

# Salary Bands

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What They Are & Why They Matter



# Agenda

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The Basics

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Input From the Audience

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A Case Study - Compliance

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Advice from the Experts

# What Are Salary Bands?

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Ranges of salaries established for specific job roles or levels within an organization.

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Pre-defined salary range (min to max) for a given role or level

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Groups similar jobs into the same pay range for consistency in pay

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Establish progression criteria from moving from one salary band to the next

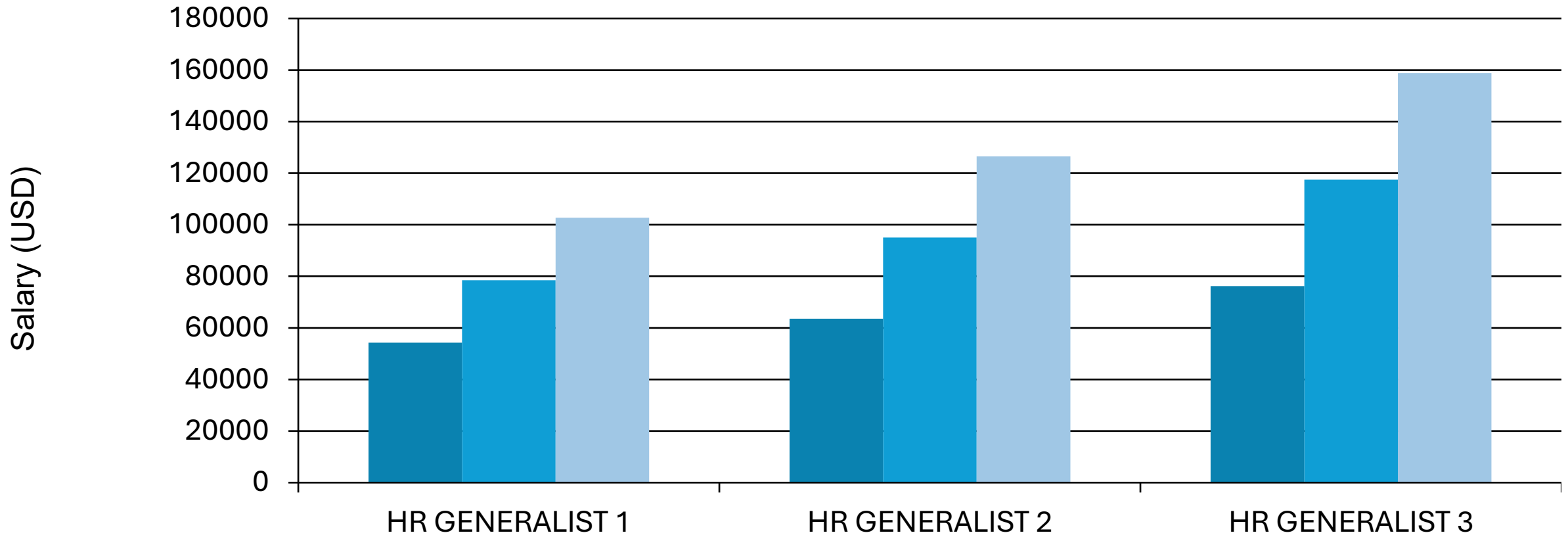
# How Are Salary Bands Structured?

Each band typically has a minimum, midpoint and maximum pay value

Bands correspond to job levels/grades (e.g., Entry, Intermediate, Senior levels)

Overlap is common between bands – allows smooth progression

# Example: Salary Bands for HR Generalists at UCLA



# Benefits

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FAIRNESS &  
TRANSPARENCY



CAREER GROWTH &  
TALENT DEVELOPMENT



FINANCIAL CONTROL &  
STRATEGIC ALIGNMENT

# Possible Drawbacks

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Complex implementation



Potential for pay compression



Difficulty in customization



Employee dissatisfaction with pay ceiling

# Common Questions

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Can I move  
between  
bands?

What if I hit  
the maximum  
range?

How are  
bands  
adjusted?



# Compliance Considerations

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- Clearly communicating salary ranges in job postings.
- Disclosing salary information upon request.
- Ensuring fair and equitable pay practices.
- Understanding and adhering to evolving state and federal laws, potentially requiring pay audits and reviewing internal compensation systems.
- Hiring managers should be trained on pay transparency laws and procedures to ensure compliance and know when to come to HR.



