Pearl Meyer

ADVISOR BLOG | NOV 2025

2026 Compensation Planning: Data and Insights to Inform Your Salary Budget Decisions



Rebecca Toman

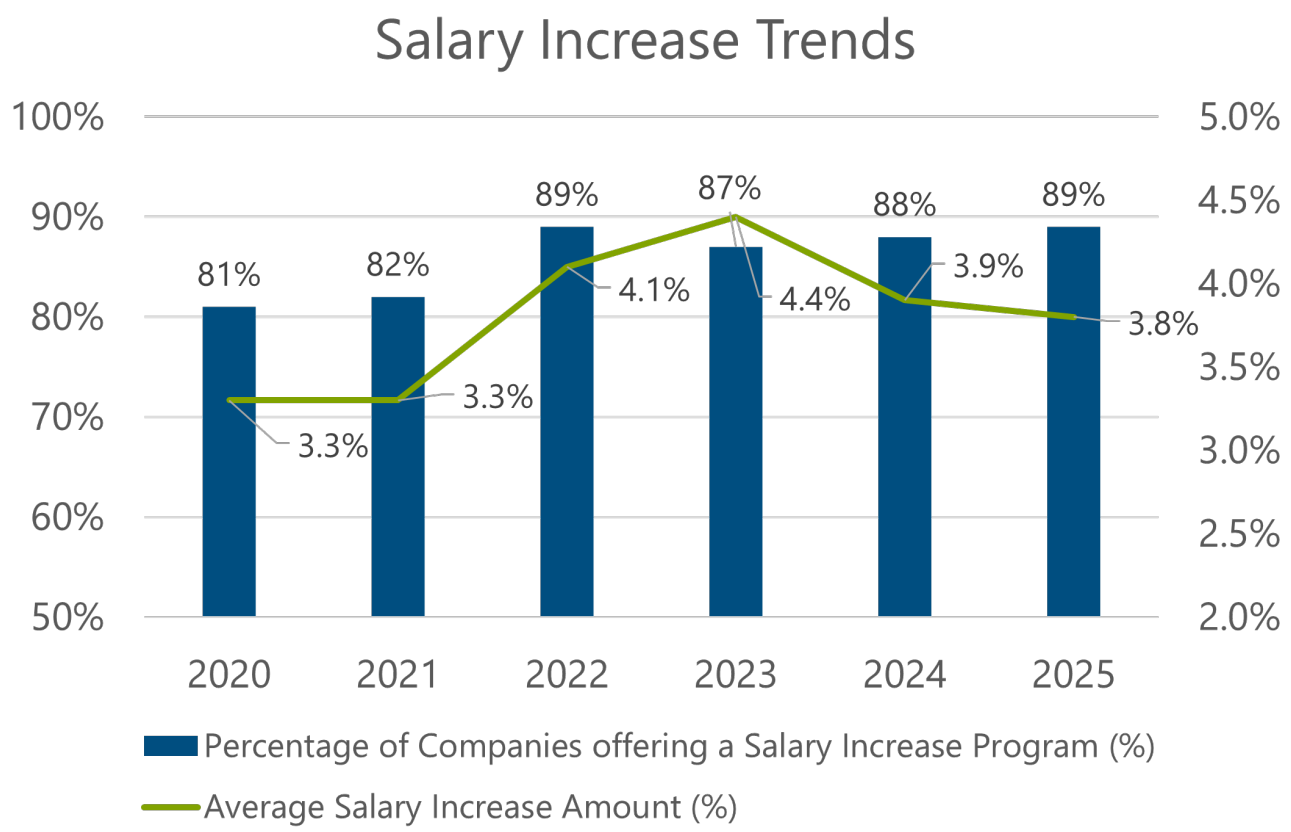
VICE PRESIDENT, SURVEY BUSINESS UNIT

Most HR teams are now focused on 2026 salary budget planning, which should not be done without reputable market data. While hiring has slowed in some sectors, the labor market remains competitive. Ensuring that salaries remain aligned with market conditions helps attract top candidates and maintain engagement among current employees. Pearl Meyer's 2025–2026 Compensation Planning Survey offers reliable and timely data to support strategic compensation decisions that help companies attract and retain great employees.

