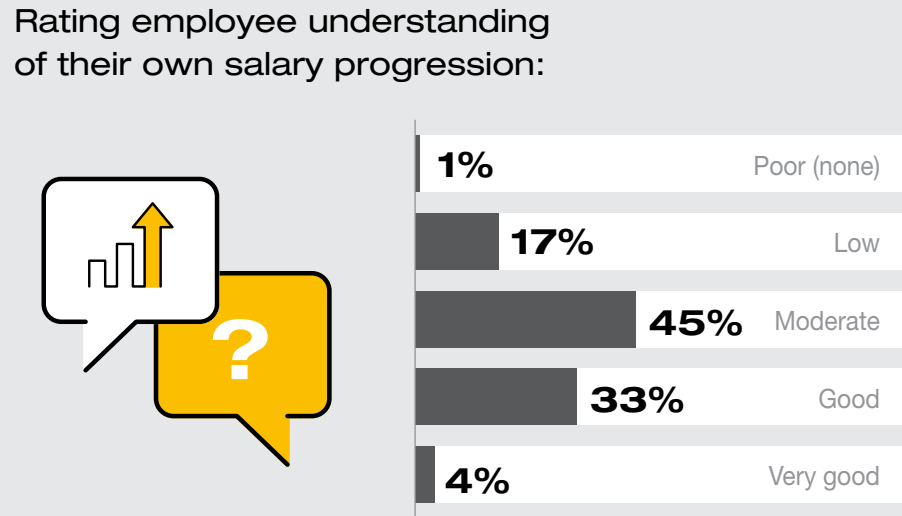
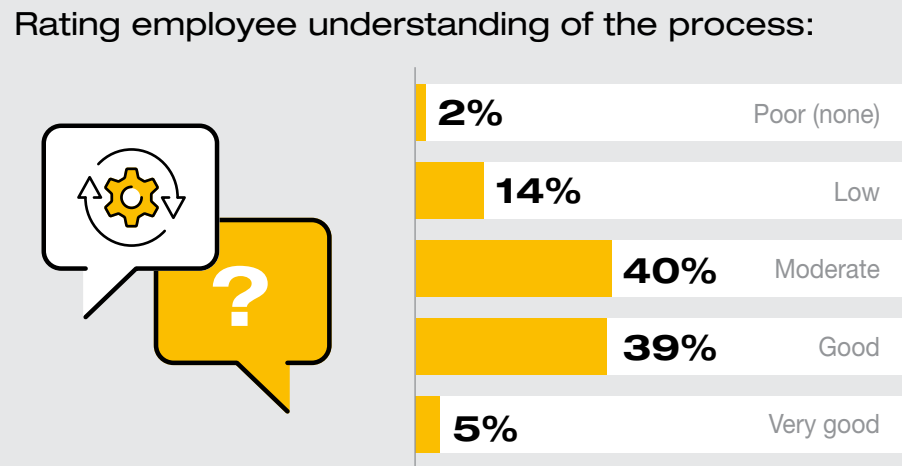
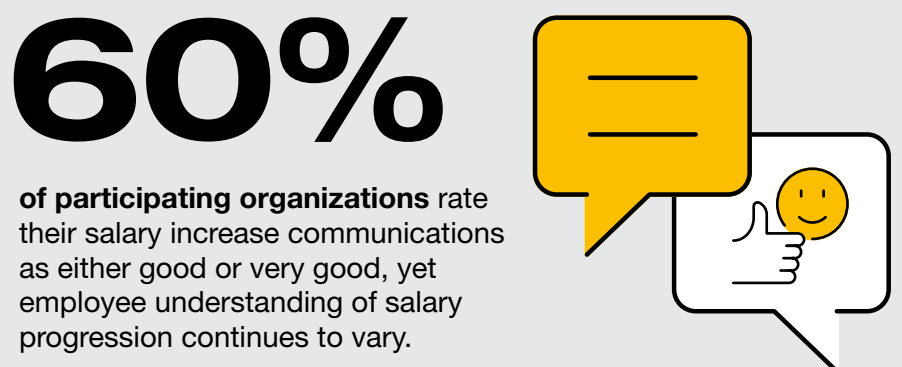


The results of this year’s Salary Increase Survey highlight a pivotal moment for organizations, as expectations around pay clarity evolve and AI adoption remains cautious across HR and total rewards practices. While many employers feel confident in their salary increase communications, employee understanding remains varied. AI raises key human, skills, workforce and change adoption considerations.