# Pay Transparency Laws – A Case Study

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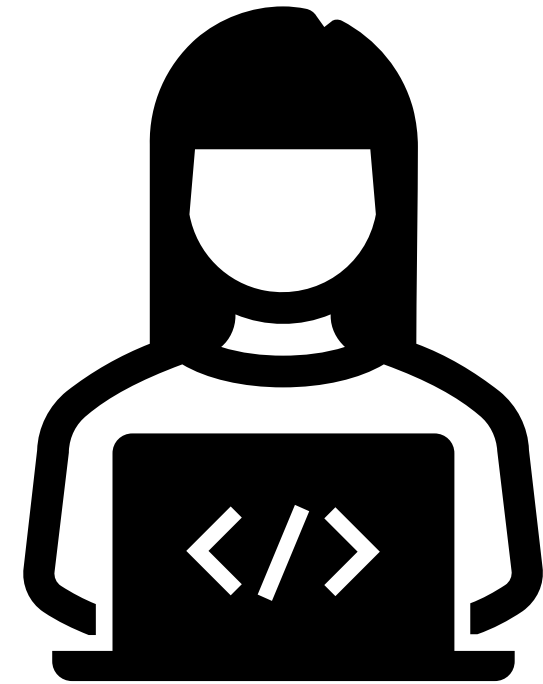
- The Frances Perkins Workplace Equity Act is an expansion of the MA Equal Pay Act and aims to increase pay transparency and address wage disparities. And it takes effect on 10/29/2025
- Amendment requires employers with 25+ to do the following:
  - ✓ Disclose pay range for all job postings and advertisements
  - ✓ Tell employees the pay range for their current role upon request
  - ✓ Disclose to employees who are being offered promotion or transfer the pay range for the new position
  - ✓ Supply the pay range for a specific position upon request, even if they are not in that role
  - ✓ Employers with 100+ in MA to submit annual reports detailing workforce demographics and pay data by race, ethnicity, sex, and job category
  - ✓ Protects employees from retaliation for enforcing their rights and participating in related legal proceedings
  - ✓ MA Attorney General enforces the act. Violations can result in fines.



# Pay Transparency Laws – A Case Study

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- Pay Range: The annual salary or hourly wage range an employer reasonably expects to pay for the position at the time of posting
- Does not indicate how wide a pay range may be
- Posting – by employer or any 3<sup>rd</sup> party recruiter – making employers liable for job posts disseminated by agencies
- Must supply pay range information to internal employees for a promotion or transfer to a role with different responsibilities – whether is it posted externally or not
- Over 100+ - file submitted EEOC filings with the MA Sec of the Commonwealth
- Warnings for first violations, \$500 for second, \$1,000 for third and up to \$25,000 per violation for fourth and subsequent
- First two years after Act takes effect, employers will have 2 business days after notice of violation to fix defects before fines
- Employers can prepare by developing or revising job postings and internal transfer policies to ensure that pay range information can be appropriately and uniformly disclosed



# Agenda



## 1) Foundational Elements & Terminology

Understanding salary band structure nomenclature

## 2) Guiding Principles

Key principles of an effective salary band structure

## 3) Roadmap to Building Salary Bands

Design process

## 4) Alternative Band Structures

Different approaches to salary bands

## 5) Key Considerations & Challenges

Considerations when reviewing salary band effectiveness

## 6) Maintaining Best-in-Class Salary Bands

How to ensure salary bands remain relevant over time

## 7) Audience Perspective

Discussion questions

# Foundational Elements & Terminology







## Key elements of salary band design and implementation

- **Salary Bands:** Defined pay ranges assigned to jobs of similar level used to guide compensation decisions and support internal equity and market alignment
- **Midpoint:** The central point of a salary range, representing the competitive market rate an organization targets for a specific role and/or comp grade; salary ranges are built around a midpoint – it's the anchor for pay decisions
- **Minimum and Maximum:** The lowest and highest point in the salary range; employees' placement within the range depends on their time in role, performance, skills and expertise
- **Compa-ratio:** A metric that represents an employee's salary relative to the midpoint of their salary range – assesses pay positioning and equity
- **Job Architecture/Levelling:** Framework that categorizes roles by responsibilities, skills and impact to derive consistent job levels
- **Market Benchmarking:** Process of comparing compensation data against external market sources to determine competitive salary ranges; benchmarking data is provided by third party compensation consultants
- **Pay Philosophy:** An organization's strategy on how it positions pay relative to the market

