



## Pay Considerations With Remote Workers

by [Steve Brown](#) Topics: [employees](#), [human resources](#)

**Summary:** Remote work has proven to be a viable option for many businesses. Some are thinking of pay adjustments for remote workers to save on costs too.

At the end of last year, a parking space in Hong Kong sold for almost \$1MM. Costs definitely vary, depending on where you live.

Businesses are thinking about this too, lately. As [remote work](#) proved to be a viable option for many businesses over the last few months, several of them are contemplating making this practice more permanent for at least some of their staff. This could change some of their staffing costs. Is this an idea you have been contemplating too?

One big company is making a dramatic shift on this front. Facebook's CEO, Mark Zuckerberg recently announced that he expects as much as 50% of his company's employees to be working remotely within the next 5 to 10Ys. Simultaneously, the company says these workers should expect to be paid based on the cost of living of their location. So, if someone moves, their pay will be reassessed. Facebook already has this rule in place, but it will be more widely practiced as more employees go remote.

Adjusting the salaries of remote workers may be an attractive idea, particularly since this could mean significant savings for the employer. Yet, community financial institutions need to approach this issue with the following in mind.

**Highly skilled employees.** Highly skilled employees, especially in areas such as IT, could still be in high demand and expect higher compensation. According to data from Marker.com, remote technology workers can actually earn more than in-office employees. The national median pay for tech workers is \$86,800 while their remote counterparts earn a median salary of \$93,300. As community financial institutions seek out specific technology skills, this should be considered.

**Extra enticements.** On the other hand, for many other roles, it may make sense to adjust salaries. It is also important to remember that there are other enticements for employees than just salary. Bonus programs, health and dependent savings accounts, 401(k) programs, more vacation days, etc. could be offered as perks vs. a higher salary.

**Additional benefits.** Not only that, some people actually consider remote working a perk itself and are willing to accept a lower salary for it. In a recent OnePoll survey, [48% of office workers responded they would gladly accept a decrease](#) in their salary to have the perk of working from home indefinitely. Not only do remote employees get increased flexibility, but they also like saving time commuting (72% from the same survey) and cutting expenses (66%), such as dry cleaning, child care, eating lunches out, and transportation.

If you are seriously contemplating more long-term plans for remote work at your institution, salary adjustments may be in order. Hopefully, we have given you a few things to consider as a start. Of course, discuss all of this with your human resources team to answer further questions and move you in the direction that is right for your institution.

# ECONOMY & RATES

Rates As Of: 06/25/2020 12:21PM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	0.14	0.01	-1.41
6M	0.16	0.01	-1.42
1Y	0.17	0.01	-1.40
2Y	0.19	0.03	-1.38
5Y	0.33	0.03	-1.36
10Y	0.68	0.03	-1.23
30Y	1.43	0.03	-0.96
FF Market	FF Target		Fed Disc
0.08	0.25		0.25
SOFR	Prime		Unemp
0.08	3.25		13.30

## BANK NEWS

### Fed COVID Assessments

The [Federal Reserve will be using "sensitivity analysis"](#) to review large banks' capability to adjust to three hypothetical scenarios (V-shaped, U-shaped, and W-shaped recoveries) to determine capital requirements, dividends, and stock buyback policies. *"Should our assessment of the COVID event's likely evolution change, of course, we will act expeditiously to resize the buffer or take other appropriate actions,"* Fed vice chair Quarles said.

### European Bank Subsidy

The ECB announced that 742 banks would be [borrowing 1.31 trillion euros over 3Ys](#) at a negative rate as low as -1%, as long as they abide by specific lending thresholds. The ECB's main deposit rate is currently -0.5%. This is the first time a major central bank has provided multiyear loans to banks at a rate under its main deposit rate, which essentially works as a subsidy.

### Competition from Online Retailer

On May 29th, Rakuten refiled an application for FDIC deposit insurance. This company is thinking of creating a subsidiary, Rakuten Bank America, and would be based in Utah. Rakuten currently has an industrial bank application with the State of Utah Department of Financial Institutions.net

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