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# PeopleSoft HCM 9.2: Human Resources Manage Variable Compensation

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June 2019

PeopleSoft HCM 9.2: Human Resources Manage Variable Compensation  
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# Preface

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## Understanding the PeopleSoft Online Help and PeopleBooks

The PeopleSoft Online Help is a website that enables you to view all help content for PeopleSoft Applications and PeopleTools. The help provides standard navigation and full-text searching, as well as context-sensitive online help for PeopleSoft users.

### PeopleSoft Hosted Online Help

You access the PeopleSoft Online Help on Oracle's PeopleSoft Hosted Online Help website, which enables you to access the full help website and context-sensitive help directly from an Oracle hosted server. The hosted online help is updated on a regular schedule, ensuring that you have access to the most current documentation. This reduces the need to view separate documentation posts for application maintenance on My Oracle Support, because that documentation is now incorporated into the hosted website content. The Hosted Online Help website is available in English only.

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**Note:** Only the most current release of hosted online help is updated regularly. After a new release is posted, previous releases remain available but are no longer updated.

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### Locally Installed Help

If you are setting up an on-premises PeopleSoft environment, and your organization has firewall restrictions that prevent you from using the Hosted Online Help website, you can install the PeopleSoft Online Help locally. If you install the help locally, you have more control over which documents users can access and you can include links to your organization's custom documentation on help pages.

In addition, if you locally install the PeopleSoft Online Help, you can use any search engine for full-text searching. Your installation documentation includes instructions about how to set up Elasticsearch for full-text searching. See *PeopleSoft 9.2 Application Installation* for your database platform, "Installing PeopleSoft Online Help." If you do not use Elasticsearch, see the documentation for your chosen search engine.

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**Note:** See [Oracle Support Document 2205540.2 \(PeopleTools Elasticsearch Home Page\)](#) for more information on using Elasticsearch with PeopleSoft.

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**Note:** Before users can access the search engine on a locally installed help website, you must enable the Search field. For instructions, go to your locally installed PeopleSoft Online Help site and select About This Help >Managing Locally Installed PeopleSoft Online Help >Enabling the Search Button and Field in the Contents sidebar.

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### Downloadable PeopleBook PDF Files

You can access downloadable PDF versions of the help content in the traditional PeopleBook format. The content in the PeopleBook PDFs is the same as the content in the PeopleSoft Online Help, but it has

a different structure and it does not include the interactive navigation features that are available in the online help.

## Common Help Documentation

Common help documentation contains information that applies to multiple applications. The two main types of common help are:

- Application Fundamentals
- Using PeopleSoft Applications

Most product families provide a set of application fundamentals help topics that discuss essential information about the setup and design of your system. This information applies to many or all applications in the PeopleSoft product family. Whether you are implementing a single application, some combination of applications within the product family, or the entire product family, you should be familiar with the contents of the appropriate application fundamentals help. They provide the starting points for fundamental implementation tasks.

In addition, the *PeopleTools: Applications User's Guide* introduces you to the various elements of the PeopleSoft Pure Internet Architecture. It also explains how to use the navigational hierarchy, components, and pages to perform basic functions as you navigate through the system. While your application or implementation may differ, the topics in this user's guide provide general information about using PeopleSoft Applications.

## Field and Control Definitions

PeopleSoft documentation includes definitions for most fields and controls that appear on application pages. These definitions describe how to use a field or control, where populated values come from, the effects of selecting certain values, and so on. If a field or control is not defined, then it either requires no additional explanation or is documented in a common elements section earlier in the documentation. For example, the Date field rarely requires additional explanation and may not be defined in the documentation for some pages.

## Typographical Conventions

The following table describes the typographical conventions that are used in the online help.

<b><i>Typographical Convention</i></b>	<b><i>Description</i></b>
Key+Key	Indicates a key combination action. For example, a plus sign (+) between keys means that you must hold down the first key while you press the second key. For Alt+W, hold down the Alt key while you press the W key.
. . . (ellipses)	Indicate that the preceding item or series can be repeated any number of times in PeopleCode syntax.
{ } (curly braces)	Indicate a choice between two options in PeopleCode syntax. Options are separated by a pipe ( ).
[ ] (square brackets)	Indicate optional items in PeopleCode syntax.

<b>Typographical Convention</b>	<b>Description</b>
& (ampersand)	When placed before a parameter in PeopleCode syntax, an ampersand indicates that the parameter is an already instantiated object.  Ampersands also precede all PeopleCode variables.
=>	This continuation character has been inserted at the end of a line of code that has been wrapped at the page margin. The code should be viewed or entered as a single, continuous line of code without the continuation character.

## ISO Country and Currency Codes

PeopleSoft Online Help topics use International Organization for Standardization (ISO) country and currency codes to identify country-specific information and monetary amounts.

ISO country codes may appear as country identifiers, and ISO currency codes may appear as currency identifiers in your PeopleSoft documentation. Reference to an ISO country code in your documentation does not imply that your application includes every ISO country code. The following example is a country-specific heading: "(FRA) Hiring an Employee."

The PeopleSoft Currency Code table (CURRENCY\_CD\_TBL) contains sample currency code data. The Currency Code table is based on ISO Standard 4217, "Codes for the representation of currencies," and also relies on ISO country codes in the Country table (COUNTRY\_TBL). The navigation to the pages where you maintain currency code and country information depends on which PeopleSoft applications you are using. To access the pages for maintaining the Currency Code and Country tables, consult the online help for your applications for more information.

## Region and Industry Identifiers

Information that applies only to a specific region or industry is preceded by a standard identifier in parentheses. This identifier typically appears at the beginning of a section heading, but it may also appear at the beginning of a note or other text.

Example of a region-specific heading: "(Latin America) Setting Up Depreciation"

### Region Identifiers

Regions are identified by the region name. The following region identifiers may appear in the PeopleSoft Online Help:

- Asia Pacific
- Europe
- Latin America
- North America

## Industry Identifiers

Industries are identified by the industry name or by an abbreviation for that industry. The following industry identifiers may appear in the PeopleSoft Online Help:

- USF (U.S. Federal)
- E&G (Education and Government)

## Translations and Embedded Help

PeopleSoft 9.2 software applications include translated embedded help. With the 9.2 release, PeopleSoft aligns with the other Oracle applications by focusing our translation efforts on embedded help. We are not planning to translate our traditional online help and PeopleBooks documentation. Instead we offer very direct translated help at crucial spots within our application through our embedded help widgets. Additionally, we have a one-to-one mapping of application and help translations, meaning that the software and embedded help translation footprint is identical—something we were never able to accomplish in the past.

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## Using and Managing the PeopleSoft Online Help

Click the Help link in the universal navigation header of any page in the PeopleSoft Online Help to see information on the following topics:

- What's new in the PeopleSoft Online Help.
- PeopleSoft Online Help accessibility.
- Accessing, navigating, and searching the PeopleSoft Online Help.
- Managing a locally installed PeopleSoft Online Help website.

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## Related Links for PeopleSoft HCM

[PeopleSoft Information Portal](#)

[My Oracle Support](#)

[PeopleSoft Training from Oracle University](#)

[PeopleSoft Video Feature Overviews on YouTube](#)

[PeopleSoft Business Process Maps \(Microsoft Visio format\)](#)

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## Contact Us

Send your suggestions to [PSOFT-INFODEV\\_US@ORACLE.COM](mailto:PSOFT-INFODEV_US@ORACLE.COM). Please include release numbers for the PeopleTools and applications that you are using.

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## Chapter 1

# Getting Started with Variable Compensation

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## Variable Compensation Business Processes

Variable Compensation manages these business processes:

- Manage eligibility and proration.
- Manage plans with weighted goals.
- Manage plans with matrix goals.
- Fund variable compensation (VC) plans and groups.
- Calculate allocations and awards.
- Manage awards approval and payouts.

We cover these business processes in the business process topics in this product documentation.

### Related Links

[Variable Compensation Plans](#)

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## Variable Compensation Integrations

PeopleSoft HR integrates with all the HCM applications, with other PeopleSoft applications, and with third-party applications. PeopleSoft HR shared tables are available to many HCM applications. In addition, data in many HR tables is available to any PeopleSoft application that is set up to subscribe to the published messages.

The Variable Compensation (VC) business process integrates with these HCM applications:

- PeopleSoft eCompensation.
- PeopleSoft Stock Administration.
- PeopleSoft Global Payroll.
- PeopleSoft Payroll for North America.
- PeopleSoft Payroll Interface.

We cover integration considerations in this documentation.

## Related Links

"Identifying Integrations for Your Implementation" (PeopleSoft HCM 9.2: Application Fundamentals)  
[Approving and Submitting Awards](#)

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## Variable Compensation Implementation

PeopleSoft Setup Manager enables you to generate a list of setup tasks for your organization based on the features that you are implementing. The setup tasks include the components that you must set up, listed in the order in which you must enter data into the component tables, and links to the corresponding documentation.

Variable Compensation also provides a component interface to help you load data from your existing system into Variable Compensation (VC) tables. Use the Excel to Component Interface utility with the component interface to populate the table.

This table lists the component that has a setup component interface:

<b>Component</b>	<b>Component Interface</b>	<b>References</b>
VC_GOAL_TBL	CI_VC_GOAL_TBL	See <a href="#">Defining Goals</a> .

Refer to the *PeopleSoft HCM 9.2 - Reorganization of Component Interface Permissions* (Doc ID [2342162.1](#)) MOS posting for a list of system-delivered CIs and their usage, the mapping of CIs and associated permission lists, and the mapping of CI permission lists and user roles.

See Also

*PeopleTools: Setup Manager* and *PeopleTools: Component Interfaces*

## Other Sources of Information

In the planning phase of your implementation, take advantage of all PeopleSoft sources of information, including the installation guides, data models, business process maps, and troubleshooting guidelines.

## Related Links

"Identifying Integrations for Your Implementation" (PeopleSoft HCM 9.2: Application Fundamentals)



## Chapter 2

# Understanding Variable Compensation

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## Variable Compensation Plans

With the flexible Variable Compensation (VC) business process in PeopleSoft HR, you can create and manage multiple VC plans that encompass everything from one-time, ad hoc awards to stock options, bonus plans, non-cash incentives, and holiday gifts or bonuses, among other possibilities.

You can create anything from a simple, direct payout plan to a complex plan with prorated eligibility, three possible goal levels, funding allocation, smoothing mechanisms, and approval processing. You can define any number of payout formulas and assign them to workers individually or through groups.

The Variable Compensation business process in PeopleSoft HR offers flexibility in designing variable compensation plans. Select from a variety of methods of:

- Selecting plan types.
- Determining plan membership.
- Using goals.
- Selecting other plan business rules and options.

## Selecting Plan Types

Select from these plan types, which fall into three major categories:

- Monetary Plan Types

These plan types include discretionary bonus, profit sharing, and goal sharing.

- Non-monetary Plan Types

These plan types calculate awards in units. Users define a valuation amount per unit to report the monetary value of the award. Use this plan type to manage the awarding of gifts and merchandise to workers.

- Stock Plan Types

These plan types, which include ISO, NQ, NSAR, RSA, and ISAR, also integrate with stock administration.

## Related Links

[Understanding Variable Compensation Plan Types](#)

## Determining Plan Membership

Select from four methods of administering plan membership:

- Ad Hoc Awards:
  - You enter workers and their award amounts directly.
  - No formulas or calculation processes are required.
  - Funding and approval process are optional.
- Employee Variable Compensation Record:
  - Membership and target payout are determined at the individual worker level.
  - Membership and payout are maintained continuously when a worker's job changes.
  - You can associate each worker with one or more variable compensation plans.
- Employee Variable Compensation Record with Groups:
  - You define and maintain target payouts at an individual level.
  - You define and maintain membership through groups.
  - You define groups in Group Build and assign them to hierarchical variable compensation trees.
- Define Tree/Group:
  - You define payouts and membership through groups.
  - You define groups in Group Build and assign them to hierarchical variable compensation trees.

## Using Goals

For performance-based plans, select from two methods of administering goals:

- Weighted Goals

Set up weighted goals at the organizational level, individual level, group level, or a combination of these levels and enter attainment percentages. The system calculates a performance factor for each level of goals and applies the factor when calculating the worker's award.

See [Understanding Weighted Goals](#).
- Goals Matrix

Set up an organization or group level goals matrix. Associate payout formulas with the performance levels on the matrix. The organization or group performance score determines the payout formula to use to calculate the workers' awards.

See [Understanding Matrix Goals](#).

## Selecting Other Plan Business Rules and Options

After determining plan membership and selecting the variable compensation plan type, you can select additional plan business rules and options. Some options are restricted or required according to the plan type and membership rule. Choose from these options:

- Plan Payouts:

Assign target payouts at the individual or group level, depending on the plan member rule. Minimum and maximum payouts are optional.

- (Optional) Eligibility Proration:

Calculate in daily, weekly, or monthly frequency. Select from three methods of calculating daily frequency.

- (Optional) Calculate a Budget:

Run the Budget Report to estimate the total outlay under the plan, considering 100 percent eligibility and your estimated goal attainments.

- (Optional) Funding:

- Allocate funds (currency or units) to a plan and monitor the balance while you distribute awards.
- After funding the plan, managers allocate plan funding to the various groups on the tree if the plan uses groups.
- If funds are insufficient to pay out awards as calculated, the system calculates and applies an adjustment factor to each worker's award that is above the minimum payout.

- (Optional) Reserves:

Maintain a reserve balance from the funded amount by not allocating the full amount of available funds. You can maintain a reserve at any level of the tree, including the root level, if the plan uses groups.

- (Optional) Carryover Balances:

- Use carryover balances at the individual worker level as a smoothing mechanism.
- The balance can be carried over for the life of the plan.
- Select carryover on the Plan Business Rules page.
- Administer carryover on the Allocate Awards page.
- Monitor carryover using the Carryover report.

- Award Approval (optional)

Approve awards manually or use the batch approval process. For security purposes, identify the authorized approver at the plan or group level.

## Related Links

[Understanding Eligibility and Proration Calculation](#)

[Understanding Variable Compensation Funding](#)

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## Eligibility and Awards Processing

For all but Ad Hoc Award plans, use three calculation processes to administer variable compensation plans:

1. Determine Eligibility/Proration process (VC\_ELIG\_PRO).  
Calculates eligibility status and proration factors.
2. Determine Allocation process (VC\_DET\_ALLOC).
  - Calculates target awards.
  - Calculates organization and group level performance factors for weighted goal plans.
3. Calculate Awards by Plan process (VC\_CALWRD) or Calculate Awards by Group process (VC\_CALWRD\_WG).
  - Calculates awards using the target payout formula, to which it applies performance factors (if goals are used), a proration factor (if the plan is prorated), and an adjustment factor (if the plan is funded).
  - If the worker was eligible for the entire period, the process adjusts the award if it is under the minimum payout or over the maximum payout.
  - Calculates the monetary value of non-monetary awards and applies rounding and decimal rules.
  - After running the calculation process, the system provides full details of all calculations on the Allocate Awards page, where you can manually adjust awards before approving them.

---

## Award Payout

The system uses PeopleSoft Integration Broker to automatically publish awards to PeopleSoft Payroll for North America, PeopleSoft Global Payroll, or PeopleSoft Stock Administration. If the worker is paid through PeopleSoft Payroll Interface, the system automatically generates a flat file.

Refer to these topics for more information on submitting awards for payout (with or without approval), various integration options with payroll applications and Stock Administration, generating award payout reports, and viewing employee award history.

See

[Approving and Submitting Awards](#)

[Integrating with Payroll Applications](#)

### Integrating with Stock Administration

### Reporting on Award Payout and Distribution

### Viewing and Reporting on Variable Compensation History

## **Flat File**

The system generates a flat file (VCAWDPY.TXT) with employee award data when a third-party payroll system is used. These files are created using the VCPY\_RQT\_FL file layout with the FIXED format.

If PeopleSoft Payroll for North America or PeopleSoft Global Payroll is installed (the Payroll for North America option or the Global Payroll Core option is selected on the "Products Page" (PeopleSoft HCM 9.2: Application Fundamentals)), the award data is sent to the corresponding system directly using application messaging. If a third-party payroll system is used, the award data is exported to an automatically generated flat file, which you can use as input into your payroll system.

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## **Variable Compensation Reporting**

Reports help you make decisions when you progress through the variable compensation business process and summarize your variable compensation results.

Most of the reports use the same run control page. The fields available on RUNCTL\_VC\_REP vary slightly depending upon the report you're generating. In some cases you can select to run either a summary or detail report.

### **Related Links**

"Manage Variable Compensation Reports" (PeopleSoft HCM 9.2: Application Fundamentals)

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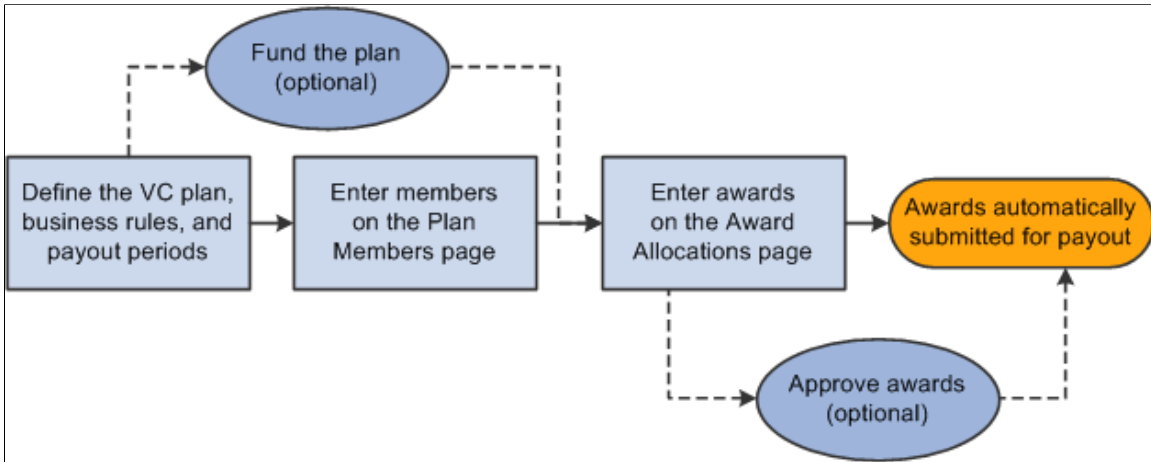
## **Sample Plan Diagrams**

This section provides diagrams and tables to illustrate a simple ad hoc plan and a complex tree and group plan.

