Key Formulas in Total Rewards

Pay Range Ratio (PRR)

📌 Formula: (Current Salary - Min) / (Max - Min) * 100

✅ Example: (12,000 - 10,000) / (15,000 - 10,000) * 100 = 40%

Compa-Ratio

📌 Formula: Current Salary / Midpoint * 100

✅ Example: 12,000 / 13,000 * 100 = 92.31%

Range Spread

📌 Formula: (Max - Min) / Min * 100

✅ Example: (15,000 - 10,000) / 10,000 * 100 = 50%

Midpoint Formula

📌 Formula: Minimum + ((Range % * Minimum) / 2)

✅ Example: 10,000 + ((50% * 10,000) / 2) = 12,500

Gender Pay Gap (%)

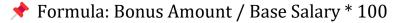📌 Formula: (Avg Male Pay - Avg Female Pay) / Avg Male Pay * 100

✅ Example: (10,000 - 9,000) / 10,000 * 100 = 10%

Pay Equity Ratio

📌 Formula: Avg Female Pay / Avg Male Pay * 100

✅ Example: 9,000 / 10,000 * 100 = 90%

Bonus as % of Base Salary

📌 Formula: Bonus Amount / Base Salary * 100

✅ Example: 1,000 / 10,000 * 100 = 10%

Total Compensation

📌 Formula: Base + Allowances + Incentives + Bonus + LTI "Long-Term Incentives"

✅ Example: 10,000 + 2,000 + 1,000 + 1,500 + 3,000 = 17,500

Merit Increase %

📌 Formula: (New Salary - Old Salary) / Old Salary * 100

✅ Example: (11,000 - 10,000) / 10,000 * 100 = 10%

Benefits as % of Salary

📌 Formula: Total Benefits / Base Salary * 100

✅ Example: 3,000 / 10,000 * 100 = 30%

Total Rewards Cost

📌 Formula: Compensation + Benefits + Perks + Training

✅ Example: 12,000 + 3,000 + 1,000 + 500 = 16,500

Market Index

📌 Formula: Internal Job Salary / Market Benchmark Salary * 100

✅ Example: 12,000 / 13,000 * 100 = 92.31%

Cost to Company (CTC)

📌 Formula: Gross Salary + Employer Contributions + Benefits

✅ Example: 12,000 + 1,500 + 2,000 = 15,500