your current situation, discover who you are, decide who you want to be, and map out the best path for your future.

In Career Pathways, you’ll find information about the large variety and type of work that is available at McMaster. This section is still in development and will continue to evolve over the coming months.

In Career Stories, you’ll see some of your TMG colleagues and can read and be inspired by how they have achieved their personal career success at the University.

In Current Opportunities, you’ll be connected to the job postings available to both internal and external applicants.

Rewarding Our Leaders Overview:

Our new Rewarding Our Leaders overview provides a summary of the Total Rewards program for TMG and will be a handy resource for you. It will be available soon on the HR web.

Previously Implemented Changes:

This update summarizes the changes introduced in the Phase 3 Implementation of the recommendations. For more information about the Total Compensation Redesign Recommendations and to review a full report summarizing all the recommendations, refer to the TMG Total Compensation Redesign website.

Review and Audit of Changes:

With the introduction of any change, it’s important to assess the impact. Regular review and audit of the changes resulting from the implementation of the recommendations are planned. Depending on the findings, ongoing education and guidance will be provided to ensure the program is operating effectively and as intended.

Information Resources:

To ensure members of TMG and their supervisors have the opportunity to keep informed about the Total Compensation Plan Design Recommendations and their status, the TMG Total Compensation Redesign website is updated regularly.

Questions and Comments:

Should you have any questions or comments, please contact the HR Strategy Analyst in Human Resources Services.

November 2019