## Ad Hoc Plan - Sample Process Flow

**Image: Ad Hoc Awards plan with optional funding and approval**

This diagram illustrates an ad hoc plan and includes the steps to fund the plan and approve awards.



### Sample Plan Definition

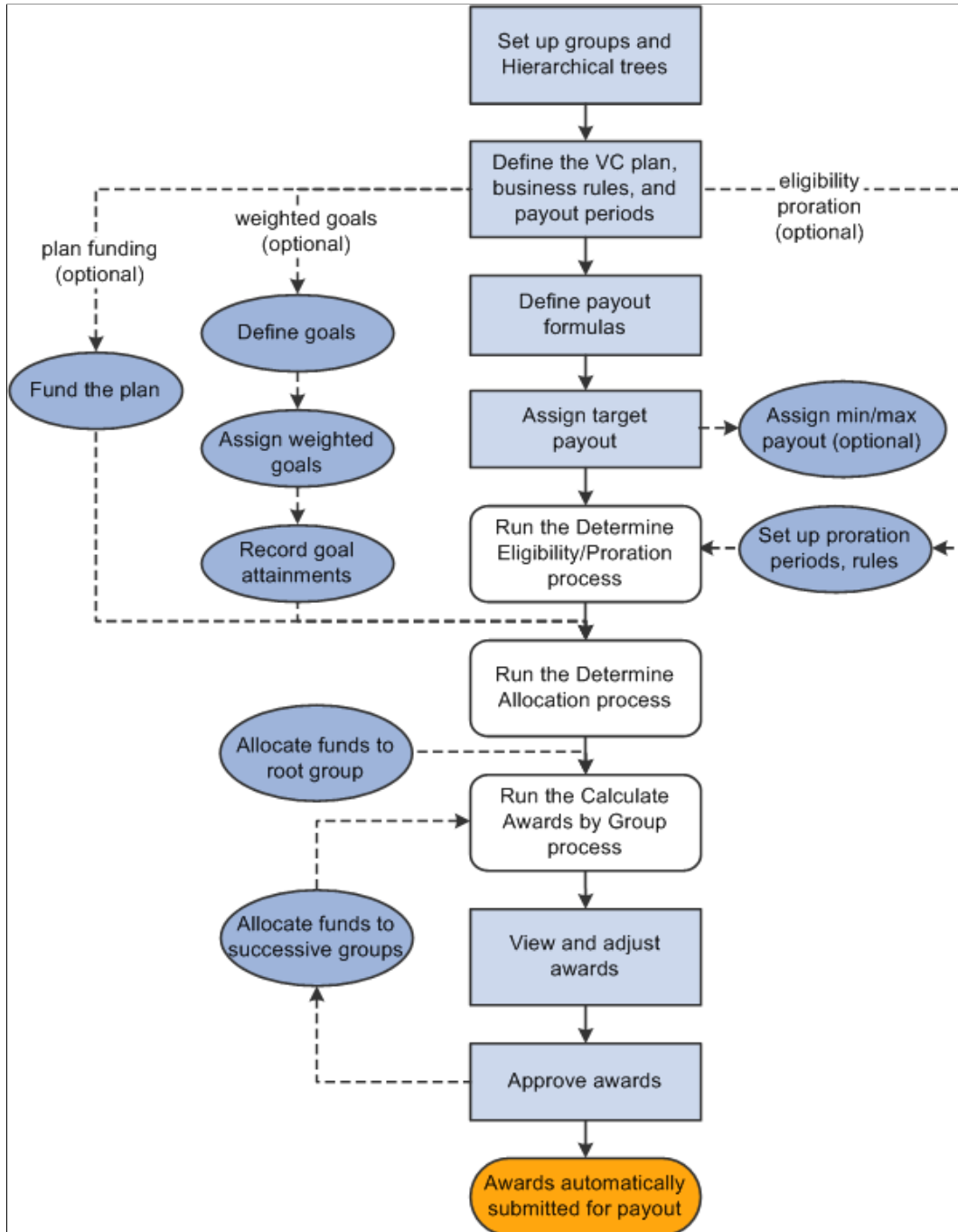
This table describes the plan variables implemented in the diagram of the sample Ad Hoc Awards plan:

<i>Plan Variables</i>	<i>Value</i>
Plan Member Rule	Ad Hoc Award
Plan Type	Any monetary type except Goal Sharing
Goals	Not allowed
Funding	Plan Funding
Proration	Not allowed
Approval	Manual approval
Payout Formulas	Not applicable

## Define Tree and Groups Plan - Sample Process Flow

**Image: Sample define tree and groups plan with goals, proration, and funding**

This graphic illustrates a sample define tree and groups plan and includes steps to define goals, fund the plan, and allocate funds to groups.



### Sample Plan Definition

This table describes the plan variables implemented in the diagram of the sample Define Tree and Groups plan:

<b><i>Plan Variable</i></b>	<b><i>Value</i></b>
Plan Member Rule	Define Tree/Groups
Plan Type	Any monetary plan type that uses goals
Goals	Weighted goals
Funding	Yes, with group allocation
Proration	Yes, monthly
Approval	Approval process
Payout Formulas	Target, minimum, and maximum



## Chapter 3

# Setting Up Data Elements

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## Understanding Data Element Setup

Before you set up your variable compensation plans, you must define some of the data elements that you'll use to define the specifics of each plan. Some of the variable compensation data elements are optional and some are required, depending on the plan type, options, and business rules that you define for the plan.

This table describes the usage of the data elements by the various plan types:

<i>Data Element</i>	<i>Plan Types That Use This Data Element</i>
Payout Formula	Required for all plans except those with Ad Hoc Award as the plan member rule.
Valuations	Required for non-monetary and stock plans only.
Goals	Required when the plan type is Goal Sharing and for any other plan that you administer using goals.
Proration periods	Required for plans that specify Calculate Proration as a plan business rule.
Workday Rules	Required for the Workday Schedule method of calculating eligibility proration.
Proration Percentage Rule	Required for the Proration Percentage method of calculating eligibility proration.

---

## Defining Payout Formulas

To define payout formulas, use the Payout Formulas component (VC\_PAYOUT\_FORMULA).

Construct SQL statements and assign them a payout formula ID on the Payout Formulas page. Select from the payout formula IDs when you set up target, minimum, and maximum payouts for workers, groups, or plans, or when you set up a matrix goal payout schedule.

The payout formula that you define can be a flat amount or a complex SQL statement based primarily on the worker's Job record.

## Page Used to Define Payout Formulas

Page Name	Definition Name	Usage
Payout Formulas Page	VC_PAYFORM_TBL	Define a formula for the Determine Allocation and Calculate Awards processes to use to calculate funding and award allocations. The payout formula is an SQL statement that you define on this page.

## Payout Formulas Page

Use the Payout Formulas page (VC\_PAYFORM\_TBL) to define a formula for the Determine Allocation and Calculate Awards processes to use to calculate funding and award allocations.

The payout formula is a SQL statement that you define on this page.

### Navigation

Set Up HCM > Product Related > Compensation > Variable Compensation > Payout Formulas > Payout Formulas

### Image: Payout Formulas page

This example illustrates the fields and controls on the Payout Formulas page.

The screenshot shows the 'Payout Formulas' page for a formula with ID 'K10PCT'. It is divided into two main sections: 'Payout Formula Criteria' and 'Payout Formula Details'.

**Payout Formula Criteria:**

- Payout Formula ID:** K10PCT
- \*Effective Date:** 01/01/2000
- \*Status:** Active
- \*Description:** 10% Employee Base Salary
- Short Description:** 10% Annl
- Pay Formula SQL:** JOB.ANNUAL\_RT \* 0.1
- Rounding Rule:** Round Up
- Decimal Places:** 0

**Payout Formula Details:**

Sequence	Operand	Value/Rec/Rate Code	Field Name
1	Rec.Field	JOB	ANNUAL_RT
2	*		
3	Constant	.1	

## Payout Formula Criteria

### Pay Formula SQL

When you save the record, the system displays the payout formula SQL statement that you define using the following fields. The system checks the syntax of the SQL statement and lists any errors.

**Rounding Rule**

Select a rule to apply to award calculations that use this payout formula. Select from:

- *Down*: Round the value down to the number of significant digits indicated in the Decimal Places field.
- *Standard*: Use the standard IEEE (Institute of Electrical and Electronics Engineers) rounding rules.
- *Up*: Round the value up to the number of significant digits indicated in the Decimal Places field.

If the plan is a stock-type plan, the system uses the rounding rules established on the Stock Option Plan table (ST\_OPTION\_PLAN) when rounding award calculations.

**Decimal Places**

Enter the number of decimal places to which you want the system to round the payout formula.

**Payout Formula Details****Sequence**

(Required) This number determines the order in which the SQL generator builds the formula. Entering sequence numbers in increments of 5 or 10 gives you room to add a component to the formula without renumbering all the existing components.

When you save the page, the system sorts your components according to their sequence numbers.

Insert a new row and enter a sequence number for each component of the SQL statement while you build it.

**Operand**

Enter an operand for the component. The operand that you select determines the other fields that are hidden or displayed on the page. This table lists the valid operand values and the additional fields displayed for each.

<b>Operand</b>	<b>Definition</b>	<b>Additional Fields that Appear</b>
<i>(none)</i>	Use this value to eliminate the field of an unwanted value.	None
(	Open Bracket	None
)	Close Bracket	None
*	Multiply	None
+	Add	None
-	Subtract	None
/	Divide	None

<b>Operand</b>	<b>Definition</b>	<b>Additional Fields that Appear</b>
<i>Constant</i>	Fixed value	Value/Rec/Rate Code
<i>Rate Code</i>	Refers to a Rate Code that you specify from the Rate Code table.	Value/Rec/Rate Code
<i>Rec. Field</i>	Refers to a field that you specify from a record.	Value/Rec/Rate Code and Field Name

**Value/Rec/Rate Code**

The value that you enter here depends on the operand that you select. This is a summary of the relationship between the operand and the Value/Rec/Rate code.

<b>Operand Selected</b>	<b>Value/Rec/Rate Code</b>
<i>Constant</i>	Enter a fixed amount. This value can be a percent or other fixed value to be used in the calculation.  For non-monetary plans, enter the number of units to be awarded to each plan member.
<i>Rate Code</i>	Enter a rate code from the Rate Code table.
<i>Rec. Field</i>	Select a record from these options: <i>EMPLOYMENT</i> , <i>JOB</i> , <i>PERSONAL_DATA</i> , and <i>SAL_GRADE_TBL</i> .

**Field Name**

Select from the available options for the record that you selected. When the system runs the SQL statement, it uses the value of the selected field in the plan member's record.

**Payout Formula Example**

To define a payout formula of 1 percent of the worker's job annual rate, select the Job record, the Annual Rate field name (on the Job record), the operator \*, and the constant .01. Place the formula in parentheses so that the final formula in the Pay Formula SQL field is (JOB.ANNUAL\_RT \* 0.01).

**Related Links**

[Reporting Awards Calculations](#)

**Defining Valuation**

To define valuation, use the Valuations component (VC\_VALUATION).

For non-monetary plans and stock plans, set up a valuation ID on the Valuations page. Assign a value to the valuation ID, which represents the value of one unit of the award under the plan (expressed in the currency that you specify). If you change the value of a valuation ID, the system uses the value on the Valuation ID maximum effective-dated row that is equal to or less than the payout period end date.

When the system reports the value of awards under a non-monetary plan or stock plan, it calculates the value by multiplying the number of units awarded to the member (determined by the payout formula and other factors) by the value per unit as defined by the valuation ID. Depending on the plan's business rules, the award value attributed to the worker's compensation package might be reduced by a proration factor, performance factor, or adjustment factor.

Because of the nature of stock prices, the stock value calculated in this way is used for variable compensation reporting only, because it might not reflect the true value of the stock options at a particular time.

For non-monetary-type plans, the value calculated with the valuation ID is used for payroll tax reporting, as well as data reporting through the Variable Compensation business process.

## Page Used to Define Valuation

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<u>Valuations Page</u>	VC_VALUATION	<p>Define units of non-monetary and stock awards and assign a currency value for one unit.</p> <p>This page is required only if you set up non-monetary or stock variable compensation (VC) plans.</p>

## Valuations Page

Use the Valuations page (VC\_VALUATION) to define units of non-monetary and stock awards and assign a currency value for one unit.

This page is required only if you set up non-monetary or stock variable compensation (VC) plans.

### Navigation

Set Up HCM > Product Related > Compensation > Variable Compensation > Valuations > Valuations

### Image: Valuations page

This example illustrates the fields and controls on the Valuations page.

The screenshot shows the 'Valuations' page with the following details:

- Valuation ID:** HXCMPV1
- Valuation Details:**
  - \*Effective Date: 01/01/1900
  - \*Status: Active
  - \*Description: Valuation 01
  - Short Desc: Valuation
  - \*Amount: 20.00
  - \*Currency Code: USD (US Dollar)
- Navigation:** Find | View All, First, 1 of 1, Last

**Effective Date**

Enter the effective date of the value that you are entering for the valuation ID.

If you change the value of the valuation ID, the system uses the monetary value associated with the valuation ID on the maximum effective-dated row that is equal to or less than the payout period end date.

**Amount**

Enter the monetary value of one unit of the non-monetary award represented by this valuation ID. For example, enter the monetary value of one holiday turkey. For stock-type plans, one unit is one option or share.

**Currency Code**

Select the code for the currency in which to administer an award for this valuation ID. When you assign the valuation ID to a VC plan, the currency code of the valuation ID must match the currency code of the plan.

You can override the default value that the system enters.

## Defining Goals

To define goals, use the Goals component (VC\_GOAL\_TBL). Use the CI\_VC\_GOAL\_TBL component interface to load data into the table for this component.

Use goals that you name and describe on the Goals page to set up a plan with either weighted goals or a goals matrix.

Goals are not an option if the plan member rule is Ad Hoc Award.

## Page Used to Define Goals

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Goals Page	VC_GOAL_TBL	Name and describe generic goals to use with variable compensation (VC) plans. Use the goals that you define here when you set up weighted goals or matrix goals for a VC plan.  You do not need this page if you do not administer plans with goals.

### Related Links

[Understanding Weighted Goals](#)

[Understanding Matrix Goals](#)

## Setting Up Eligibility Proration Tables

To set up proration tables, use the Workday Schedules (VC\_WORK\_DY\_SCHED), Percentage Proration Rules (VC\_PRORATE\_RULE), and Prorate Periods (VC\_PRORATE\_PRD) components.

This section discusses how to set up eligibility proration tables.

### Pages Used to Set Up Eligibility Proration Tables

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<a href="#">Workday Schedule Page</a>	VC_WRK_DY_SCHED	Set up workday rules in which you create schedules assigning a factor to each day of the week (Sunday through Saturday).
<a href="#">Percentage Proration Rules Page</a>	VC_PRORATE_TBL	Define ranges of eligible days and associate a percentage with each range.
<a href="#">Prorate Periods Page</a>	VC_PRORATE_PRD	Define proration frequency parameters for the payout periods of a prorated plan.  The Determine Eligibility/Proration process evaluates eligibility as of the proration period end dates generated on this page.

#### Related Links

[Understanding Proration Factor Calculations](#)

### Workday Schedule Page

Use the Workday Schedule page (VC\_WRK\_DY\_SCHED) to set up workday rules in which you create schedules assigning a factor to each day of the week (Sunday through Saturday).

#### Navigation

Set Up HCM > Product Related > Compensation > Variable Compensation > Workday Schedules > Workday Schedule

**Image: Workday Schedule page**

This example illustrates the fields and controls on the Workday Schedule page.

The screenshot shows a web interface for a 'Workday Schedule'. At the top, there is a tab labeled 'Workday Schedule'. Below it, the 'Workday Rule ID' is 'HXCMPW1'. A section titled 'Workday Schedule Details' contains a search bar with 'Find | View All' and navigation buttons for 'First', '1 of 1', and 'Last'. Below this is an 'Effective Date' field set to '01/01/1900' with a calendar icon and '+' '-' buttons. The main part of the page is a table titled 'Workday Factors' with two columns: 'Day of the Week' and 'Factor'. The table lists days from Sunday to Saturday with corresponding factor values in input fields.

Day of the Week	Factor
1 Sunday	0.00
2 Monday	1.00
3 Tuesday	1.00
4 Wednesday	1.00
5 Thursday	1.00
6 Friday	1.00
7 Saturday	0.00

**Factor** Enter the factor for each day. For example, you could assign a factor of 1 for a full working day, .5 for a half day, and 0 for a holiday.

**Percentage Proration Rules Page**

Use the Percentage Proration Rules page (VC\_PRORATE\_TBL) to define ranges of eligible days and associate a percentage with each range.

**Navigation**

Set Up HCM > Product Related > Compensation > Variable Compensation > Percentage Proration Rules > Percentage Proration Rules



## Image: Percentage Proration Rules page

This example illustrates the fields and controls on the Percentage Proration Rules page.