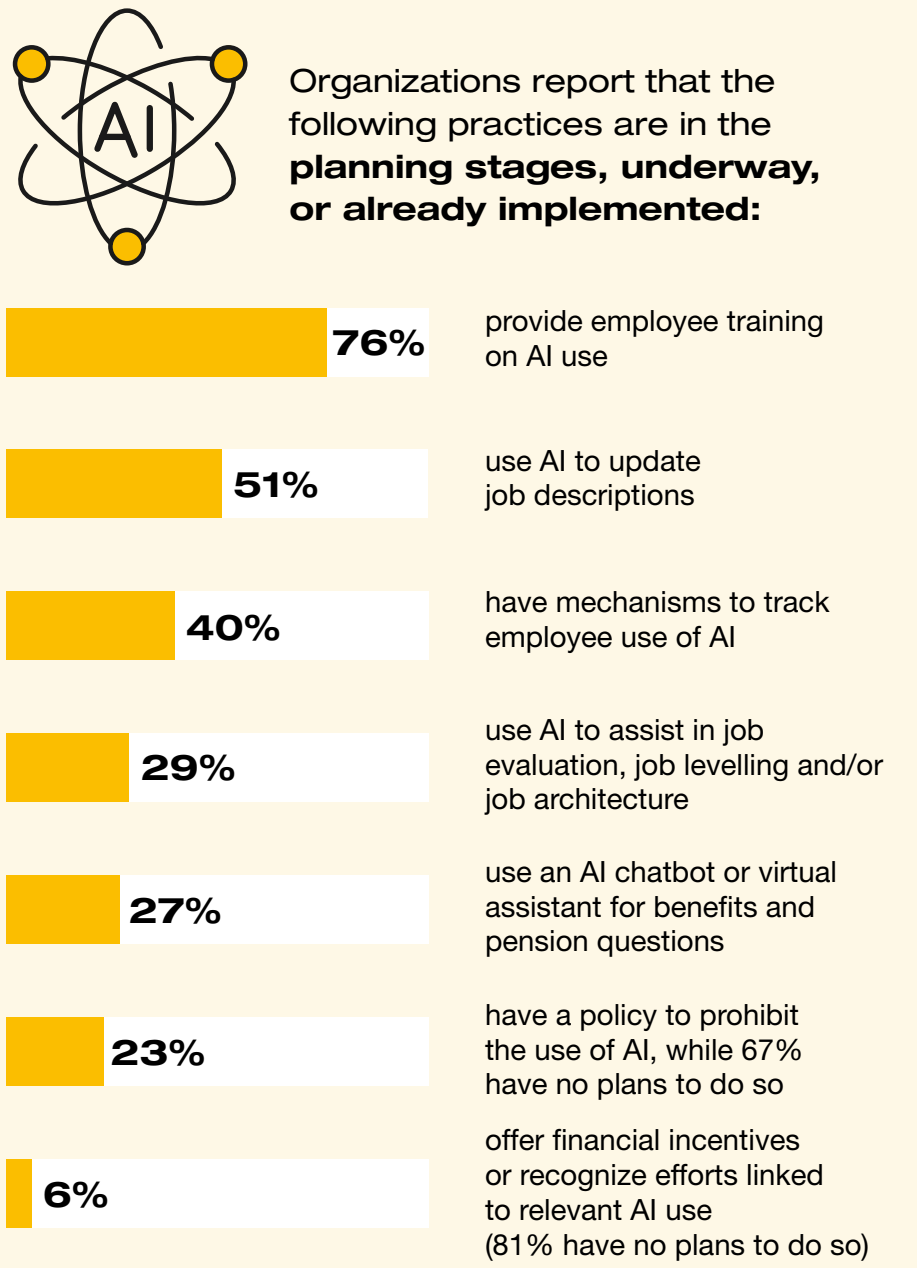
In this context, four employee competencies stand out for the year ahead: **learning**, to build confidence with new tools; **sound judgment**, to assess opportunities and risks responsibly; **agility**, to adapt to evolving technologies and work practices; and **change agent**, to turn awareness into purposeful action.

About salary increases

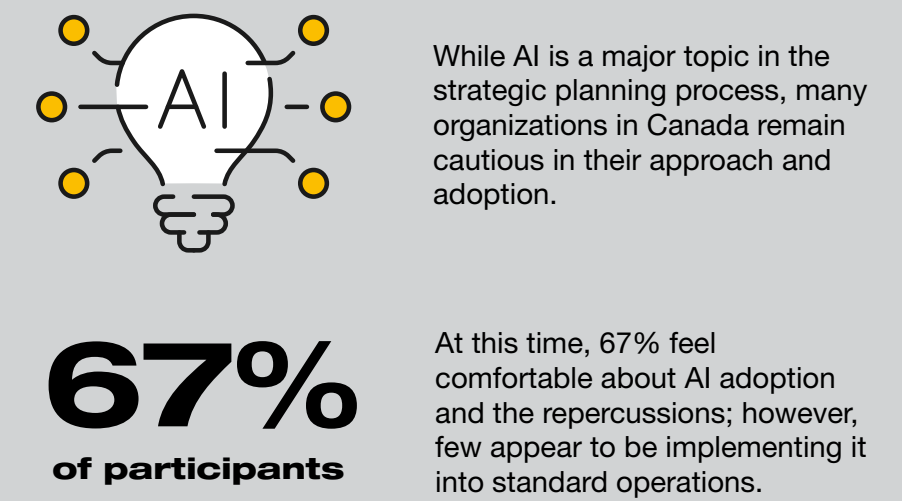


Practical use of AI

- AI is entering total rewards, but adoption remains early:
- Salary reviews:** nearly 60% have not started or are only beginning.
 - Compensation design:** 41% do not yet factor in AI skills.
 - Workforce planning:** nearly two thirds have not integrated AI.
 - Group benefits and pension/savings plan providers:** over half have not discussed AI use with administrators or service providers.
 - Change readiness:** 45% feel moderately to well prepared.