# Guiding Principles

Best-in-class salary band structures adhere to following key principles

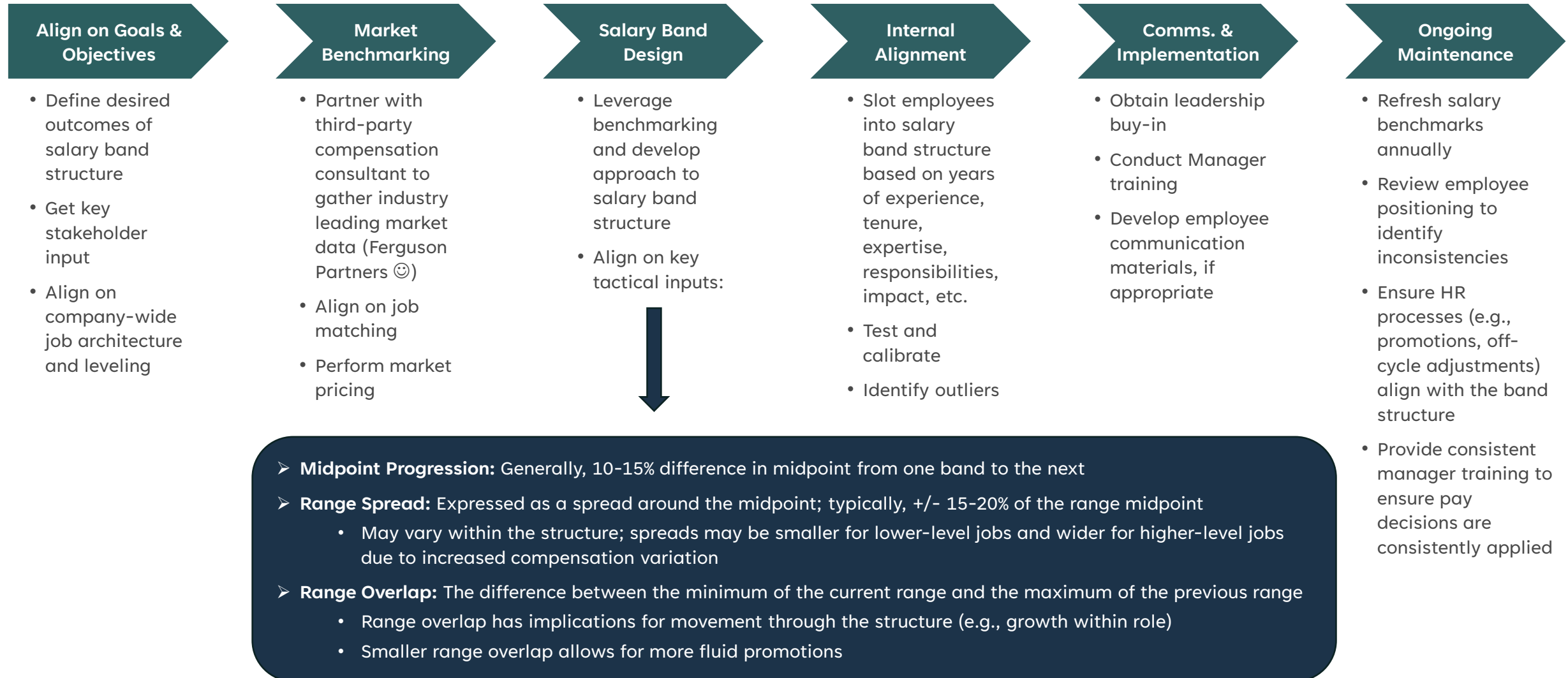


INTERNAL EQUITY	EXTERNAL COMPETITIVENESS	PAY PHILOSOPHY ALIGNMENT	CAREER PROGRESSION SUPPORT
			
<i>Fair and consistent compensation of employees within an organization based on job</i>	<i>Alignment of pay to market, leveraging market benchmarking and market best practices</i>	<i>Company philosophy on compensation and target ranges</i>	<i>Salary band alignment with job levels and career path</i>
<ul style="list-style-type: none"><li>• Conduct internal equity audits across roles, departments and demographic groups</li><li>• Use a consistent job levelling framework</li><li>• Monitor compa-ratios</li><li>• Address pay compression</li></ul>	<ul style="list-style-type: none"><li>• Benchmark roles by function, level and job scope</li><li>• Review market data annually</li><li>• Use industry leading market data</li></ul>	<ul style="list-style-type: none"><li>• Clearly define market position (leading, matching or lagging the market)</li><li>• Ensure consistent application of pay philosophy across levels and functions</li></ul>	<ul style="list-style-type: none"><li>• Align salary bands with defined job levels</li><li>• Create visibility into career paths</li><li>• Review band progression annually</li></ul>

# Roadmap to Building Salary Bands



Before developing a salary structure, consider the following foundational design aspects





# Alternative Band Structures



Salary bands may be simple or complex, depending on the needs of the organization