**Percentage Proration Rules**

Prorate % ID HXVCPER1

**Proration Rule Details** View All First 1 of 1 Last

Effective Date 01/01/1999

Status Active

\*Description VC Profit Share NewHire Prorat

Short Description VCPPrftNewH

**Employee Status Rules** Find | View All First 1 of 1 Last

\*Eligible Status Active

**Proration Rates** Personalize | Find | View All | First 1-3 of 5 Last

	*Eligible Days	Proration Percentage		
1	60	25.00	+	-
2	120	50.00	+	-
3	180	75.00	+	-

Define a lookup table that the system uses to determine the worker's proration factor based on the number of eligible days in the period.

### Eligible Status

You can define separate proration rate schedules for *Active* and *Terminated* workers under each prorate % ID. Select whether this proration rate schedule applies to workers who are *Active* or *Terminated* at the end of the payout period.

*Terminated* status includes these worker status values on the Job record: Deceased, Retired, Retired with Pay, Terminated, and Terminated with Pay.

If you do not define a proration rate schedule with a value of *Terminated* in the Eligible Status field, the system assigns a proration factor of 0 to workers with these termination worker status values in their Job records.

All other worker status values on the Job record are associated with the *Active* value in this field.

### Eligible Days

Enter the ending number in the eligible days range. For example, if the range is 1–15 days, enter *15*.

### Proration Percentage

Associate a proration factor, expressed as a percentage, with the eligible days range. This is the proration factor used by the Calculate Awards process if the worker's eligible days for the period falls into this eligible days range.

Define a date range and assign a proration percentage of 0 if you want to exclude workers who are not eligible in the first portion of the period. For example, you can exclude workers

who were not eligible in the first 21 days of the period by setting up an eligible days range that ends in 21 and associating 0 as the proration percentage.

## Prorate Periods Page

Prorate periods are subsets of the plan payout period. Prorate periods can have daily, weekly, or monthly frequency. Daily frequency is the most accurate, but the processing time is greater.

**Note:** You must set up the variable compensation plan and its payout periods before you can define the proration periods.

Use the Prorate Periods page (VC\_PRORATE\_PRD) to define proration frequency parameters for the payout periods of a prorated plan.

The Determine Eligibility/Proration process evaluates eligibility as of the proration period end dates generated on this page.

### Navigation

- Set Up HCM > Product Related > Compensation > Variable Compensation > Prorate Periods > Prorate Periods
- Compensation > Variable Compensation > Maintain Plan > Prorate Periods > Prorate Periods

### Image: Prorate Periods page

This example illustrates the fields and controls on the Prorate Periods page.

The screenshot shows the 'Prorate Periods' page for Plan ID HXVC01 and VC ISO Weighted Goals. The 'Prorate Period Details' section includes a search bar for Period ID (2000), and dropdown menus for Period Begin Date (01/01/2000), Period End Date (12/31/2000), Proration Frequency (Monthly), and Date Indicator (End of Month). Below this is a 'Prorate Dates' table with columns for End Date and Run Status. The table lists five dates from 01/31/2000 to 05/31/2000, each with an unchecked checkbox in the Run Status column and navigation buttons (+/-).

End Date	Run Status
1 01/31/2000	<input type="checkbox"/>
2 02/29/2000	<input type="checkbox"/>
3 03/31/2000	<input type="checkbox"/>
4 04/30/2000	<input type="checkbox"/>
5 05/31/2000	<input type="checkbox"/>

### Period ID

Select a payout period from the available options. The system prompts you with values from the VC\_PAYPRD\_TBL. The

list does not include payout periods for which an award has been finalized, canceled, or manually entered. In other words, if the Award Status on the Allocate Awards page is other than *Initial Calculation* for any award in the plan, or if any award was manually allocated, that payout period is not available.

The system displays the payout period begin and period end dates that you defined on the Plan Payout Periods page.

### **Proration Frequency**

Select a proration frequency from these values:

- *By Workdays* (daily frequency): The Workday Rule ID field appears.
- *Calendar Days* (daily frequency): The Prorate % ID field appears.
- *Monthly*: The Date Indicator field appears.
- *Weekly*: The Day field appears.

### **Workday Rule ID**

If you select *By Workdays* as proration frequency, you must select a workday rule. The maximum number of eligible days defined in the rule you select must not be less than the number of days in the payout period.

### **Prorate % ID**

This field appears if you select *Calendar Days* in the Proration Frequency field.

If you use the proration percentage calculation method, select a prorate percentage ID to associate a prorate percentage schedule with the plan for the payout period.

If you use the daily calculation method without proration percentages, leave this field blank.

### **Day**

If you select *Weekly* as the proration frequency, you must select the day of the week as of which you want the system to calculate the proration. Values are the seven days of the week (Sunday through Saturday).

### **Date Indicator**

If you select *Monthly* proration frequency, select a date indicator in this field. Values include:

*End of Month*: The system calculates eligibility as of the end of each month.

*Day of Month*: The Day of the Month field appears.

### **Day of the Month**

Enter the number of the day of the month as of which you want the system to calculate eligibility. Select any number from 1 through 28. Set the Date Indicator field to *End of Month* if you select a number higher than 28.

**Prorate Dates****End Date**

After you define the proration frequency, the system displays the end date here for each proration period within the payout period that you specified.

**Run Status**

The system selects this check box when the Determine Eligibility/Proration process completes the eligibility calculation for the corresponding proration period.

# Setting Up Variable Compensation Plans

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## Understanding Variable Compensation Plan Types

When you define a variable compensation (VC) plan, you must specify its type. The system provides ten plan types. The topics in this section describe the unique steps required to set up plans in each of these categories. Additional setup options and procedures common to all plan types are in the discussion of the VC Plan setup pages.

This section discusses:

- Monetary plan types.
- Non-Monetary plan types.
- Stock-type variable compensation plans.
- Other plan types.

## Monetary Plan Types

This describes the monetary plan types:

### **Discretionary Bonus**

Select this type to label a plan for your own tracking. No special plan setup steps apply. Plan options are available according to the plan member rule.

### **Goal Sharing**

Select either *Weighted Goals* or *Matrix Goals* and specify weighted goal percents or matrix columns on the Plan Definition page.

See [Defining Goals](#).

### **Profit Sharing**

Select this type to label a plan for your own tracking. No special plan setup steps apply. Plan options are available according to the plan member rule.

### **Related Links**

[Defining a Variable Compensation Plan](#)

[Understanding Awards Calculation](#)

[Understanding Eligibility and Proration Calculation](#)

## Non-Monetary Plan Types

A non-monetary plan generates awards in terms of units rather than money. Use this plan type to manage the award of various kinds of gifts and merchandise to workers. The plan is administered in terms of units. Setup of valuation of units for reporting purposes.

To set up non-monetary plans:

1. Define units of non-monetary awards and the value per unit on the Valuations page.
2. Identify the number of units to be distributed to a worker on the Payout Formulas page.

Select *Constant* as the operand and enter the number of units in the Value/Rec/Rate Code column.

3. Set up a plan with a Non-Monetary plan type and select a valuation ID on the Plan Definition page.
4. Assign the payout formula to a worker, group, or plan.

Use the Non Monetary report to track the number of units awarded under a plan and the value to workers.

See [Understanding Data Element Setup](#).

## Stock-Type Variable Compensation Plans

Stock-type variable compensation (VC) plans require setup of valuation and funding. Use goals and other optional plan rules. The system uses valuation only for variable compensation reporting purposes because stock prices can change so rapidly.

The variable compensation system provides five stock plan types for your organization's tracking purposes. Within the Variable Compensation business process, the system treats them all the same. Select one of these stock plan types:

<b>Stock ISO</b>	Incentive Stock Option
<b>Stock NQ</b>	Nonqualified Stock Option
<b>Stock NSAR</b>	Stock Appreciation Rights in tandem with a Nonqualified Stock Option
<b>Stock RSA</b>	Restricted Stock Award
<b>Stock ISAR</b>	Stock Appreciation Rights in tandem with an Incentive Stock Option

Stock-type variable compensation plans are supported only for users of PeopleSoft Stock Administration. The system provides specific functionality to support this integration.

### Summary of Setting Up Stock-Type Plans

To set up stock-type plans:

1. Define valuation of stock units on the Valuations page.
2. Specify a stock ID and stock plan on the Plan Definition page.

The Stock administrator sets up stock IDs on the stock plans on the Stock Plan Table page.

3. Specify a valuation ID on the Plan Definition page.
4. Set up plan funding on the Plan Funding page.

See [Understanding Data Element Setup](#).

### Related Links

"Stock Table Page" (PeopleSoft HCM 9.2: Stock Administration)

"Defining Stock Purchase Plan Rules" (PeopleSoft HCM 9.2: Stock Administration)

## Other Plan Types

Most plans fit into one of the named plan types. If you have a plan that is not described by one of these plan types, use the plan type *Other*. The Variable Compensation business process provides no specific functionality to support plans labeled *Other*; so we recommend selecting one of the remaining nine plan types whenever possible.

---

## Defining a Variable Compensation Plan

To define variable compensation plans, use the Define Variable Comp Plan (VC\_PLAN) component.

Use the three VC Plan setup pages to define a variable compensation plan as well as its options, business rules, and payout periods.

This section lists common elements used in this section and discusses how to define a variable compensation plan.

### Pages Used to Define a Variable Compensation Plan

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<a href="#">Plan Definition Page</a>	VC_PLAN_TBL	Define a variable compensation plan, plan dates, earnings code, plan type, and specifics related to the plan type.
<a href="#">Plan Business Rules Page</a>	VC_PLAN_BUS_RULE	Specify the method of administering plan membership and select optional business rules for the plan.
<a href="#">VC Termination Status Page</a>	VC_EE_TERM_STAT	Select the termination status codes that exclude workers from payment under a plan that has Empl VC Record as the plan member rule.
<a href="#">Plan Payout Periods Page</a>	VC_PAYPRD_TBL	Define or change the beginning and ending dates of the payout periods of a variable compensation plan.

## Common Elements Used in This Section

### Plan ID

The unique identifier used to access many of the variable compensation pages. When you open a page, the system displays the ID that you entered to access the page.

### Payout Period ID

An identifier for the payout period, such as *Q1* for the first quarter. This is a key for many of the variable compensation pages.

## Plan Definition Page

Use the Plan Definition page (VC\_PLAN\_TBL) to define a variable compensation plan, plan dates, earnings code, plan type, and specifics related to the plan type.

### Navigation

- Set Up HCM > Product Related > Compensation > Variable Compensation > Define Variable Comp Plan > Plan Definition
- Compensation > Variable Compensation > Maintain Plan > Define Variable Comp Plan > Plan Definition

### Image: Plan Definition page

This example illustrates the fields and controls on the Plan Definition page.

### Currency

Select the currency in which you want the system to calculate, display, and report allocations. For rollup purposes, you must select one currency for the plan. Payout is in the appropriate currency for the worker.

For stock-type plans, the default value is the currency code for the stock ID on the Stock Exchange table. The currency of the VC plan must match the currency of the stock plan.



**Plan Start Date**

Enter the date on which you want the plan to begin. After you save the plan definition, you cannot change this date.

For stock-type plans, this date cannot be earlier than the approval date of the stock plan.

**Plan End Date**

Enter the date on which you want the plan to end. After you save the plan definition, change the plan end date to a later date only if you want to extend the plan.

For stock-type plans, this date cannot be later than the expiration date of the stock plan.

**Plan Type**

Select from the available options: *Discretionary Bonus*, *Goal Sharing*, *Non-Monetary*, *Other*, *Profit Sharing*, *Stock ISO*, *Stock NQ*, *Stock NSAR*, *Stock RSA*, and *Stock ISAR*.

**Fields Related to Plan Type**

When you select a specific plan type, the system displays these additional fields:

<b>Plan Type</b>	<b>Visible Fields</b>
Discretionary Bonus	Plan Goals
Goal Sharing	Plan Goals
Non-Monetary	Valuation ID, Plan Goals
Other	Plan Goals
Stock (ISO, NQ, NSAR, RSA, and ISAR)	Plan Goals, Stock ID, Stock Plan, Valuation ID.

**Plan Goals**

Select the type of goal administration to use with the plan. Values are:

- *Goals Matrix*: If you select this value, the Matrix Columns field appears in the Plan Details group box.
- *Weighted Goals*: If you select this value, additional fields appear below in which you define weighting percentages for goal levels.

**Stock ID**

Enter the ID that applies to this plan. The system prompts you with values from the Stock table. This field does not appear if you do not use Stock Administration.

**Stock Plan**

Enter the ID that applies to this VC plan. This field does not appear if you do not use Stock Administration.

## Plan Details

The plan definitions in this section of the page might change during the life of the plan. Insert a row and enter new data to modify a plan.

### Earnings Code

Payroll reporting code. Applies to awards paid out through PeopleSoft Payroll for North America.

### GP Earnings (global payroll earnings)

Payroll reporting code. Applies to awards paid out through Global Payroll.

### Valuation ID

Select an ID from the available options, which the system prompts you with from the VC Valuation table. This field appears only if the plan type is *Non-Monetary* or one of the *Stock* types.

The ID that you select must be defined with the same currency code as the currency code that you select for this plan ID.

This field represents only the valuation ID. The system determines the monetary value associated with the valuation ID that is used to calculate the award value using the maximum effective-dated row on the VC Valuation table that is equal to or less than the payout period end date.

### Matrix Columns

This field appears if you select *Goals Matrix* in the Plan Goals field. Select the number of columns that you will set up in your goals matrix: *Three*, *Five*, or *Seven*.

## Goal Weights

In this group box, indicate the relative weighting of goals at each of the three goal levels: organization, group, and individual. The default weight is 0 percent at each level. Change the percent only for the levels of goals used by the plan. The sum of all levels must equal 100 percent.

### Org Weight (organization weight)

Enter the relative percentage of organizational goals compared to other goals used in administering the plan.

### Group Weight

Enter the relative percentage of group goals compared to other goals used in administering the plan.

Indicate a weight for group goals only if the plan's Group Member Rule is *Empl VC Rec with Groups* or *Define Tree Group*, as specified on the Plan Business Rules page.

### Ind Weight (individual weight)

Enter the relative percentage of individual goals compared to other goals used in administering the plan.

### Total Weight

The system computes the totals of the percentages as you enter them at each level and displays the sum in the Total Weight field. Adjust the weights until the sum of all levels equals 100 percent.

## Plan Business Rules Page

Use the Plan Business Rules page (VC\_PLAN\_BUS\_RULE) to specify the method of administering plan membership and select optional business rules for the plan.

### Navigation

- Set Up HCM > Product Related > Compensation > Variable Compensation > Define Variable Comp Plan > Plan Business Rules
- Compensation > Variable Compensation > Maintain Plan > Define Variable Comp Plan > Plan Business Rules

### Image: Plan Business Rules page

This example illustrates the fields and controls on the Plan Business Rules page.

### Plan Member Rule

Select the rule to use to administer membership under this VC plan: Ad Hoc Award, Empl VC Record (employee variable compensation record), Empl VC Record with Groups (employee variable compensation record with groups), and Define Tree/Group.

See [Understanding Plan Member Rules](#).

**Emp Term Status** (employee termination status)

Click to access the VC Termination Status page, where you select the termination status codes that exclude workers from payment under the plan.

This link appears if you select Empl VC Record.

### Static Plan Rules

These rules remain in effect for the life of the VC plan. You cannot change these rules by inserting a new row.

**Carryover Awards**

Select if you want to carry over balances at the worker level for unallocated awards. Selecting this check box enables the Carryover Balance, Accum Carryover (accumulated carryover), and Carryover Amount fields on the Allocate Awards page. The system maintains the carryover balance for the life of the plan.

Carryover is not an acceptable option for non-monetary and stock-type plans.

This field is unavailable if you've selected the Ad Hoc Award option as the Plan Member Rule.

**Funded Plan**

Select if you allocate a funding amount to the VC plan or are defining a stock-type plan.

**Plan Details**

The plan definitions that you select in this group box might change during the life of the plan. To modify a plan, insert a row and enter new data.

**Calculate Proration**

Select if you want to prorate eligibility under the plan. This check box is unavailable for entry if you selected the Ad Hoc Award option as the Plan Member Rule.

**Approve Awards**

Select if you want to approve awards by either of these methods:

- Run the Approve Awards or Approve Awards by Group process to approve or disapprove awards at the plan or group level.
- Designate an approver who can manually approve awards individually under the plan on the Allocate Awards page.

**Approver**

This field appears if you select Approve Awards for a plan that has Ad Hoc Award or Empl VC Record as the Plan Member Rule. Enter the ID of the person authorized to approve awards for the entire plan. The system displays the worker's name next to the employee ID that you enter.

If you administer the plan using groups, the approver is established through VC group tree security, so the Approver field remains hidden.

**Gross-Up**

Select if you want payroll to apply gross-up rules to award payouts under this plan.

**Separate Check**

Select if you want payroll to issue the awards on a check separate from the worker's normal paycheck.

If you are processing awards through PeopleSoft Payroll for North America and you selected Gross-Up on this page, you must select Separate Check.

### Plan Tree

This group box appears on the page only if the selected plan member rule is *Empl VC Record with Groups* or *Define tree/Group*.

- Tree Name** Select the name of the VC Tree that you want to associate with this VC plan.
- Group ID** The ID of the highest group on the tree that you select in Tree Name.

