**Employee Incentive and Bonus Policy**

**1. PURPOSE**

Purpose The Incentive and Bonus Scheme is designed to:

a) Reward employees for their hard work and contributions to [Employer Name].

b) Improve employee awareness of their particular Key Performance Indicators (KPIs) and how they relate to [Employer Name]'s overall success.

c) Increase employee motivation and interest in accomplishing [Employer Name]'s goals by rewarding them for meeting or exceeding benchmarks outside of the standard remuneration procedure.

d) Establish a clear link between important performance indicators that influence compensation and the employee's ability to alter those indicators.

**2. COMMENCEMENT OF POLICY**

On [Commencement Date], this Policy will take effect. It surpasses all previous policies governing incentive payments and bonuses (whether written or not).

**3. POLICY IMPLEMENTATION**

This policy applies to all [Employer Name] workers who are eligible. This policy is not included in any employee's employment contract.

**4. DISCRETION MEANING**

4.1 Any bonus or other incentive payment (including calculating the amount of such payment) is at [Employer Name's] sole discretion.

4.2 The term 'discretion' in this Policy refers to [Employer Name's] ability to amend or revoke the policy at any time for any reason. It may, for example, act at will, with any payment paid under the Policy being completely gratuitous and voluntary.

**5. POSSIBLE INCENTIVE**

5.1 Employees may be eligible for the following incentive payments, subject to the terms and circumstances mentioned below:

a) PercentageNumberK% of all employees' gross base annual salary

5.2 Incentive payments are based solely on the employee's gross yearly base salary as of [Commencement Date]. For the purposes of calculating an employee's incentive payment entitlement, any other employee entitlements or benefits (including, but not limited to, shift allowances, superannuation contributions, overtime payments, allowances, payment for accrued long service leave and annual leave, reimbursement for expenses, and so on) will be excluded.

**6. ELIGIBILITY**

6.1 Employees of [Employer Name] who:

a) began employment with [Employer Name] on or before [Commencement Date];

b) are employed by [Employer Name] at the Notification Date are eligible to participate in the program.

6.2 Any employee who starts working for [Employer Name] after [Commencement Date] may be eligible to participate in the plan on a pro-rata basis at the discretion of management.

**7. INCENTIVE PAYMENT**

7.1 On [Assessment Date], an assessment of each employee's entitlement to an incentive payment will be made.

7.2 Any employee who has been determined to be eligible for an incentive payment shall be notified in writing on [Notification Date].

7.3 Any employee who has been determined to be eligible for an incentive payment will typically receive the payment by [Payment Date].

7.4 Incentive payments are expressed in gross amounts and include any superannuation benefits. Tax will be deducted in accordance with law, and the net amount will be put into applicable workers' bank accounts by electronic funds transfer in the pay period following the incentive payment decision.

**8. CONDITIONS**

8.1 Payment of an incentive payment to employees is contingent on the following:

a) [Employer Name] meeting its revenue performance goals during the term of the scheme, resulting in a sufficient profit to meet the required incentive payments;

b) the particular employee being employed by [Employer Name] before [Commencement Date], or such other time as management deems appropriate;

c) the specific employee being employed by [Employer Name] and not serving a notice period of termination of employment at the Notification Date (regardless of whether [Employer Name] or the employee provided notice of termination);

d) the employee receiving a satisfactory performance rating (i.e. a 3 rating) at their annual performance review, based on their performance against their KPIs for the year. Employee will be ranked among the following:

* Unsatisfactory - Do not qualify for a bonus,
* Below Average - Do not qualify for a bonus,
* Satisfactory Performance,
* Excellent, or
* Outstanding

8.2 An employee's performance may be discussed during a performance review meeting. The employee's performance rating will be communicated to them. The employee's performance against their KPIs throughout the course of the year determines their rating.

8.3 [Employer Name] reserves complete discretion to change, cancel, or stop the incentive and/or bonus schemes (and accompanying incentive KPI plan) at any time, in part or in whole, without compensation. If such a decision is made, employees should be notified. [Employer Name] may use its discretion to make a pro-rata incentive payment to impacted employees if the incentive and/or bonus plan is altered, discontinued, or withdrawn completely during the scheme's duration.

8.4 If an employee is transferred to a different function during the scheme's duration, their incentive awards and KPIs may be changed.

8.5 If an employee's employment with [Employer Name] is terminated before the Notification Date for any reason other than inappropriate conduct, poor performance, other conduct difficulties, or resignation, [Employer Name] may give a pro-rata incentive bonus to the affected employee at its discretion.

**9. CONFIDENTIALITY**

9.1 All specifics of the scheme, policy, and incentive KPI plan must be kept confidential as a condition of each employee's participation in [Employer Name]'s incentive and bonus system. Any violation of this confidentiality provision may result in the loss of the relevant employee's incentive and/or bonus, as well as other disciplinary action, which may include termination of employment.

**10. QUESTIONS**

10.1 On [Info Session Date], an information session about the scheme's operation will be held. Employees will have the opportunity to discuss the scheme's operation during the information session prior to its implementation on [Commencement Date]. After that, any employee who wishes to discuss the scheme's operation can do so by approaching the [Policy Maintained By] who will be helping in its administration.

Variations

## This policy may be changed, replaced, or terminated at any time by [your practice name].

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## Policy version and revision information

| Policy Authorized by: [Name] | Original issue: Date |
| --- | --- |
| Policy Maintained by: [Name] | Current version: 1 |
| Review date: [Policy Review Date] |  |

## Employee Appreciation

I accept that,

* I have received the [Employer Name] Policy;
* that I will follow the Policy;
* and that failure to follow the Policy may result in disciplinary action, which may include termination of my job.

| Your name: |  |
| --- | --- |
| Signed: |  |
| Date: |  |

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