This year's survey achieved its highest level of participation ever with data for 563 organizations reported. This record participation shows how important data has become for decision-making around annual salary increases.

Across all firms, 89% implemented a compensation increase program in 2025, up slightly from 88% in 2024. The average actual total salary increase in 2025 was 3.8%, compared with 3.9% in 2024, and budgets for 2026 are projected to average 3.7%. These levels reflect a return to pre-pandemic norms after several years of elevated budgets. When looking at base salary increase budgets for different employee categories (non-exempt,

exempt, management, and executive), there is minimal variation.

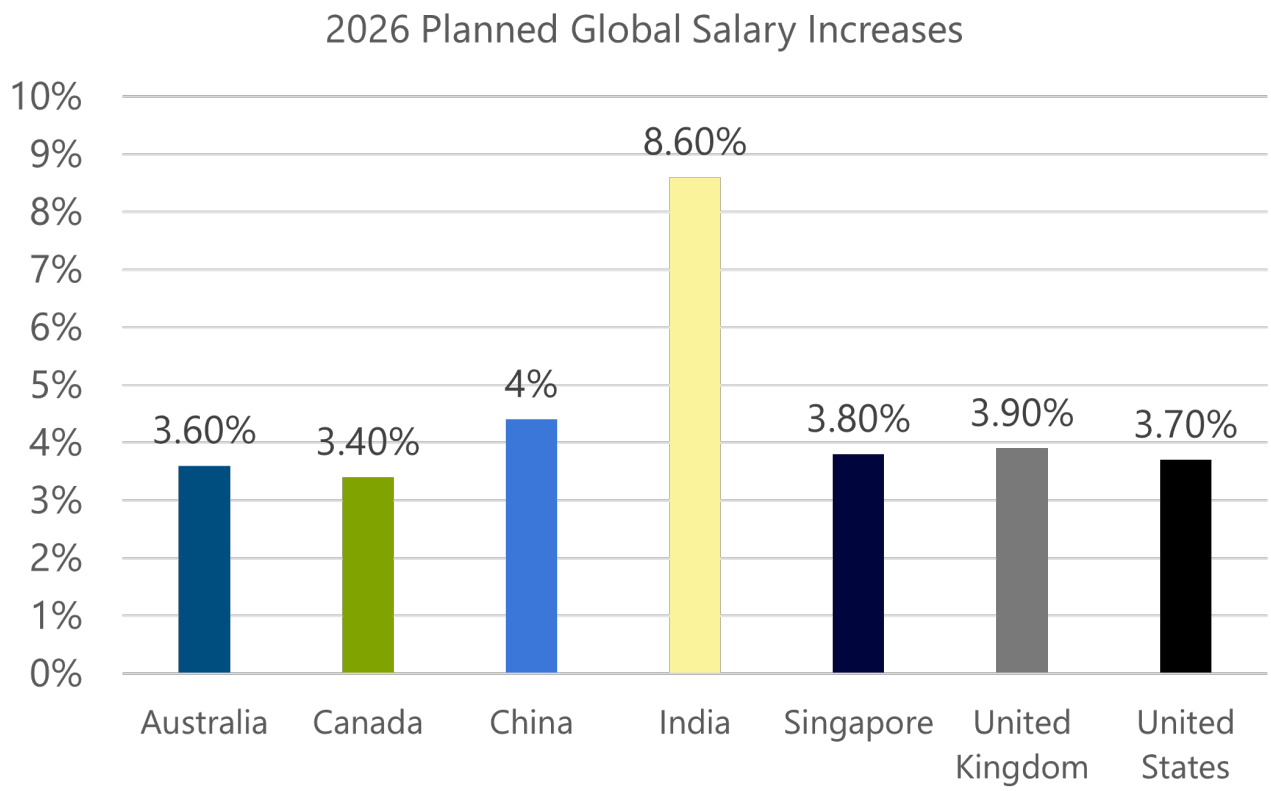


Global Increases

The 2025–2026 survey collected salary data for over 60 countries, offering valuable global insights. Below are average total salary increase projections for 2026 across several notable countries.