### Related Links

[Determining Eligibility and Calculating Proration](#)

## VC Termination Status Page

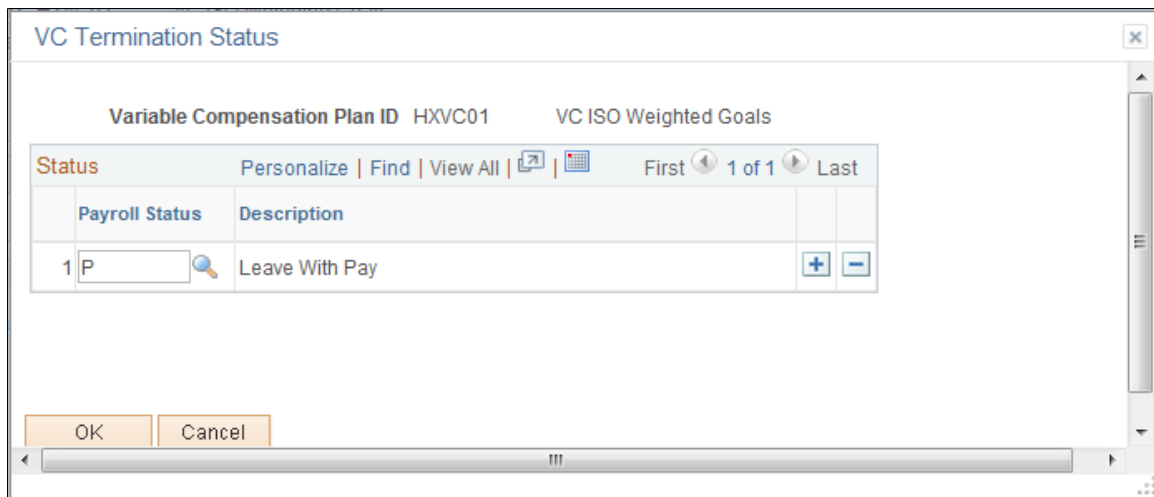
Use the VC Termination Status page (VC\_EE\_TERM\_STAT) to select the termination status codes that exclude workers from payment under a plan that has Empl VC Record as the plan member rule.

### Navigation

Click the Emp Term Status link on the Plan Business Rules page.

### Image: VC Termination Status page

This example illustrates the fields and controls on the VC Termination Status page.



### Payroll Status

Select the payroll status values that cause a worker to be ineligible under the plan. The eligibility process excludes workers from the plan if they have a selected status on their Job record as of the eligibility evaluation date.

Values are *Active, Deceased, Leave of Absence, Leave With Pay, Retired With Pay, Retired, Suspended, Terminated, Terminated With Pay, Terminated Pension Pay Out, Short Work Break, and Retired-Pension Administration.*

These values are entered by default: *Deceased, Retired With Pay, Retired, Terminated, Terminated With Pay, Terminated Pension Pay Out, and Retired-Pension Administration.*

You can add and delete values to reflect the rules for each plan that you set up with the Empl VC Record plan member rule. These selections are not effective-dated.

**Related Links**

[Understanding Eligibility and Proration Calculation](#)

**Plan Payout Periods Page**

Use the Plan Payout Periods page (VC\_PAYPRD\_TBL) to define or change the beginning and ending dates of the payout periods of a variable compensation plan.

**Navigation**

- Set Up HCM > Product Related > Compensation > Variable Compensation > Define Variable Comp Plan > Plan Payout Periods
- Compensation > Variable Compensation > Maintain Plan > Define Variable Comp Plan > Plan Payout Periods

**Image: Plan Payout Periods page**

This example illustrates the fields and controls on the Plan Payout Periods page.

Plan ID HXVC01 VC ISO Weighted Goals		
Payout Periods		
*Payout Period ID	*Period Begin Date	*Period End Date
1 1999	01/01/1999	12/31/1999
2 2000	01/01/2000	12/31/2000

The Plan Payout Period rows are unavailable for entry if the VC plan has expired or if any approved awards exist for that payout period.

**Payout Periods**

**Payout Period ID**

Enter an identifier for the payout period, such as *Q1* for the first quarter.

**Period Begin Date**

Enter the beginning date of the payout period. As the default date, the system enters the day after the end date of the prior period. For example, if the end date of the prior period is 01/31/2000, the default begin date of the next period is 02/01/2000.

After you save the page, the system sorts the rows by period begin date.

### Period End Date

Enter the last date in the payout period. If the date that you enter is later than the plan end date as defined on the Plan Definition page, the system issues the error message *Period End Date must not exceed the Plan End Date of [selected plan end date]*.

If the period begin date of one period overlaps with the period end date of another period, the system issues the message *Payout Period dates must not overlap*.

---

**Note:** After you define the plan payout periods, you can define the eligibility proration periods if required.

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See [Prorate Periods Page](#).

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## Assigning Payout Formulas

To create and payout formulas, use the Plan Payouts (VC\_PAYOUT) and Plan Payouts With Groups (VC\_PAYOUT\_WG) components.

This section provides an overview and discusses how to assign payout formulas.

---

**Note:** If you are administering the plan using matrix goals, do not assign payout formulas on this page. Instead, associate payout formulas with the goals matrix on the Payout Schedule page.

---

## Pages Used to Assign Payout Formulas

Page Name	Definition Name	Usage
<a href="#">Plan Payouts Page</a>	VC_PAYOUT	Assign payout formulas at the minimum and maximum levels under the plan. Plans that use matrix goals or ad hoc membership are not available.  Use this page if the Plan Member Rule is Empl VC Record.
<a href="#">Plan Payouts With Groups Page</a>	VC_PAYOUT_WG	Assign payout formulas at the target, minimum, and maximum levels under the plan.  Plans that use matrix goals are not available.

### Related Links

[Viewing and Adjusting Awards Allocations](#)

## Understanding Payout Formula Assignment and Processing

Depending upon the plan member rule, you can assign up to three payout formulas:

- Minimum payout.

The minimum award that a plan or group member should receive.

- Target payout.

The award a plan member would receive upon 100 percent completion of objectives.

- Maximum payout.

The maximum award that a plan or group member should receive.

The Determine Allocation process calculates the target, minimum, and maximum awards. If the worker is eligible for the entire period, after the Calculate Awards process applies the performance factor to the target award, it compares the calculated award to the minimum and maximum awards.

If the calculated award is less than the minimum award, the process overwrites the calculated award with the minimum. If the calculated award exceeds the maximum, the process overwrites the calculated award with the maximum. When the process overwrites the calculated award with the minimum or maximum, it sets a Calculation Source indicator on the Allocate Awards page.

### Deciding Which Payouts Page to Use

Use this table to determine which of the Plan Payouts pages to use:

<b><i>Plan Rule</i></b>	<b><i>Plan Payouts Page</i></b>
Ad Hoc	Do not assign payout formulas; instead, enter the award amount directly on the Allocate Awards page.
Employee VC Record	Use the Plan Payouts page to assign optional minimum and maximum payouts at the plan level.  (Assign the Target Payout at the worker level on the Individual's Payout page.)
Employee VC Record with Groups	Use the Plan Payouts With Groups page to assign optional minimum and maximum payouts at the group level.  (Assign the Target Payout at the worker level on the Individual's Payout page.)
Define Tree/Group	Use the Plan Payouts With Groups page.  The system applies payouts established on this page to all members of the selected group and to child groups for which you do not specify otherwise.
Matrix Goals (with any plan member rule except Ad Hoc)	Do not use either of these pages; instead, associate payout formulas with the goals matrix on the Payout Schedule page.



## Related Links

[Understanding Plan Member Rules](#)

## Plan Payouts Page

Use the Plan Payouts page (VC\_PAYOUT) to assign payout formulas at the minimum and maximum levels under the plan.

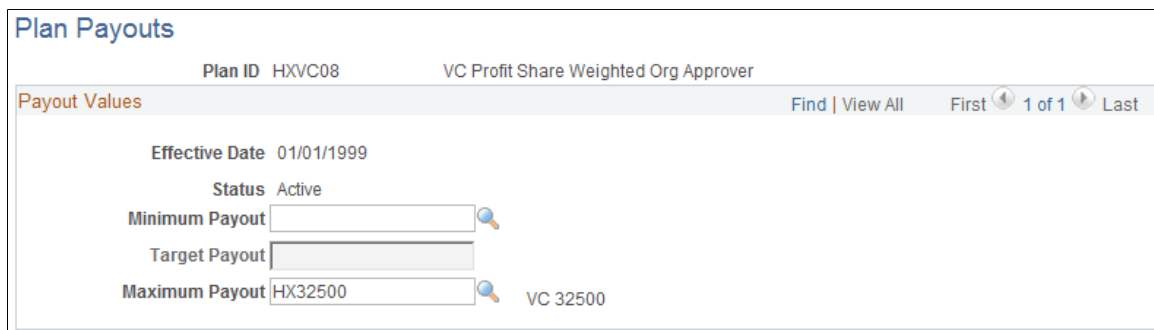
Plans that use matrix goals or ad hoc membership are not available. Use this page if the Plan Member Rule is Empl VC Record.

### Navigation

- Set Up HCM > Product Related > Compensation > Variable Compensation > Plan Payouts > Plan Payouts
- Compensation > Variable Compensation > Maintain Plan > Plan Payout > Plan Payouts

### Image: Plan Payouts page

This example illustrates the fields and controls on the Plan Payouts page.



## Payout Values

To establish a payout, select a payout formula from the available options. The system prompts you with values from the Payout Formula table (VC\_PAYFORM\_TBL). All payout fields are unavailable for entry if awards have been approved, manually altered, or sent for payout or distribution for the period during which the effective date falls.

The system applies the payout to all members of the plan.

## Availability of Fields

Depending on the Plan Member Rule, some fields are unavailable for entry and some fields are optional, as summarized in this table:

<b>Field</b>	<b>Empl VC Record</b>	<b>Ad Hoc Award</b>
Minimum Payout	Optional field.	Field unavailable for entry.

<b>Field</b>	<b>Empl VC Record</b>	<b>Ad Hoc Award</b>
Target Payout	Field unavailable for entry.  Set the target payout at the worker level on the Individual's Payout page.	Field unavailable for entry.  Enter the award at the worker level directly on the Allocate Awards page.
Maximum Payout	Optional field.	Field unavailable for entry.

**Related Links**

[Viewing and Adjusting Awards Allocations](#)

**Plan Payouts With Groups Page**

Use the Plan Payouts With Groups page (VC\_PAYOUT\_WG) to assign payout formulas at the target, minimum, and maximum levels under the plan.

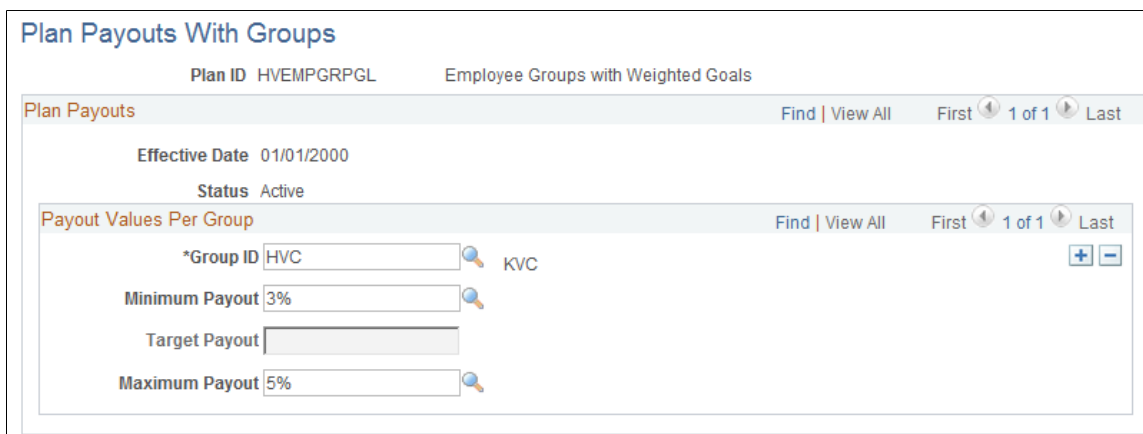
Plans that use matrix goals are not available.

**Navigation**

- Set Up HCM > Product Related > Compensation > Variable Compensation > Plan Payouts With Groups > Plan Payouts With Groups
- Compensation > Variable Compensation > Maintain Plan > Plan Payouts w/ Groups > Plan Payouts With Groups

**Image: Plan Payouts With Groups page**

This example illustrates the fields and controls on the Plan Payouts With Groups page.



**Group ID**

Select an ID from the available options, which are groups in the VC Tree that you specified for the plan. The default group ID is the root group of the tree.

Set the payouts for the highest group to which it applies. The system automatically applies the payout to all child groups in

the tree unless a specific payout formula is applied to a child group.

## Payout Values Per Group

To establish a payout, select a payout formula from the available options. The system prompts you with values from the Payout Formula table (VC\_PAYFORM\_TBL). No payout fields are available for entry if awards have been approved or sent for payout or distribution for the period during which the effective date falls.

The system applies the payout to all members of the selected group and its child groups if you do not define payouts at lower levels on the tree.

Depending on the Plan Member Rule, some fields are unavailable for entry and some fields are optional, as summarized in this table:

<b>Field</b>	<b>Empl VC Record with Groups</b>	<b>Define Tree/Group</b>
Minimum Payout	Optional field.	Optional field.
Target Payout	Field unavailable for entry.  Set the target payout at the worker level on the Individual's Payout page.	Required field except when the plan uses matrix goals.
Maximum Payout	Optional field.	Optional field.

---

## Setting Up Goals, Funding, and Proration

Depending on the plan type, plan options, and plan business rules that you defined on the VC Plan setup pages, you might have to set up goals, funding, or proration periods.

### Related Links

[Understanding Weighted Goals](#)

[Understanding Matrix Goals](#)

[Understanding Variable Compensation Funding](#)

[Setting Up Eligibility Proration Tables](#)



## Chapter 5

# Setting Up Plan Membership

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## Understanding Plan Member Rules

This section provides a brief description of each of the plan member rules and discusses how each relates to groups, target payouts, and plan options.

### Ad Hoc Award

Ad Hoc Award plans are designed for low volume, occasional awards. For Ad Hoc awards, do not set up groups or target payouts. Enter employees for each plan directly on the Eligible Employees by Plan page and enter their awards directly on the Allocate Awards by Plan page. Do not run any calculation processes. Target, minimum, and maximum payouts, carryovers, guarantees, goals, and prorated eligibility are not available options with this plan member rule. Goal Sharing is not an available plan type.

### Employee Variable Compensation Record

When you choose this plan member rule, do not set up groups. On the Eligible Employees by Plan page, associate an employee with one or more variable compensation plans and specify target payouts and an optional guarantee for the employee. The employee's eligibility for a plan is based on the eligibility date that you specify on this page.

Optionally, specify minimum and maximum payouts at the plan level on the Plan Payouts page. Choose any plan type and any plan options that do not require groups.

### Employee Variable Compensation Record with Groups

When you use this plan member rule, create groups of employees in Group Build and assign each group to a Variable Compensation tree. Attach the tree and group to a VC plan on the Plan Business Rules page. The employee's eligibility for a plan is based on eligibility in the group.

On the Individual's Payout page, specify target payouts and an optional guarantee for the employee under the VC plan ID. Optionally, specify minimum and maximum payouts at the group level on the Plan Payouts With Groups page.

Choose any plan type and specify any plan options.

### Define Tree/Group

With this plan member rule, create a group of employees in Group Build and assign the group to a Variable Compensation tree. Attach the tree and group to a variable compensation plan on the Plan Business Rules page.

On the Plan Payouts With Groups page, specify employees' target payout and optional minimum and maximum payouts for employees in groups on the tree. Set the payout formulas for child groups at the level of the highest parent group that shares the same payout formula. Employee guarantees are not an option.

Choose any plan type and specify any plan options.

## Setting Up Plan Members for Ad Hoc Awards

Use the Eligible Employees by Plan page to set up plan members for Ad Hoc Awards. You also use this page to view and adjust plan membership for all plan types.

### Page Used to Set Up Plan Members for Ad Hoc Awards

Page Name	Definition Name	Usage
Eligible Employees by Plan Page	VC_PLAN_MEM_TBL	View and adjust member eligibility or add workers to a plan for Ad Hoc Awards.

### Eligible Employees by Plan Page

Use the Eligible Employees by Plan page (VC\_PLAN\_MEM\_TBL) to view and adjust member eligibility or add workers to a plan for Ad Hoc Awards.

#### Navigation

Compensation > Variable Compensation > Identify Eligible Recipients > Eligible Employees by Plan > Eligible Employees by Plan

#### Image: Eligible Employees by Plan page

This example illustrates the fields and controls on the Eligible Employees by Plan page.

The screenshot shows the 'Eligible Employees by Plan' interface. At the top, it displays 'Plan ID HXVCT2' and 'VC TC Empl VC Record'. Below this, it shows 'Period ID 2000-1' with 'Period Begin Date 01/01/2000', 'Eval As of Date 03/31/2000', and 'Period End Date 03/31/2000'. There are input fields for 'Name' and 'Employee ID', a 'Search' button, and an 'Eligibility Status' dropdown set to 'Auto Eligible'. A 'Sort Members by' menu is open, showing 'Empl ID' selected and 'Name' as an option. Below the search area is a 'Plan Member Details' table with columns for 'Allocate Compensation', 'Empl ID', 'Name', 'Empl Record', 'Eligibility Status', and 'As of Date'. The table contains four rows of data for employees HXEC01 through HXEC09.