	ALTERNATIVE 1: ONE STRUCTURE	ALTERNATIVE 2: UNIQUE BAND BY JOB	GEOGRAPHIC MODIFIER
Description	<ul style="list-style-type: none"><li>• One structure, applied to all employees</li><li>• Bands are intended to be job agnostic; however, roles with similar years of experience, tenure, expertise, responsibilities, etc. are slotted together</li></ul>	<ul style="list-style-type: none"><li>• Each job/level has its own salary band range</li><li>• Alternatively, salary bands can be set by function; for example, group investment, development, and asset management roles together, with separate bands for corporate functions</li></ul>	<ul style="list-style-type: none"><li>• Each salary band has multiple “zones”, based on geography (e.g., NYC-based jobs command a premium)</li><li>• Often complements Alternative 1 or 2 structures</li></ul>
Works Best For	<ul style="list-style-type: none"><li>• Companies with less headcount and differentiation between functions and positions</li></ul>	<ul style="list-style-type: none"><li>• Companies with varying compensation needs between different functions (e.g., front real estate vs. corporate)</li></ul>	<ul style="list-style-type: none"><li>• Companies with employees in multiple locations (e.g., vertically integrated platforms)</li></ul>
Pros	<ul style="list-style-type: none"><li>• Straightforward administration</li><li>• Easy to assign jobs to bands</li></ul>	<ul style="list-style-type: none"><li>• Enables compensation differentiation between functions</li><li>• Allows additional flexibility for market conditions, which may impact functions differently</li></ul>	<ul style="list-style-type: none"><li>• Greater flexibility for accommodating cost of labor</li><li>• More control regarding pay range, cost, and internal equity</li></ul>
Cons	<ul style="list-style-type: none"><li>• More frequent market analysis may be required to maintain relevance</li><li>• Less customization between jobs within bands</li></ul>	<ul style="list-style-type: none"><li>• More complicated to administer</li><li>• Requires additional employee communication and manager training</li></ul>	<ul style="list-style-type: none"><li>• More complicated to administer</li><li>• Requires additional cost of labor analysis</li></ul>



# Key Considerations & Challenges



There are several elements to consider when reviewing the effectiveness of your salary band structure

## 1) APPLICATION TO REAL ESTATE INDUSTRY

- Real estate companies have historically not utilized salary grades, largely due to leaner teams, employees wearing multiple hats, varied compensation models, inconsistent titling, cultural resistance, etc.
- Emerging shift in real estate firms increasingly beginning to incorporate salary bands due to a convergence of market pressures, workforce expectations, and strategic business needs

## 2) RECRUITING

- Recruiters typically target a portion of the salary range as the hiring range
- When this range does not reflect market conditions or candidate expectations, it can be difficult to attract top talent

## 3) PROMOTION AND CAREER DEVELOPMENT

- When compensation ranges are not competitive or aligned with market, talent attraction and retention may suffer
- Promotion philosophy and execution should align with broader talent management and compensation strategies to ensure consistency and clarity

## 4) DISTRIBUTION OF EMPLOYEES WITHIN RANGES

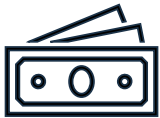
- Employers should have an expectation of how employees will fall within each salary band (e.g., new hires/newly promoted employees should be lower in the range, tenured/strong performers should be higher in the range)
- Many employers have a target distribution or average in range philosophy

## 5) OUT-OF-RANGE EMPLOYEES

- Some employees may fall below the minimum or above the maximum of a salary range
- While there can be valid business reasons for this (e.g., legacy arrangements, subject matter expertise, strong performance, critical roles), it may also signal that a job is misaligned with the appropriate salary grade or that pay practices should be recalibrated

# Maintaining Best-in-Class Salary Bands

Successful salary band structures require ongoing maintenance



## 1) CONSISTENT MARKET BENCHMARKING

- Conduct annual or biannual compensation benchmarking analyses to ensure alignment with current market trends
- Adjust salary ranges annually to reflect market changes and ensure competitive practices



## 2) KEY METRIC ANALYSIS

- Compa-ratio: Evaluate employee pay relative to the midpoint of their salary range to assess internal equity and proper progression
- Pay equity: Perform regular audits to identify and address potential disparities across gender, race, age or other factors



## 3) BUSINESS FEEDBACK

- Gather input from key business leaders and HR partners to ensure the compensation structure supports organizational priorities
- Use real-world feedback (e.g., recruiting, exit interviews, etc.) to refine ranges, adjust job levelling, and enhance practical usability across teams

# Audience Perspectives

## Discussion questions



### 1) INITIAL IMPLEMENTATION OF SALARY BAND STRUCTURES

- *What lessons did you learn from your first implementation of a salary band structure?*
- *Did you employ a single band structure or multiple tied to functional areas?*
- *What internal resistance did you face, if any, and how did you overcome it?*

### 2) ADAPTING TO MARKET CHANGES

- *How do you handle emerging or “hot” roles that command a market premium but don’t fit cleanly into your current structure?*
- *How often do you revisit and recalibrate your ranges to stay competitive?*

### 3) GEOGRAPHIC AND REMOTE CONSIDERATIONS

- *How do you structure salary ranges to account for employees working in different geographic locations?*
- *How do you approach remote employees?*

### 4) ALTERNATIVE STRUCTURES OR ABSENCE OF SALARY BANDS

- *For those who have chosen not to implement formal salary band structures, what were the reasons?*



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