AI in organizations



AI concerns

Last year, **57% of organizations** slow to adopt AI cited data privacy and security as the main barrier.

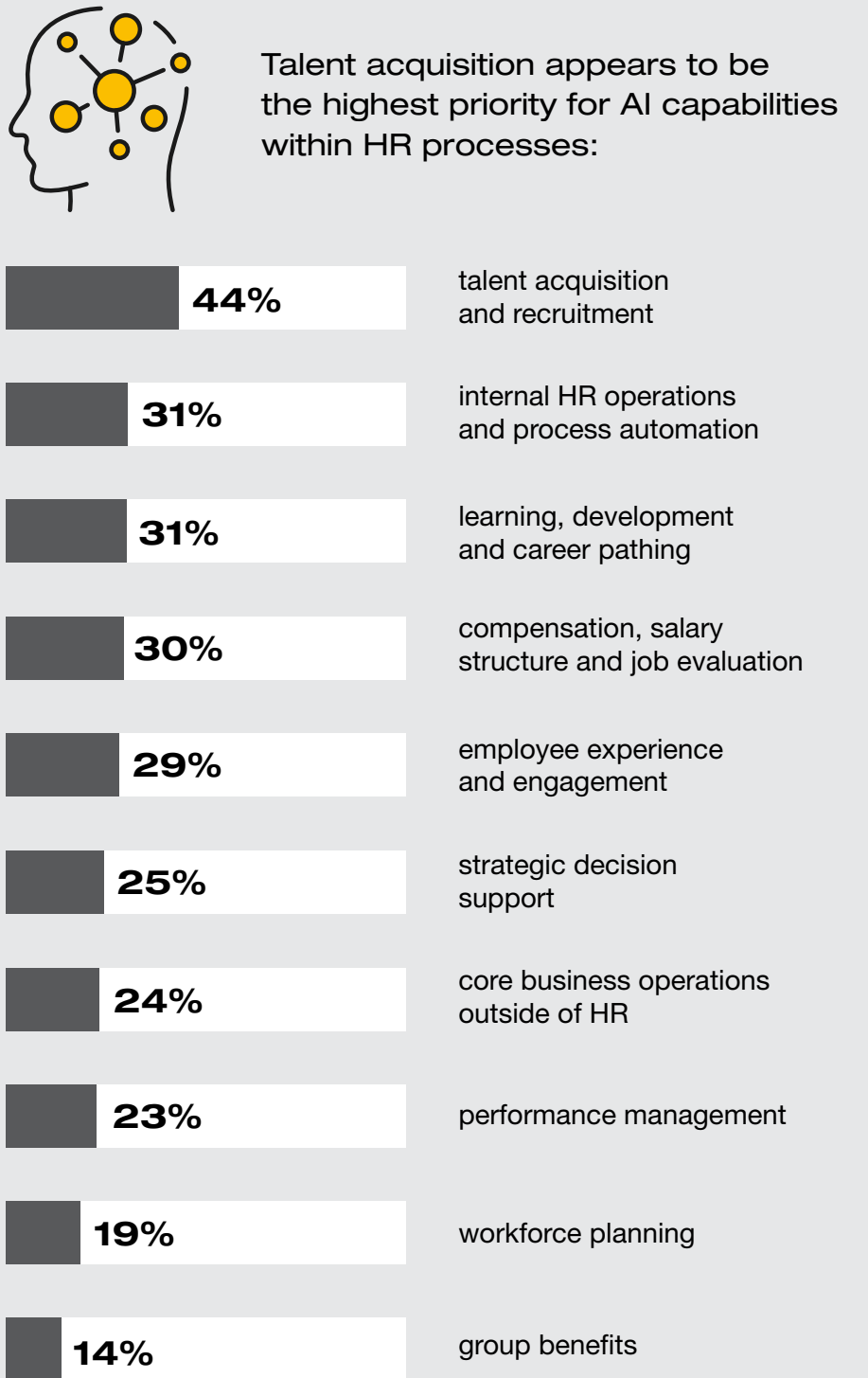
This year, about **40%** have implemented or plan to implement AI monitoring mechanisms, which may help reduce security risks.

The top 3 concerns, beyond data privacy and security, include:

-
- Operational challenges tied to system and process transformation
 - Human impacts, including skills development and change management
 - Strategic uncertainty around return on investment (ROI)

Over one quarter of organizations identified that their HR function has no visible role in the AI transformation or are uncertain about what that role will be.

AI priorities



Conclusion

AI adoption is progressing within HR, but at a measured and careful pace. While organizations are becoming more comfortable with AI, most are still focused on building the foundations needed to use it responsibly, including governance, skills development and change readiness. The year ahead will likely be less about rapid transformation and more about moving gradually from exploration to purposeful adoption.