Allocate Compensation	*Empl ID	Name	Empl Record	*Eligibility Status	*As of Date
	HXEC01	Kelsey MacGregor	0	Auto Eligible	03/31/2000
	HXEC02	George MacGregor	0	Auto Eligible	03/31/2000
	HXEC03	Patsy Weatherford	0	Auto Eligible	03/31/2000
	HXEC09	Susan Rice	0	Auto Eligible	03/31/2000

To set up ad hoc plan membership:

1. Click the Search button to load existing plan members into the page.
2. Complete the Plan Members Details group box as shown in the following table:

<b>EmplID</b> (employee ID)	To add a new member, insert a new row and enter the employee's ID.
<b>Eligibility Status</b>	For Ad Hoc plans, the status defaults to <i>Manually Eligible</i> . You cannot enter an auto status.
<b>As of Date</b>	Enter the date as of which the worker is eligible for the Ad Hoc award. The date must be between the current date and the payout period end date.

---

## Setting Up Members with Employee Variable Compensation Records

Use the Individual's Payout page to specify a target payout formula and guarantee for individual workers. The system writes this information to the Employee Variable Compensation record. For one worker, you can select multiple VC plans and specify a different target payout and guarantee for each.

For example, a worker might be eligible for your organization's profit sharing plan and an individual performance plan.

Even though you establish the target payout at the individual worker level, you can still choose whether to assign workers to a plan individually or through groups.

### Plans Without Groups

If you set the worker's target payout and guarantee for a VC plan that specifies *Employee Variable Compensation Record* as the plan member rule, enter the worker's eligibility date for the plan on the Individual's Payout page. The system calculates the worker's eligibility and proration based on this date.

If your organization uses Workflow functionality and has set the VC administrator role, the system sends a workflow notification to the VC administrator when a worker is hired, rehired, promoted, or has a change in job code. The VC administrator can then establish or modify the worker's VC plan eligibility, target payouts, and guarantee.

### Plans with Groups

If Employee VC Record with Groups is the plan member rule, the system does not use the eligibility date that you enter on the Individual's Payout page to calculate eligibility. Instead, it bases plan eligibility on group eligibility.

## Pages Used to Set Up Members with Employee Variable Compensation Records

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Individual's Payout Page	VC_EE_VCOMP	Perform one of these actions: <ul style="list-style-type: none"> <li>• Add or delete plan members for plans that specify Empl VC Record (without groups) as the plan member rule.</li> <li>• Assign or update a target payout formula or guarantee.</li> <li>• Specify the plan eligibility date if the VC plan does not use groups.</li> </ul>
Current Employee Compensation Page	VC_CURRNT_COMP_SEC	View the worker's compensation data as of the current date, which might be helpful in deciding the target payout and guarantee for the worker.

### Individual's Payout Page

Use the Individual's Payout page (VC\_EE\_VCOMP) to perform one of these actions:

- Add or delete plan members for plans that specify Empl VC Record (without groups) as the plan member rule.
- Assign or update a target payout formula or guarantee.
- Specify the plan eligibility date if the VC plan does not use groups.

#### Navigation

Compensation > Variable Compensation > Identify Eligible Recipients > Individual's Payout > Individual's Payout



**Image: Individual's Payout page**

This example illustrates the fields and controls on the Individual's Payout page.

**Individual's Payout**

Douglas Lewis EMP ID KU0001 Empl Record 0

---

**Employee Data** Find | View All First 1 of 1 Last

\*Effective Date

---

**Compensation Data**

Business Unit	GBIBU	Global Business Institute BU	<a href="#">Current Comp Data</a>
Department ID	ADMIN	President	
Location	KUNY00	US HQ	
Salary Plan	KU02		
Grade	011		
Rate	21666.67	USD	
Frequency	Monthly		

---

**Employee Details** Find | View All First 1 of 1 Last

\*Plan ID

Target Payout

Eligibility Date Value

Guarantee

Currency

Long Description

For plans that specify Employee Variable Compensation Record (without groups) as the plan member rule, use this page to add or delete plan members or to change a member's target payout or guarantee at any time in the life of the plan.

**Compensation Data**

All data displayed in the Compensation Data group box is supplied as the default from the worker's Job record as of the effective date that you entered on this page. This data is for information only.

**Current Comp Data** (current compensation data)

Click to access the Current Employee Compensation page that displays the data from the worker's job record that is effective as of the current date.

**Employee Details**

**Plan ID**

Select a valid ID. The system displays the description of the plan. Only plans that define Employee Variable Compensation Record (with or without groups) as the plan member rule appear in the list.

If the plan that you select in this field has expired (that is, the end date of the plan ID on the VC plan table is prior to the

current date), the remaining fields on the page are unavailable for entry.

### **Target Payout**

Select a target payout for the worker. You are prompted with values from the Pay Formula table. The system displays the description of the formula that you select.

If you do not select a value here, when you save the page, the system issues a warning and specifies the plan ID for which no target payout formula was entered.

### **Eligibility Date Value**

Enter the date on which the worker becomes eligible for a payout from the VC plan ID that you selected. The system enters the VC plan start date from the VC Plan table as the default. The Determine Eligibility/Proration process calculates plan eligibility and proration as of this date for plans that do not use groups. The system does not use this date for eligibility processing if the plan uses groups.

### **Guarantee**

Enter an amount that is guaranteed for the worker under this VC plan ID. This is an optional field. The amount appears for your information on the Allocate Awards page, where you can adjust the calculated award as required.

## **Adding Additional Data Rows**

You can add additional rows of data for the same or different effective dates. When you add a new effective-dated row, the system asks whether you want to copy forward all existing rows from the previous effective date. If the plan of the previous effective date is still an active plan, carry forward the rows. You probably would not want to carry the rows forward if the plans in the rows have expired. Historical data is not lost if you do not carry the rows forward.

## **Tips and Tricks for Administering Guarantees**

You can set up and define a VC plan specifically to administer guarantees. On the Individual's Payout page, select the plan ID, leave the Target Payout field blank, and enter the worker's guarantee amount. When you run the Calculate Awards process, the system enters only the worker's guarantee amount on the Allocate Awards by Plan page. You can then place the amount, or some portion of it, into the Actual Award field and approve it for payout.

---

## **Creating Groups Using Group Build**

Use previously defined groups or define groups of eligible plan members based on any number of criteria as identified in Group Build records.

See "Understanding Group Build" (PeopleSoft HCM 9.2: Application Fundamentals).

The Determine Eligibility/Proration process generates group membership based on the group definitions that you set up in Group Build and the dates that you specify on the process run control.

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**Note:** Historical data is automatically included if you are using Group Build with proration.

---

## Important Information About Using Group Build Pages to Create VC Groups

When you use group build pages to create VC groups:

- Designate the manager of each group on the Group Profile page when you set up groups in group build.

The approver of a group is generally the manager of the immediate parent group (the group manager's manager).

- If you define new groups for managing variable compensation, do not set up group security in the group build security pages (Group Security Default page, Security by Group page, or Security by User page).

Instead, proceed directly to the PeopleSoft Tree Manager to create the Variable Compensation tree. Set up security for the groups on the tree. You cannot modify a group definition until you have attached it to a tree and set up security.

- Group build comes with a *No Group* group ID.

This group is required for Variable Compensation processing. The system assigns this group ID when it needs to simulate a group for a plan that does not use groups. Never delete this group ID or assign this group ID when building or using groups.

### Tip for Setting Up Groups in Group Definition

After you create a group in the Group Definition page and save or quit the page, the group ID does not appear in the search box. If you want to modify this group from the same Group Definition page, first attach the group to a VC tree and set up security for the tree. When you have set up tree security, you can return to the Group Definition page and modify the group.

---

## Attaching Groups to Trees

This section discusses:

- Advantages of trees.
- Important points about creating Variable Compensation trees.
- Variable Compensation settings in PeopleSoft Tree Manager.
- Effective-dated trees and Variable Compensation.
- Deleting parent-child duplicates for rollup.

### Advantages of Trees

After you've defined groups, attach them to a Variable Compensation tree. Create any number of group trees and use any group ID in multiple trees. Define a tree with a single group ID or multiple group IDs. The tree structure enables you to arrange your groups in a hierarchy that shows parent-child relationships. Use as many nodes on the tree as you want, but the maximum number of levels is 12. Define all parent and child groups separately in Group Build pages.

With hierarchical trees, you can administer variable compensation plans in a number of ways:

- For typical, business rollup reporting.
- For rollup funding of groups at each level, from the top down.

The system uses the hierarchy to ensure that funding at lower levels does not exceed the allocation at the upper levels of the hierarchy.

- For the inheritance of goals, goal attainments, and payout formula (target, minimum, and maximum).

Inheritance eases the setup for groups that have the same goals, attainments, or payouts as groups above them.

- To provide user security that is inherited from parent to child groups when you access Variable Compensation pages.

Security inheritance eases the setup of user security for each level of the tree.

## Important Points About Creating Variable Compensation Trees

When you have defined groups in Group Build, use PeopleSoft Tree Manager to attach them to a Variable Compensation tree. For the most part, use standard procedures for creating hierarchical trees in PeopleSoft Tree Manager. However, remember these additional points when creating Variable Compensation trees:

- All parent and child groups that you attach to the tree must be defined separately in Group Build.
- If you used group build pages to copy your department structure to groups, also attach the groups to a VC tree and set up VC tree security.
- When the Determine Eligibility/Proration process generates the groups, it eliminates parent-child duplicates. It does not eliminate sibling duplicates, which you can manage with the help of the Tree Member Overlap report.
- In Variable Compensation transactions, reference groups through the tree name that you enter in PeopleSoft Tree Manager.
- Use the proper Variable Compensation settings in PeopleSoft Tree Manager.

## Variable Compensation Settings in PeopleSoft Tree Manager

Follow certain conventions when you use PeopleSoft Tree Manager to create or maintain Variable Compensation trees. By definition, Variable Compensation trees are Detail trees.

Use the Tree Definition and Properties page (PSTREEDEFN) in PeopleSoft Tree Manager to specify the Variable Compensation tree settings. This section describes only the fields on the Tree Definition and Properties page that have specific settings for creating Variable Compensation trees.

### Tree Definition and Properties

On the Tree Definition and Properties page, these fields require specific settings for Variable Compensation trees:

<b>Structure ID</b>	Select <i>VC_GROUP_STRUCT</i> from the available values. This indicates that the tree is a tree of groups created in Group Definition and the tree is for Variable Compensation purposes.  Selecting <i>VC_GROUP_STRUCT</i> specifies that you are creating a Detail tree.
<b>Tree Name</b>	Use the name that you enter here to reference the tree in Variable Compensation pages.
<b>Effective Date</b>	The effective date of the tree must be equal to or later than the effective date of groups on the tree.
<b>Description</b>	Enter a description of the Variable Compensation Tree that you are defining.
<b>Category</b>	A high-level grouping under which you can organize your tree structures and tree definitions. This field is not specific to Variable Compensation trees.
<b>Use of Levels</b>	Select <i>Not Used</i> .

See Also *PeopleTools: Tree Manager*

## Effective-Dated Trees and Variable Compensation

PeopleSoft trees are effective-dated. When you add a group to a tree, PeopleSoft Tree Manager ensures that the effective date of the group is equal to or before the tree's effective date.

For VC award calculation, the system uses the tree that is effective as of the plan's payout period end date. Workers who are members of groups still residing on the tree receive an award allocation. If you modify a tree during the payout period, the new tree has a later effective date than the original tree. If you modified the tree by deleting any one or more workers or groups, the system does not calculate an award for the deleted workers or groups because they are not part of the tree that is effective as of the payout period end date.

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**Note:** If a new effective-dated tree causes workers or groups to "fall off" a tree during the payout period, the affected workers might still be eligible for an award if the plan is prorated. For prorated plans, the Consistency Report provides a list of workers who have fallen off a tree and the groups to which they belonged. The VC administrator or the workers' managers can use this information to ensure that these individuals get the appropriate awards.

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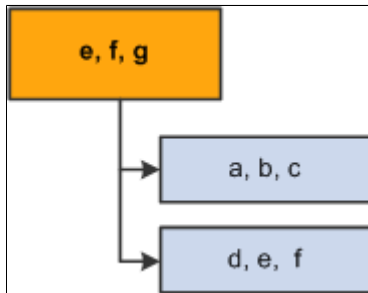
## Deleting Parent-Child Duplicates for Rollup

For accurate rollup accounting, the Determine Eligibility/Proration process removes a member from the parent group when that member is also included in a child group. The system deletes the parent-child duplication of membership to avoid double accounting of allocation amounts for the duplicate member.

## Example

### Image: Workers *e* through *f* arranged in groups on a VC tree

This diagram illustrates how the parent-child duplicate deletion works. In the diagram, three groups containing workers *a* through *f* are created separately in Group Build and arranged in a parent-child tree hierarchy. The parent cell contains workers *e*, *f* and *g*. The first child cell contains workers *a*, *b* and *cg*, and the second child contains workers *d*, *e* and *f*.

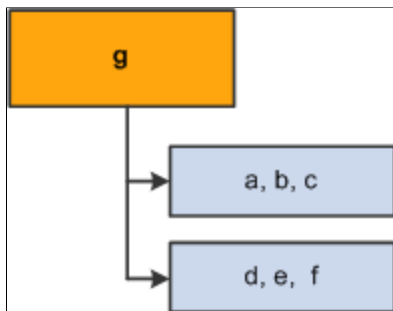


Notice that workers *e* and *f* are members of both the parent group and a child group. The allocation amounts for these two workers would be accounted twice in rollup to the parent group if the system did not eliminate the duplication.

The Determine Eligibility/Proration process removes the duplicate workers (*e* and *f*) from the parent group.

### Image: The VC tree after the Determine Eligibility/Proration process deletes duplicate members from the parent group

This diagram illustrates what the parent-child tree hierarchy looks like after the Determine Eligibility/Proration process is run. As a result, the parent cell contains worker *g* only. The first child cell contains workers *a*, *b* and *cg*, whereas the second child contains workers *d*, *e* and *f*.




---

**Note:** After the process removes duplicate members from the higher groups, allocation rollup is free of double accounting.

---

## Deleting Duplicates Doesn't Change Group Definitions

The groups in a VC Tree don't always retrieve the same content as if they were used on their own. The Delete Duplicates process is only within Variable Compensation and does not modify the Group Definition that was set up in Group Build.

- If you generate a list of members for the group ID that is illustrated previously, the list always shows all three workers (*e*, *f*, and *g*) even after the Delete Duplicates process runs.

- If you use the illustrated group ID for funding and allocation processing, the group appears to have only one member (*g*).

---

## Establishing Tree Security

To establish tree security, use the Group Tree Security (VC\_TREE\_SEC\_TABLE) component.

This section describes how to set up security relationships between Variable Compensation groups, users, and variable compensation components.

### Pages Used to Establish Tree Security

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<u>Group Tree Security Page</u>	VC_TREE_SEC_TABLE	Set up a security relationship between a group on a Variable Compensation tree, a user, and the Variable Compensation components.  Access to a group provides access to variable compensation components for all its child groups as well.
<u>VC - Tree Group Security Page</u> (Variable Compensation – Tree Group Security Page)	VC_TREE_SECU_SEC	Specify the components for which the selected user has security access.

### Group Tree Security Page

Use the Group Tree Security page (VC\_TREE\_SEC\_TABLE) to set up a security relationship between a group on a Variable Compensation tree, a user, and the Variable Compensation components.

Access to a group provides access to variable compensation components for all its child groups as well.

#### Navigation

Set Up HCM > Product Related > Compensation > Variable Compensation > Group Tree Security > Group Tree Security

## Image: Group Tree Security page

This example illustrates the fields and controls on the Group Tree Security page.

The screenshot displays the 'Group Tree Security' interface. On the left, a tree view shows the hierarchy under 'VC\_TREE' (Variable Compensation Groups). The right pane shows details for the selected group 'KVCALL'. It includes a 'User Security on Group' table with columns for 'User ID' and 'Default Security'. The table lists three users: HCRUSA\_KU0007, HCRUSA\_KU0011, and PS. The 'Effective Date' is set to 01/01/2000. The 'Default Security' checkbox is present for each user row.

**Tree Name** The name of the tree that you entered on the search page, along with its description.

**Effective Date** The default is the date that you entered in the Effective Date field of the search page. Change the date to access the same tree as of a different effective date.

## Using the Tree Control View

The Tree Control view on the left side of the page displays the tree as it is defined in PeopleSoft Tree Manager. Each node represents a group. The node description is the group ID.

In the Tree Control view, select a node for which you want to define security access. The group ID and description of the group appear on the right side of the page.

## User Security on Group

**Effective Date** Enter the effective date of the user's security access. You can add rows of data with different effective dates. Enter the page in Correct History mode to delete a row.

**User ID** You see a data row for the ID of each user who has security access to the selected group ID for the specified effective date. Add a user by adding a data row and selecting a user ID from the available values.

Set up your group tree security so that you give access to both the manager *and* the approver of a group.

You cannot delete users whose access to this group is inherited from a parent group (the Default Security check box is selected). The system performs this check within the tree and between



trees when the parent group is reused in another tree. If you try to delete a data row for inherited access, the system issues a message that specifies the user ID along with the tree name and group ID of the parent group.



### Component Security

Click the Component Security icon to the left of a User ID to access the VC - Tree Group Security page, where you set security on components for that user.

### Default Security

Select this check box if you want the automatic VC tree security update process to grant the user access to VC pages for all groups that you might place as a child under the selected group in future tree modifications.

*Example:* You grant user 1 default security access to group A. Later, you place group D (which was formerly a sibling of A) as a child of group A. The automatic VC tree security update process then grants user 1 default access to group D as long as D remains a child of A. If you later modify the tree so that group D is no longer a child of group A, the system warns you if an inconsistency exists in security. User 1 might no longer have access to VC pages for group D.

You cannot remove a user's security access to a group if the access is granted by default.