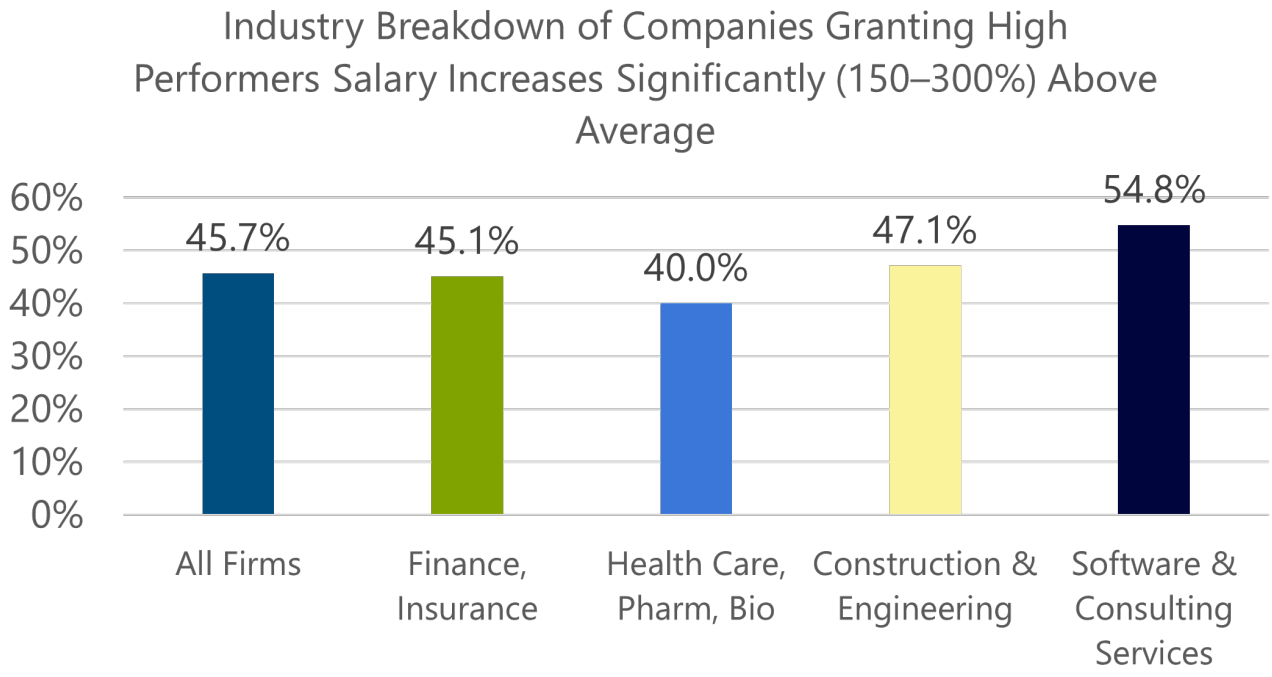
Pay increase projections in Canada, United Kingdom, Singapore, and Australia remain in line with U.S. averages, while India continues to post higher growth, consistent with last year's figure. Salary increases in China declined this year (4% compared to 5% last year)

mainly due to slower economic growth and cost pressures.



Rewarding High Performers

The report again shows a strong link between performance and pay differentiation. Across all industries, the most significant variance appears in software and consulting services firms where nearly 55% of companies grant high performers 150% to 300% of the average salary increase for their peers. In contrast, health care organizations report the smallest differentiation between average and high performers.



2026 Compensation Priorities

The survey also examined broader pay-related objectives. Respondents identified their top strategic goals for 2026 as follows:

- Retaining high performers
- Ensuring market-competitive compensation
- Managing salary costs
- Improving the link between pay and performance

More information, including the data reported and participating organizations, can be found here. The report serves as a valuable benchmarking resource to compare your company's annual salary increases with data from 563 organizations.

To purchase a copy of the survey report, click here. For information on participating in next year's survey, contact survey@pearlmeyer.

About the Author

Rebecca Toman is the vice president, Survey Business Unit at Pearl Meyer. In this role, she designs and publishes compensation and benefits surveys for a wide range of industries and employee populations. Rebecca is on the WorldatWork faculty where she teaches a course on Job Analysis and Documentation.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.