Compensation Optimization Checklist 2025-26

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Page 1: Assessment and Analysis Checklist

- [ ] Conduct comprehensive audit of existing compensation structures

- [ ] Analyze current turnover rates and retention metrics

- [ ] Perform employee satisfaction surveys on compensation

- [ ] Gather competitive benchmarking data from industry reports

- [ ] Identify performance-compensation correlation gaps

- [ ] Calculate current total compensation costs vs. productivity

- [ ] Review internal pay equity across roles and demographics

- [ ] Assess compliance with current Labour Codes

- [ ] Document organizational objectives for compensation redesign

- [ ] Identify high-risk areas in current packages

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Page 2: Design and Components Checklist

- ☐ Define optimal base salary ranges by role and location

- ☐ Design variable pay structure with performance metrics

- ☐ Select appropriate benefits and perquisites

- ☐ Incorporate stock options or long-term incentives

- ☐ Create flexible benefit allocation options

- ☐ Ensure tax-efficient component distribution

- ☐ Develop performance rating and bonus calculation formulas

- ☐ Establish promotion and increment guidelines

- ☐ Design total rewards statements for transparency

- ☐ Validate design against market benchmarks

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Page 3: Compliance and Legal Checklist

- ☐ Verify alignment with Labour Code requirements

- ☐ Ensure minimum wage compliance across states

- ☐ Check overtime calculation methods

- ☐ Validate bonus and gratuity provisions

- ☐ Review tax deduction and TDS management

- ☐ Confirm PF, ESI, and social security integration

- ☐ Document pay equity compliance measures

- ☐ Prepare for annual compliance filings

- ☐ Establish record-keeping and audit protocols

- ☐ Review for DPDP Act 2023 data privacy compliance

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Page 4: Implementation and Monitoring Checklist

- [ ] Develop change management and communication plan

- [ ] Secure stakeholder buy-in and approvals

- [ ] Implement phased rollout strategy

- [ ] Provide manager training on new structures

- [ ] Create employee education materials

- [ ] Integrate with HRMS or payroll systems

- [ ] Establish monitoring KPIs and dashboards

- [ ] Schedule quarterly review cycles

- [ ] Set up feedback mechanisms

- [ ] Plan for annual comprehensive adjustments

***Note:** This checklist is designed for Indian companies optimizing compensation packages. Consult JZ Payroll Outsourcing & Contract Staffing for customized implementation support.*