## VC - Tree Group Security Page

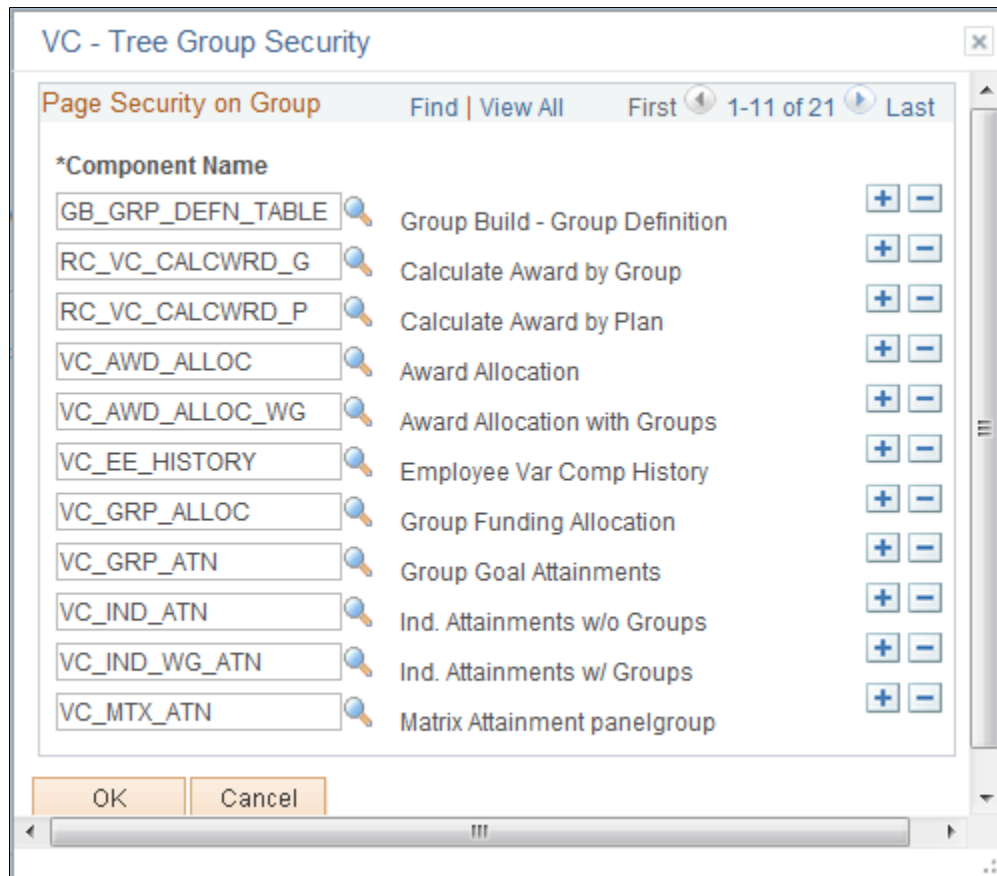
Use the VC (variable compensation) - Tree Group Security page (VC\_TREE\_SECU\_SEC) to specify the components for which the selected user has security access.

### Navigation

Click the Component Security icon to the left of the user ID on the Group Tree Security page.

**Image: VC - Tree Group Security page**

This example illustrates the fields and controls on the VC - Tree Group Security page.

**Component Name**

By default, a new user has access to all Variable Compensation components. On the VC - Tree Group Security page, delete the data rows for any components that you don't want the user to access. The system applies your component selections to the selected group ID, user ID, and effective date. Your selections also apply to any child groups of the selected group ID.

**Updating Trees and Tree Security**

When the VC administrator modifies a Variable Compensation tree in PeopleSoft Tree Manager, the new structure of the tree might not be in accordance with the existing Group Tree Security. Configure your application server so that the system automatically launches a process to correct security inconsistencies resulting from the different types of tree modifications.

When the system launches the automatic process to synchronize group tree security, it also generates email notification and, in some cases, a work list entry, depending on the nature of the tree modification. Depending on whether it is a tree delete, rename, or modification, the email informs the user that a sync process has been launched. In addition, depending on the cases, it triggers work list entries describing the additional manual actions required by the VC administrator.

## Deleting a Tree

If you delete a VC tree in PeopleSoft Tree Manager, the automatic process launches these actions:

- Removes the tree name from the Variable Compensation records.
- Sends an email to the VC administrator noting that the synchronization process has been launched.
- Sends a work list entry to the VC administrator with instructions to enter a new tree name in the records.

The email specifies the old deleted tree name, the deleted tree effective date, and the affected VC plan ID.

## Renaming a Tree

If a VC tree is renamed in PeopleSoft Tree Manager, the automatic process launches these actions:

- Changes the tree name in the Variable Compensation records.
- Sends an email to the VC administrator noting that the synchronization process has been launched.

The email specifies the old tree name and effective date and the new tree name and effective date.

## Restructuring a Tree

If the structure of a Variable Compensation tree is modified in PeopleSoft Tree Manager, the automatic process launches these actions:

- Updates the VC Group Tree Security.
- Sends an email to the VC administrator and security administrator noting that the synchronization process has been launched.

The email identifies the tree that has changed and the impact to groups and security.

---

**Warning!** You must configure your application server so that the automatic update process runs when you delete, rename, or restructure trees in PeopleSoft Tree Manager. Moreover, when modifying a tree, you need to ensure that the messaging server is up on the application server for the service operation queue *TREE\_MAINT*. If it is not up, the update process isn't triggered and the security administrator must update security manually on the Tree Group Security page. Use the Service Operations Monitor to verify that *TREE\_CHANGE* service operations are processed correctly.

---

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## Reporting on Tree Membership

This section discusses how to report on tree membership.

## Pages Used to Report on Tree Membership

Page Name	Definition Name	Usage
Tree Member Overlap Page	RUNCTL_VCP001	<p>Identify workers who exist multiple times on a tree.</p> <p>This page allows you to validate or correct the group membership, as appropriate.</p> <p>Select <i>VC_TREE</i> tree (Variable Compensation Group) as the tree.</p>
Tree Consistency Report Page	RUNCTL_VC_REP	<p>Provide a list of workers who have fallen off a tree and the groups to which they belonged.</p> <p>The variable compensation administrator or the workers' managers can use this information to ensure that these individuals receive the appropriate awards.</p>

### Tree Member Overlap Page

Use the Tree Member Overlap page (RUNCTL\_VCP001) to identify workers who exist multiple times on a tree.

This page allows you to validate or correct the group membership, as appropriate. Select *VC\_TREE* tree (Variable Compensation Group) as the tree.

#### Navigation

Compensation > Variable Compensation > Variable Comp Reports > Tree Member Overlap > Tree Member Overlap

#### Image: Tree Member Overlap page

This example illustrates the fields and controls on the Tree Member Overlap page.

Select the tree whose membership you want to report on.

Click Run and then select the process from the process list.

**Image: Tree member overlap process scheduler request**

This example illustrates the fields and controls on the Tree member overlap process scheduler request.

User ID: PS
Run Control ID: VC1

---

Server Name:

Recurrence:

Time Zone:

Run Date:

Run Time:

**Process List**

Select	Description	Process Name	Process Type	*Type	*Format	Distribution
<input type="checkbox"/>	VC Group Member Overlap	VCP001	SQR Report	Web	PDF	Distribution
<input type="checkbox"/>	<b>VC Tree Group Member Overlap</b>	VCVCP001	PSJob	(None)	(None)	Distribution
<input type="checkbox"/>	VC Group Member Overlap	VC_VCP001	Application Engine	Web	TXT	Distribution

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**Note:** You can select the VC Tree Group Member Overlap (PSJob) process to run both the AE (Application Engine) and the Structured Query (SQR) Report. Or you can run the AE process first, followed by the SQR report.

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## Chapter 6

# Processing Eligibility and Proration

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## Understanding Eligibility and Proration Calculation

Here are the basic steps you use to calculate eligibility and proration:

1. Set up plan membership.
  2. Set up proration-related control tables (for prorated plans).
  3. Run the Determine Eligibility/Proration Application Engine process (VC\_ELIG\_PRO).
    - The process generates a list of workers who are eligible under the plan and calculates the eligibility status.
    - For prorated plans, it calculates a proration factor that the system applies when it calculates the award allocation.
  4. View and adjust plan member eligibility.
- 

## Understanding Proration Factor Calculations

This section discusses:

- General proration factor calculation.
- Daily, weekly, or monthly frequency calculation method.
- Workday schedule calculation method.
- Proration percentage calculation method.
- Proration calculation method for plan members who fall off a tree.

## General Proration Factor Calculation

The proration factor is a number that expresses the portion of the payout period for which an individual was an eligible plan member. The highest proration factor is 1, which means that the individual was eligible for the entire payout period.

The Determine Eligibility proration process calculates eligibility and the proration factor. The Calculate Awards process uses the proration factor in awards calculation. Before you calculate awards, ensure that you have calculated proration for the entire plan payout period.

## Terms and Elements

These terms are important for understanding proration calculation.

<b>Payout Period</b>	The time period of a payout. It is defined for the plan by begin and end dates on the Plan Payout Periods page.
<b>Prorate Period</b>	A subset of the plan payout period that is used for proration. The Eligibility/Proration process tests a worker's eligibility as of each proration period end date.
<b>Eligibility Evaluation Period</b>	The time period of the eligibility/proration calculation. Define begin and end dates on the run control page.

## Basic Proration Factor Calculation Process

To calculate the proration factor:

1. Select Calculate Proration on the Plan Business Rules page.
2. Set up proration-related control tables.
  - Set up workday rules on the Workday Schedule page (for the workday schedule calculation method).
  - Set up proration percentage rules on the Percentage Proration Rules page (for the proration percentage calculation method).
  - Set up proration periods on the Prorate Periods page (for all prorated plans).
3. Define the begin and end dates of the eligibility evaluation period on the Determine Eligibility run control page.
4. Run the process to calculate eligibility based on whether the worker is eligible as of the end date of each of the proration periods evaluated.

Each time you run the process, it calculates the cumulative eligibility proration factor for each member from the begin date of the plan payout period through the eligibility evaluation end date.

The system displays the proration factor on the Eligible Employees by Plan or Eligible Employees by Group pages and on the Award Details section of the Allocate Awards page.

## Daily, Weekly, or Monthly Frequency Calculation Method

The system calculates the proration factor for each evaluation period and accumulates the factor for the entire payout period.

### Setting Up Prorate Periods

You set up the prorate periods on the Prorate Periods page. Select *Calendar Days*, *Weekly*, or *Monthly* as the proration frequency (length of the proration period).



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**Note:** If you select *Calendar Days*, do not select a prorate % ID when the field appears. If you select *Weekly*, or *Monthly*, define which day of the week or month is the as of date for eligibility calculation.

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The system defines the end dates of proration periods for the payout period based on the daily, weekly, or monthly frequency parameters.

### Setting Up Prorate Periods

You set up the prorate periods on the Prorate Periods page.

Select *Calendar Days*, *Weekly*, or *Monthly* as the proration frequency (length of the proration period).

---

**Note:** If you select *Calendar Days*, do not select a prorate % ID when the field appears. If you select *Weekly*, or *Monthly*, define which day of the week or month is the as of date for eligibility calculation.

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The system defines the end dates of proration periods for the payout period based on the daily, weekly, or monthly frequency parameters.

### Example of Monthly Calculation

This table describes the three proration periods in the example of monthly frequency with the end of the month as the period end date:

<b>Description</b>	<b>Date</b>
Evaluation period begin date	04/01/2000
Evaluation period end date	06/30/2000
Proration period end dates	April 30, May 31, June 30

The process evaluates eligibility for each of the three proration periods of the evaluation period. Workers who are eligible on the proration period end dates are eligible for the month.

The process credits qualifying members with a proration factor of 1/3 for each proration period for which they were eligible.

A member who was eligible in all three proration periods would receive a proration factor of one (3/3).

## Workday Schedule Calculation Method

The system calculates a proration factor for each day in the period and accumulates the worker's proration factors for eligible days. The calculation is:

Goal Weight × Performance Level of the Attainment Value

### Setting Up Workday Schedule Calculation

To set up workday schedule calculation:

1. Set up workday rules on the Workday Schedule page.
  - Create schedules assigning a factor to each day of the week (Sunday through Saturday).

- Each day in the period has a proration factor equal to that day's factor over the total of the factors for the period.
2. Set up the prorate periods on the Prorate Periods page.
    - Select *By Workday* as the proration frequency. This is a daily frequency, so the system creates a prorate period end date for each day in the payout period.
    - Select a Workday Rule to assign factors to each day in the payout period. This Workday Rule is assigned to all members of the plan for the duration of the payout period.

Goal Weight  $\times$  Performance Level of the Attainment Value

### Example

Workday Schedule Definition:

<b>Day</b>	<b>Factor</b>
Sunday	0
Monday	1
Tuesday	1
Wednesday	1
Thursday	1
Friday	1
Saturday	.5

Based on this schedule, the total factor was 23.5 in January 2000.

The proration factor attributed to a member for any eligible day in January 2000 is that day's factor on the workday schedule over 23.5. In this example, the proration factor for a Saturday is  $0.5/23.5$ ; the proration factor for a Tuesday is  $1/23.5$ .

The worker's proration factor for the entire payout period is the accumulated sum of the daily proration factors for eligible days in the period. The maximum, for a worker who is eligible on every day in the period, is  $23.5/23.5$ , or 1.

### Proration Percentage Calculation Method

The proration factor is determined by looking up the percentage associated with the number of days that the worker is eligible in the period.

The calculation formula is the percentage assigned to the range into which the worker's number of eligible days falls for the period.

## Setting Up Proration Percentage Calculation

To set up proration percentage calculation:

1. Set up proration percentage rules on the Percentage Proration Rules page.
2. For each prorate % ID, create separate proration rate schedules for workers who are active and those terminated at the end of the payout period.
3. For each proration rate schedule, define ranges of eligible days and associate a percentage with each range.
4. Set up prorate periods on the Prorate Periods page.
  - Select *Calendar Days* as the proration frequency. This is a daily frequency, so the system creates a prorate period end date for each day in the payout period.
  - Select a prorate % ID to associate proration rates schedules with the plan for the payout period.

### Example

Proration Rates schedule:

<i>Eligible Days</i>	<i>Proration Percentage</i>
10	35.00
21	65.00
31	100

Sample of proration factors:

<i>Employee's Eligible Days</i>	<i>Proration Factor</i>
5	35 percent
17	65 percent
22	100 percent

---

## Proration Calculation Method for Plan Members Who Fall Off a Tree

Sometimes a worker is a member of a group that was on the VC Tree for part of a payout period, but by the end of the period, the worker or group is no longer on the tree due to reorganization or other factors.

The Determine Eligibility proration process does not calculate the proration factor for such workers who fall off the tree. For prorated plans, the Consistency Report, available from the Variable Compensation

report menu, provides a list of the names and employee IDs of workers who have fallen off a tree, along with the group ID to which they belonged. The VC administrator or the workers' managers can use this information to manually add the workers back into the tree in a special group for this purpose.

To recalculate eligibility for workers who fall off a tree:

1. Create a group with all of the workers who fell off the tree.
2. Manually attach this group to the tree.
3. Run the eligibility process to correctly calculate the proration factor for members in the group.

## Related Links

[Reporting on Tree Membership](#)

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## Determining Eligibility and Calculating Proration

The Determine Eligibility/Proration Application Engine process (VC\_ELIG\_PRO) tracks the eligibility history of each plan member from the payout period start date to the payout period end date. Run the Determine Eligibility proration process at any time during the life of the plan. If any awards have been manually altered or have been submitted for payout or distribution for a payout period, you cannot rerun eligibility for that payout period.

---

**Note:** The Determine Eligibility proration process calls the VC\_ELIG\_PRO SQL query that retrieves only the most current effective-dated row in Job data for the employee, even if the employee has more than one job action within the time period specified in the group definition in Group Build.

---

**Note:** If you rerun the Determine Eligibility proration process after you have run the Determine Allocations or Calculate Awards process, you must run those processes again. The system issues a warning that you will lose all award calculations if you rerun the eligibility process.

---

## Page Used to Calculate Eligibility and Proration

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<a href="#">Determine Eligibility Page</a>	RUNCTL_VC_ELIG	Run the Determine Eligibility proration process, which populates the Eligible Employees by Plan and Eligible Employees by Group pages, updates eligibility status, and calculates proration for prorated plans.

## Determine Eligibility Page

Use the Determine Eligibility page (RUNCTL\_VC\_ELIG) to run the Determine Eligibility proration process, which populates the Eligible Employees by Plan and Eligible Employees by Group pages, updates eligibility status, and calculates proration for prorated plans.

## Navigation

Compensation > Variable Compensation > Identify Eligible Recipients > Determine Eligibility > Determine Eligibility

### Image: Determine Eligibility page

This example illustrates the fields and controls on the Determine Eligibility page.

The screenshot shows the 'Determine Eligibility' page. At the top, there are navigation links: 'Run Control ID VC1', 'Report Manager', and 'Process Monitor', followed by a 'Run' button. Below this is a section titled 'Process Request Parameters' which contains five input fields: 'Plan ID' (with a search icon), 'Payout Period ID' (with a search icon), 'Eval Begin Date', 'Eval As of Date', and 'Eval End Date'.

## Process Request Parameters

Run this process to calculate and update eligibility for all plans except those having Ad Hoc Awards as the plan member rule. For Ad Hoc Award plans, manually enter and change member eligibility on the Eligible Employees by Plan page.

### Plan ID

Select the VC plan for which you want to calculate eligibility and proration.

### Payout Period ID

Select the ID for the payout period during which you want to calculate eligibility and proration. Valid options are the payout periods that you defined for the plan ID that you selected. The list does not include payout periods for which an award has been finalized, canceled, or manually entered. In other words, if the Award Status on the Allocate Awards page is other than Initial Calculation for any award in the plan, or if any award was manually allocated, that payout period is not available for calculation of eligibility.

### Eval Begin Date (evaluation begin date)

This field is available only for prorated plans. Select the date from which the process should begin the eligibility proration calculation.

If you are running the process for the first time in the payout period, the payout period start date is the only option and is always available.

If you have already run the process during the payout period, the other available option is the start date of the proration period that follows the last proration period calculated.

For example, if you last ran the process for the period 01/01/2000 (payout period start date) through 03/31/2000 (proration period end date), the two available options would be 01/01/2000 (payout period start date) and 04/01/2000 (the next proration period start date).

**Eval As of Date** (evaluation as of date) This field is available only for non-prorated plans. Enter the date as of which you want the process to evaluate eligibility. The current date is the default value, but you can change it. The date must fall within the period identified by the payout period ID that you entered.

**Eval End Date** (evaluation end date) This field is available only for prorated plans. Select the date through which the process should calculate eligibility proration. The available options are all proration period end dates as defined for the plan on the Prorate Periods table.

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## Viewing and Adjusting Plan Member Eligibility

This section provides overviews of how to view and adjust plan member eligibility and eligibility status and discusses how to view and adjust plan member eligibility.

### Pages Used to View and Adjust Plan Member Eligibility

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<u>Eligible Employees by Plan Page</u>	VC_PLAN_MEM_TBL	View and adjust member eligibility for plans that do not use groups, or add workers to a plan for Ad Hoc Awards.
<u>Member History Page</u>	VC_PLAN_MEM_SEC	View or correct historical plan member eligibility data.
<u>Eligible Employees by Group Page</u>	VC_PLAN_MEM_WG_TBL	View and adjust member eligibility if the plan uses groups.
<u>Individual's Payout Page</u>	VC_EE_VCOMP	Add or delete plan members for plans that specify Empl VC Record (without groups) as the plan member rule.

### Understanding How to View and Adjust Plan Member Eligibility

When you run the Determine Eligibility proration process, the system enters eligible plan members and their eligibility status on the Eligible Employees by Plan page or the Eligible Employees by Group page. After calculating eligibility, use these pages to view the most recent list of eligible plan members. Also use these pages to adjust eligibility at any time during the life of the VC plan.

---

**Note:** Rerun the Determine Eligibility proration process if you adjust eligibility on the Eligible Employees by Plan pages.

---

This table illustrates which page the system populates, depending on the plan member rule:

<b>Plan Member Rule</b>	<b>Page Populated by the Determine Eligibility Proration Process</b>
Ad Hoc Awards	The eligibility calculation process does not apply. Enter member eligibility manually on the Eligible Employees by Plan page.
Employee Variable Compensation Record (without groups)	Eligible Employees by Plan page
Employee Variable Compensation Record with Groups	Eligible Employees by Group page
Define Tree/Group	Eligible Employees by Group page

These pages show current automatic eligibility status along with current and future manual eligibility status. The system tracks each change of eligibility status and keeps a full record of historical eligibility data for each worker, which you can view on the Member History page. Access the Member History page from a member's data row on the Eligible Employees by Plan page or Eligible Employees by Group page.

### Using the Eligible Employees by Plan Page for Ad Hoc Awards

For Ad Hoc Awards, add a new row in the grid for each new plan member who gets an award for the plan ID and payout period ID.

### Using the Eligible Employees by Plan Page for Employee VC Record Without Groups

When the plan member rule is Employee Variable Compensation Record (without groups), use the Eligible Employees by Plan page to view plan member eligibility or to change a member's eligibility status to a manual status, but you cannot manually add members. Add members on the Individual's Payout page.

### Related Links

[Setting Up Plan Members for Ad Hoc Awards](#)

## Understanding Eligibility Status

The Determine Eligibility proration process calculates the eligibility status for each plan member except members of Ad Hoc Award plans. Always establish eligibility status manually for Ad Hoc Award plans.

### Automatic Status Compared to Manual Status

Eligibility falls into the categories of automatic status and manual status. The Determine Eligibility proration process calculates automatic status based on a member's eligibility for a plan or group as established on the Individual's Payout page or in group definition criteria. Override the automatic status by entering a manual status for the plan member on the Eligible Employees by Plan page or Eligible Employees by Group page. The system does not override a manual status with an automatic status.

Throughout the life of a VC plan, a plan member's eligibility status can change for a number of reasons. To track changes, the system displays the member's eligibility status along with a date as of which that eligibility status is effective.

### Source of the Eligibility As Of Date

This table summarizes the source of the eligibility as of date, which depends upon the individual conditions of the plan and member:

<b>Plan Member Rule</b>	<b>Source of Automatic Status</b>	<b>Source of Manual Status</b>
Ad Hoc Awards	Not Possible.	Entered on the Eligible Employees by Plan page.
Employee VC Record (without groups)	Eligibility date entered on the Individual's Payout page.	Entered on the Eligible Employees by Plan page.  Overrides automatic status.
Employee VC Record with Groups Or Define Tree/Group	The member meets the Group Build criteria for the group on the date as of which the process calculates eligibility.	Entered on the Eligible Employees by Group page.  Overrides automatic status.

### Definitions of the Five Eligibility Status Codes

The five eligibility status codes are Auto Elig (automatic eligible), Auto Inelig (automatic ineligible), Elig Pro (eligible prorated), Man Elig (manual eligible), and Man Inelig (manual ineligible).

- *Auto Elig (Automatic Eligible)*

The Determine Eligibility proration process generates the Auto Elig status; you cannot manually enter this status. The calculation of Auto Elig status depends on the rules of the plan as shown here:

<b>Plan Member Rule</b>	<b>Non-prorated Plan</b>	<b>Prorated Plan</b>
Ad Hoc Awards	Automatic status is not possible.	Automatic status is not possible.
Employee VC Record (without groups)	On the eligibility evaluation as of date, the member is active in the Employee VC table and the employee status on the Job record is not excluded under the plan rules.	During the entire eligibility evaluation period, the member is active in the Employee VC table and the employee status on the Job record is not excluded under the plan rules.
Employee VC Record with Groups Or Define Tree/Group	The member meets all of the Group Build group definition criteria on the eligibility evaluation as of date.	The member meets all of the Group Build group definition criteria during the entire eligibility evaluation period.

- *Auto Inelig (Automatic Ineligible)*



The Determine Eligibility proration process generates the Auto Inelig status; you cannot manually enter this status. The system doesn't calculate an award allocation for plan members whose eligibility status is Auto Inelig. The calculation of the status depends on the rules of the plan as shown here:

<b>Plan Member Rule</b>	<b>Non-prorated Plan</b>	<b>Prorated Plan</b>
Ad Hoc Awards	Automatic status is not possible.	Automatic status is not possible.
Employee VC Record (without groups)	On the eligibility evaluation as of date, the member is not active in the Employee VC table or the employee status on the Job record is excluded under the plan rules.	The member is not active in the Employee VC table during the entire eligibility evaluation period or the Employee Status on the Job record is excluded under the plan rules.
Employee VC Record with Groups Or Define Tree/Group	The member does not meet all of the Group Build group definition criteria on the eligibility evaluation as of date.	The member does not meet all of the Group Build group definition criteria during the entire eligibility evaluation period.

- *Elig Pro (Eligible Prorated)*

The Determine Eligibility proration process generates the Elig Pro status; you cannot manually enter this status. Only prorated plans use this status. Elig Pro status indicates that the member was eligible for the plan on the end date of at least one, but not all, of the proration periods for which eligibility has been calculated within the plan payout period.

- *Man Elig (Manual Eligible)*

The member was added to the plan manually. Man Elig is the default status when you insert a new row on the Eligible Employees by Plan or Eligible Employees by Group page.

- *Man Inelig (Manual Ineligible)*

The member was manually made ineligible for the plan. The system doesn't calculate an award allocation for plan members whose eligibility status is Man Inelig.

## Eligible Employees by Plan Page

Use the Eligible Employees by Plan page (VC\_PLAN\_MEM\_TBL) to view and adjust member eligibility for plans that do not use groups, or add workers to a plan for Ad Hoc Awards.

### Navigation

Compensation > Variable Compensation > Identify Eligible Recipients > Eligible Employees by Plan > Eligible Employees by Plan

**Image: Eligible Employees by Plan page**

This example illustrates the fields and controls on the Eligible Employees by Plan page.

**Eligible Employees by Plan**

Plan ID HXVCT2      VC TC Empl VC Record

Period ID 2000-1

Period Begin Date 01/01/2000

Eval As of Date 03/31/2000

Period End Date 03/31/2000

Name

Employee ID

Eligibility Status Auto Eligible

1 to 4 of 4

Sort Members by

- Empl ID
- Name

Plan Member Details

Allocate Compensation	*Empl ID	Name	Empl Record	*Eligibility Status	*As of Date		
	HXEC01	Kelsey MacGregor	0	Auto Eligible	03/31/2000		
	HXEC02	George MacGregor	0	Auto Eligible	03/31/2000		
	HXEC03	Patsy Weatherford	0	Auto Eligible	03/31/2000		
	HXEC09	Susan Rice	0	Auto Eligible	03/31/2000		

**Period Begin Date and Period End Date**

The dates that you defined for this VC plan and payout period ID in the Payout Periods table.

**Eval As of Date** (evaluation as of date)

Different values appear depending upon these VC plan conditions:

If VC Plan Conditions = *Ad Hoc Awards*, default value = The current date (this date is not available for change)

If VC Plan Conditions = *Non-prorated plan* or *Prorated plan*, default value = The Eval As of Date. Enter this date on the Determine Eligibility proration process run control page.

**Refresh Search Fields**

Click the Refresh Search Fields icon to eliminate all the previously entered search criteria from the filter fields.

**First Item**

Click the First Item button to display the first chunk of members.

**Previous Item**

Click the Previous Item button to display the previous chunk of members.

**Next Item**

Click the Next Item button to display the next chunk of members.

**Last Item**

Click the Last Item button to display the last chunk of members.

**Search**

Click to retrieve and display the first chunk of members and to display the results of a new search. The field to the left of this link tells you which rows are visible compared to the total number of rows that match the current search criteria. For

example, *12 to 20 of 56* means that rows 12 to 20, out of a total of 56 rows, are displayed.

### Sort Members by

Select whether to display the members in the list in order by *EmplID* or *Name*. *EmplID* is the default.

## Populating Plan Members in Chunks

Because the number of plan members can be very large, the system loads members into this page in chunks. If members exist for the current plan ID, payout period, and group, the system loads the first chunk into the page by default. Click the Refresh button to view the members. Determine the number of rows in a chunk in the Max Number of Rows in Scrolls field on the Installation Table.

Enter information into one or more of the filter fields to narrow your search, and then click the Refresh button to populate the page with members who meet the search criteria. Use navigator buttons to move from one chunk to another.

Use these filters and navigator buttons:

**Name** Enter one or more letters to filter by workers' last names.

**Employee ID** Enter one or more numbers to filter by employee IDs.

**Eligibility Status** Select an available value to filter by status.

## Plan Member Details

When you click Search, the system loads the first chunk of members for the current plan ID, payout period, and group into the page. View a different chunk by using the Plan Member Chunking controls. For Ad Hoc Award plans, the grid is empty if you have not previously entered members for the plan ID and payout period ID.

Member information displayed in this grid is the current and future information about each member, as of the evaluation as of date that appears at the top of the page. In other words, the as of date in the grid data row is equal to or later than the evaluation as of date at the top of the page.

**EmplID** (employee ID) The plan member's employee ID appears. Entering or changing the ID is subject to these conditions:

<b>Plan Member Rule</b>	<b>Add EmplID</b>
Ad Hoc Awards	Authorized in Update/Display or Correct History mode when you add a worker to the plan in a new data row.  The system displays the employee name after EmplID is selected.
Or	
Employee VC Record with Groups	
Or	The system sets the Eligibility status of the new row to <i>Man Elig</i> .
Define Tree/Group	
Employee Variable Compensation (without groups)	Not authorized.

**Empl Record** (employment record number)

The member's employment record number from the latest Job record having an effective date equal to or less than the eligibility as of date.

**Eligibility Status**

The current or future eligibility status appears. Values are:

- *Auto Elig* (automatic eligibility): The eligibility process calculates this status.
- *Auto Inelig* (automatic ineligibility): The eligibility process calculates this status.
- *Elig Pro* (eligible prorated): The eligibility process calculates this status.
- *Man Elig* (manual eligibility): The default when you add a new row.
- *Man Inelig* (manual ineligible).

Entering or changing the Eligibility status on the Eligible Employees by Plan page or Eligible Employees by Group page is subject to these conditions:

<b>Plan Member Rule</b>	<b>Add Eligibility Status</b>	<b>Change Eligibility Status</b>
Ad Hoc Awards	Authorized in Update/Display or Correct History mode.  Only authorized in a new data row.  <i>Man Elig</i> is the default when you add a new row.	Authorized in Correct History mode only.  Change <i>Man Elig</i> to <i>Man Inelig</i> or <i>Man Inelig</i> to <i>Man Elig</i> .
Employee Variable Compensation (without groups)	Not authorized.	Authorized in Correct History mode only.  Change <i>Man Elig</i> to <i>Man Inelig</i> or <i>Man Inelig</i> to <i>Man Elig</i> , or change an automatic status to a manual status.
Employee VC Record with Groups  Or  Define Tree/Group	Authorized in Update/Display or Correct History mode.  Only authorized in a new data row.  <i>Man Elig</i> is the default when you add a new row.	Authorized in Correct History mode only.  Change <i>Man Elig</i> to <i>Man Inelig</i> or <i>Man Inelig</i> to <i>Man Elig</i> , or change an automatic status to a manual status.

**As of Date**

Indicates the changes in eligibility during a given payout period.

When the Eligibility status is Auto Elig, Auto Inelig, or Elig Pro, this date is the date as of which the system calculated eligibility. When the Eligibility status is an automatic status, you cannot change the date.

When the Eligibility status is Man Elig or Man Inelig, you can change the as of date only in Correct History mode.

You can enter a date between the evaluation as of date and the payout period end date only.

### **Proration**

Appears only for prorated plans. The Determine Eligibility proration process calculates this proration factor, which is not available for change.



### **Allocate Compensation**

Click the Allocate Compensation button to access the Member History page, where you can view and modify the selected member's eligibility history under this plan ID and payout period ID.

This button is unavailable if the plan member rule is Ad Hoc Award.

## **Member History Page**

Use the Member History page (VC\_PLAN\_MEM\_SEC) to view or correct historical plan member eligibility data.

### **Navigation**

Click the Allocate Compensation button to the left of the plan member's data row on the Eligible Employees by Plan page or Eligible Employees by Group page.

**Image: Member History page**

This example illustrates the fields and controls on the Member History page.

The system displays the plan member's identification information from the corresponding data row in the Eligible Employees by Plan page or Eligible Employees by Group page.

**Eligibility History****As of Date**

The date as of which the eligibility status changed.

Change the as of date only if the Eligibility status is a manual status and you are in Correct History mode. The as of date that you enter must be between the plan's payout period begin date and evaluation as of date at the top of the Eligible Employees by Plan page or Eligible Employees by Group page.

**Eligibility Status**

You must be in Correct History mode to change the Eligibility status. You can change an automatic status to a manual status, but you cannot change manual to automatic. You can change *Man Elig* to *Man Inelig* or *Man Inelig* to *Man Elig*. You would change the status only to correct the historical information.

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**Note:** The system does not maintain historical data for Ad Hoc plans.

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## Eligible Employees by Group Page

Use the Eligible Employees by Group page (VC\_PLAN\_MEM\_WG\_TBL) to view and adjust member eligibility if the plan uses groups.

### Navigation

Compensation > Variable Compensation > Identify Eligible Recipients > Eligible Employees by Group > Eligible Employees by Group

### Image: Eligible Employees by Group page

This example illustrates the fields and controls on the Eligible Employees by Group page.

The fields on this page are identical to the fields on the Eligible Employees by Plan page with this additional field:

### Group ID

The group ID and the group description for the active group appears. Use the previous and next buttons to select a different group.

### Related Links

[Viewing and Adjusting Plan Member Eligibility](#)

## Maintaining Eligibility for Employee Variable Compensation Record Plans

For plans that specify Employee Variable Compensation Record (without groups) as the plan member rule, update plan member information using the Individual's Payout page or the Eligible Employees by Plan page.

See [Setting Up Members with Employee Variable Compensation Records](#).

### Individual's Payout Page

Use the Individual's Payout page to add or delete plan membership or to change target payout information at any time in the life of the plan.

To add or delete membership on the Individual's Payout page:

1. Insert a new effective-dated row.

The system asks whether you want to copy forward all existing plan rows from the previous effective date. Copy the rows forward if the worker is still active in the plans.

2. To make a worker ineligible for a plan, insert a new effective-dated row and keep the plan detail but delete the value in the Eligibility Date field (null value).

Deleting the entire detail row for that plan does not make the worker ineligible.

3. To make a worker eligible for a plan, insert a new plan row and enter data as necessary.

## **Eligible Employees by Plan Page**

Use the Eligible Employees by Plan page to change a member's eligibility status.

### **Related Links**

[Viewing and Adjusting Plan Member Eligibility](#)



## Chapter 7

# Setting Up and Using Weighted Goals

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## Understanding Weighted Goals

This section discusses:

- Weighted goal terminology.
- Weighted goal levels.
- Steps for using weighted goals.
- Calculation of the performance factor.

## Weighted Goal Terminology

This section discusses terminology related to weighted goals.

<b>Goal</b>	A performance measure that you define on the Goals page.
<b>Attainment Percentage</b>	The percentage of accomplishment of performance goals at each goal level.

## Weighted Goal Levels

You can manage a variable compensation plan by using weighted goals at up to three levels. The three levels are organization, group, and individual. When you define the plan, assign a plan goal weight to each level. The plan goal weight indicates the relative value of each level in the final performance factor calculation. If you don't use a level, assign a plan goal weight of 0 percent.

To calculate the performance of an individual, the system multiplies the goal attainment at each level by the goal weight percentage to produce a weighted attainment. It then calculates the total weighted attainments of all three levels.

### Organization Goals

Organization goals are performance goals that you set for the entire organization. Assign a weighted goal percentage to each organization goal to determine its importance relative to other goals at the same level. The attainment percentage of the organization goals affects the variable compensation calculation of all plan members equally. An organization goal might be financial (for example, revenues), or it could be operational (for example, head count).

### Group Goals

You can use group goals if you administer the plan by using groups. Group goals are performance goals that you set for all members of a group. Child groups inherit the performance factor of parent groups

unless you establish different goals at the child group level. When you specify goals for a group, the group performance factor is calculated based on the attainments for the group's own goals. If no goals are specified, the group performance factor is taken from the parent group.

Assign a weighted goal percentage to each group goal to determine its importance relative to other goals at the same level. The attainment percentage of group goals affects the variable compensation calculation of all members of the group equally.

## Individual Goals

Individual goals are performance goals that you set for individual plan members. You assign a weighted goal percentage to an individual goal to determine its importance relative to other goals at the same level. The attainment percentage of individual goals affects only the variable compensation calculation of the individual plan member.

## Related Links

[Running the Organization and Group Goals Report](#)

[Defining Goals](#)

## Steps for Using Weighted Goals

Here are the high-level steps for using weighted goals to manage a plan:

1. Define goal IDs on the Goals page.
2. Define weighted goals as a plan option on the Plan Definition page.
  - a. Select *Weighted Goals* as the plan goals type.
  - b. Specify the plan goal weights for each of the three goal levels (the total must be 100 percent).
3. Set up weighted goals in the Plan Goals component (VC\_PLAN\_GOAL) or the Plan Goals with Groups (plan goals with groups) component (VC\_PLAN\_GOAL\_WG).
4. Enter goal attainments for each level of weighted goals on the goal attainments pages.
5. Calculate a performance factor for organization and group goals by running the Determine Allocation Application Engine process (VC\_DET\_ALLOC).
6. Calculate a performance factor for individual goals by running the Calculate Awards Application Engine process (VC\_CALWRD or VC\_CALWRD\_WG).
7. Apply the performance factor to the target payout by running the Calculate Awards process.
8. Run the optional Organization and Group Goals report before or after the measurement period.

## Calculation of the Performance Factor

The Determine Allocations process calculates the performance factor for organization and group goals. The Calculate Awards process calculates the performance factor for individual goals. The Calculate Awards process also calculates the total performance factor and applies it to the prorated target payout.

The system multiplies these three percentages to calculate the performance factor for each goal:

- The weighting percentage that you assign to the goal level when you define the plan.
- The weighting percentage that you assign to the performance goal.
- The percentage of accomplishment of the performance goal.

The formula for calculating the performance factor for each goal is:

$$\text{Plan Goal Weighted Percentage} \times \text{Weighted Goal Percentage} \times \text{Attainment Percentage} = \text{Performance Factor}$$

The Calculate Awards process sums the performance factor of all goals to derive the plan member's total performance factor. It rounds the calculation up to five decimal places.

### Example of a Performance Factor Calculation and Award Calculation

**Image: Performance factor calculation with plan goal weight percentages, weighted goal percentages, attainment percentages, and performance factors**

This diagram illustrates a performance factor calculation for goals established at three levels, using the formula.

Goals	Plan Goal Weight Percentage	Weighted Goal Percentage	Attainment Percentage	Performance Factor
Org. Goal 1	50	35	100	.175
Org. Goal 2	50	65	125	.40625
Group Goal 1	35	50	75	.13125
Group Goal 2	35	50	50	.0875
Individual Goal 1	15	100	100	.15
<b>Total Performance Factor</b>				.95

$$\text{Plan Goal Weighted Percentage} \times \text{Weighted Goal Percentage} \times \text{Attainment Percentage} = \text{Performance Factor}$$

The Calculate Awards process multiplies the prorated target payout by the performance factor to calculate the award.

The following data is used to calculate the quarterly award in this example:

<i>Data Description</i>	<i>Data Value</i>
Worker salary	50,000 USD (annual rate)
Plan payout formula	15% of base pay (quarterly)

<b>Data Description</b>	<b>Data Value</b>
Proration factor	0.75
Performance factor	0.95 (calculated in the preceding example)

Here is the calculation of the award:

$$\{((50,000 \times 15\%) \div 4) \times 0.75\} \times 0.95 = 1,335.94 \text{ USD}$$

## Setting Up Weighted Goals

To set up weighted goals, use the Plan Goals (VC\_PLAN\_GOAL) and Plan Goals with Groups (VC\_PLAN\_GOAL\_WG) components.

This section provides an overview of weighted goal setup, lists prerequisites, and lists the pages used to set up weighted goals at the plan, group, or individual level.

### Pages Used to Set Up Weighted Goals

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
Organization Goals Page	VC_ORG_GOAL	Assign goals to the plan at the organization level and indicate their relative weighting. The sum of all organization goals must be 100 percent.  See <a href="#">Organization's Goals Page</a>
Group Goals	VC_GRP_GOAL	Assign goals to the plan at the group level and indicate their relative weighting. The sum of all group goals must be 100 percent.  The search dialog for the component lists only plans that use groups.  See <a href="#">Group's Goals Page</a>
Default Individual Goals	VC_IND_GOAL	For plans that do not use groups, assign default goals to the plan at the individual level and indicate their relative weighting. The sum of all individual goals must equal 100 percent.  The system enters the goals that you set up on the Default Individual Goals setup page as the default goals on the Individual's Goals page, where you can modify them for individual workers.  See <a href="#">Individual's Goals Page</a>

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
Default Individual Goals (with groups)	VC_IND_GOAL_WG	<p>For plans that use groups, assign default individual goals to each group in the plan and indicate their relative weighting. The sum of all individual goals must equal 100 percent.</p> <p>The system enters the goals that you set up on the Default Individual Goals setup page as the default goals on the Individual w/in Group page, where you can modify them for individual workers.</p> <p>See <a href="#">Individual w/in Group Page</a></p>

## Understanding Weighted Goal Setup

Set up goals only at levels for which the Plan Goal Weight is above 0% on the Plan Definition page. You can set up any number of goals at each level, as long as the total weighting percent at each level is 100%.

### Example of One Goal at One Level

This table illustrates setting up one goal at one level:

<b>Goal</b>	<b>Weighting Percent</b>	<b>Comments</b>
ROI (return on investment)	100 percent	ROI goal of 18 percent

### Example of Three Goals at One Level

This table illustrates setting up three goals at one level:

<b>Goal</b>	<b>Weighting Percent</b>	<b>Comments</b>
ROI	50 percent	ROI goal of 18 percent
EPS (Enrollment Planning Service)	25 percent	EPS of 2.35 USD
TSR (Total Shareholder Return)	25 percent	11 percent of TSR

## Prerequisites

Before you can set up the goal weights, you must:

- Define goals.  
See [Defining Goals](#).
- Set up the plan definition for weighted goals.  
See [Plan Definition Page](#).

## Entering Weighted Goal Attainments

This section provides an overview of weighted goal attainments and discusses how to enter weighted goal attainments.

### Pages Used to Enter Weighted Goal Attainments

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<u>Organization's Goals Page</u>	VC_ORG_GOAL_ATN	Enter the goal attainments for the organization goals that you set up for the plan.
<u>Group's Goals Page</u>	VC_GRP_GOAL_ATN	Enter the goal attainments for the group goals that you set up for the plan.
<u>Individual's Goals Page</u>	VC_IND_GOAL_ATN	Add goals and weights, change or delete default goals and weights, and enter goal attainments for individual plan members.  This page is for plans that don't use groups.
<u>Individual w/in Group Page</u> (Individual Within Group Page)	VC_IND_GOAL_WG_ATN	Add goals and weights, change or delete default goals and weights, and enter goal attainments for individual plan members.  This page is for plans that use groups.

### Understanding Weighted Goal Attainments

A goal attainment is a percentage that expresses the degree to which the organization, group, or individual meets the stated goal during the performance period. Enter an attainment percentage greater than 100 percent if performance of the goal exceeds expected performance. If you do not enter an attainment percentage for a goal that you have set up, the system uses 0 percent as the attainment percentage for that goal.

Enter goal attainments at each level for which you set up weighted goals in the plan. When you access a goal attainment page, the system displays a data row for each goal ID that you set up at that level for the plan or group.

Enter goal attainments whenever the information is available in the organization's business process, subject to these limitations.

#### Organization and Group Attainments

Enter all organization and group attainments before you run the Determine Allocation process.

#### Individual Attainments

Enter individual attainments any time after you've run the Eligibility process but before you run the Calculate Awards process for the plan or group.

## Organization's Goals Page

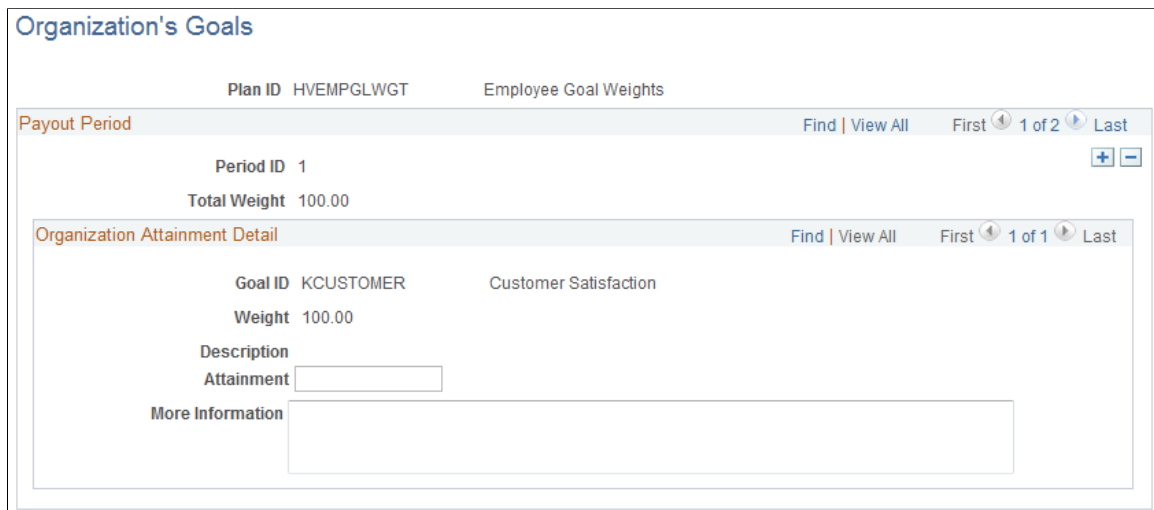
Use the Organization's Goals page (VC\_ORG\_GOAL\_ATN) to enter the goal attainments for the organization goals that you set up for the plan.

### Navigation

Compensation > Variable Compensation > Define Goal Attainments > Organization's Goals > Organization's Goals

### Image: Organization's Goals page

This example illustrates the fields and controls on the Organization's Goals page.



#### Period ID

Select the plan payout period for which you want to enter goal attainments.

#### Goal ID

Select a goal ID. The system displays a row for each goal ID that you enter on the Organization's Goals setup page. You must enter a goal attainment for each goal that you set up. The system uses 0 percent as the attainment percentage if you leave this field blank.

#### Weight

The system displays the weighting percentage that you assign to the goal ID.

#### Attainment

Enter the percentage attained value for the goal.

#### Long Description

Enter any information pertinent to the goal attainment.

## Group's Goals Page

Use the Group's Goals page (VC\_GRP\_GOAL\_ATN) to enter the goal attainments for the group goals that you set up for the plan.

### Navigation

Compensation > Variable Compensation > Define Goal Attainments > Group's Goals > Group's Goals

## Image: Group's Goals page

This example illustrates the fields and controls on the Group's Goals page.

The screenshot shows a web interface titled "Group's Goals". At the top, it displays "Plan ID HVEMPRPGL" and "Employee Groups with Weighted Goals". Below this is a "Payout Periods" section with "Period ID 1" and navigation controls "Find | View All | First 1 of 1 | Last". Underneath is a "Groups" section with "Group ID" and similar navigation controls. The main area is titled "Group Goal Attainments" and contains a form with the following fields: "Goal ID", "Weight", "Attainment" (with a text input field), "Description", and "More Information" (with a larger text area). Navigation controls "Find | View All | First 1 of 1 | Last" are also present in this section.

The system attributes the performance factor of a group to all of its child groups unless you have set up goals at a child level. As a result, any child group without defined goals takes on the performance factor of the next highest group with defined goals on the tree.

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**Note:** The child group does not inherit the actual attainments; it inherits only the performance factor.

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All fields on this page are identical to the fields on the Organization's Goals page, with the addition of the Group ID field.

### Group ID

Select the ID of the group for which you want to enter goal attainments. The system displays the description of the group.

### Related Links

[Organization's Goals Page](#)

## Individual's Goals Page

Use the Individual's Goals page (VC\_IND\_GOAL\_ATN) to add goals and weights, change or delete default goals and weights, and enter goal attainments for individual plan members. This page is used for plans that don't use groups.

### Navigation

Compensation > Variable Compensation > Define Goal Attainments > Individual's Goals > Individual's Goals

The Individual's Goals page is similar to the Group's Goals page and the Organization's Goals page. The Eligibility/Proration process loads the default individual goals onto this page for all eligible plan members. Use the defaults as a starting point for updating the goals of the individual before entering goal attainments.

### Period ID

Displays the ID for the plan payout period for which you want to enter goal attainments.



<b>No Goals</b>	Select to delete all individual goals for the plan member. When you select No Goals, the system deletes all individual goal records for the plan member. This renders the fields unavailable for entry. The system then uses 100 percent as the attainment percentage at the individual level. That way, a lack of goals does not cause a reduction of the award.
<b>Total Weight</b>	The system sums the weighting percentages as you change or enter them for each goal, and it displays the cumulative total in this field. Adjust the weights for goals until the sum of all goal weights for the payout period is 100 percent. Before you can save the page, the total weight must equal 100 percent.
<b>Goal ID</b>	Displays a row for each default goal ID that you enter on the Organization's Goals setup page. Select a data row for a default goal ID, or add a new goal by selecting an ID from the options.
<b>Weight</b>	Displays the weighting percentage assigned to the default goal ID. Change the default weight, or enter a weighting percent for a new goal ID. The total of all weights for the payout period ID must equal 100 percent.
<b>Attainment</b>	Enter the percentage attained value for each goal.

## Individual w/in Group Page

Use the Individual w/in Group (individual within group) page (VC\_IND\_GOAL\_WG\_ATN) to add goals and weights, change or delete default goals and weights, and enter goal attainments for individual plan members. This page is .for plans that use groups.

### Navigation

Compensation > Variable Compensation > Define Goal Attainments > Individual w/in Group > Individual w/in Group

## Image: Individual w/in Group page

This example illustrates the fields and controls on the Individual w/in Group page.

The screenshot displays the 'Individual w/in Group' page. At the top, it shows 'Plan ID KCORP' and 'Tree Plan - Corporate Compensation'. Below that is 'Period ID Q1'. A 'Groups' section shows 'Group ID KCSALES' and 'Sales CAN'. The 'Employee Details' section lists 'Employee ID KC0008' and 'Kenneth Wilson', with 'Record 0' and 'Total Weight 100.00'. There is a 'No Goals' checkbox. The 'Individual Goal Attainments' section shows a search for '\*Goal ID KINDVDUAL' with 'Individual Sales Goals' as a result. Fields for 'Weight' (100.00) and 'Attainment' (100.00) are visible, along with a 'More Information' text area.

The system does not automatically apply the attainment percentages of a parent group to its child groups on the tree. You must select the group ID of each group for which you want to modify default individual goals and enter attainment percentages.

The Eligibility/Proration process loads the default individual goals into this page for members of groups with default individual goals defined. Use the defaults as a starting point for updating the goals of the individual before entering goal attainments.

All fields on this page are identical to the fields on the Individual's Goals page, with the addition of the Group ID field.

### Group ID

Displays the group ID of the plan members whose goal attainments you want to enter.

### Related Links

[Individual's Goals Page](#)

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## Running the Organization and Group Goals Report

This section lists the page used to run the Organization and Group Goals report (VC011).

## Page Used to Run the Organization and Group Goals Report

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Organization and Group Goals	RUNCTL_VC_REP	Run the Organization and Group Goals report (VC011).  This report provides the plan goal weights for the variable compensation plan ID and period ID. It also lists all organization and group-weighted goals in the plan with their weighting percentages and attainment percentages.

### Related Links

"Basic PeopleSoft HCM Reports: A to Z" (PeopleSoft HCM 9.2: Application Fundamentals)



## Chapter 8

# Setting Up and Using Matrix Goals

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## Understanding Matrix Goals

This section discusses the following topics and provides an example of goals matrix and performance score calculation:

- Types of matrix goals.
- Matrix goal terminology.
- Steps for using matrix goals.

## Types of Matrix Goals

When you use a goals matrix, you set up goals, performance levels, and a payout schedule. The system calculates a performance score that determines the payout formula that the Award Allocation process uses to calculate awards.

Because a goals matrix determines the payout formula at the organization or group level, consider your options carefully before using a goals matrix for plans administered with one of these plan member rules:

- Employee VC Record
- Employee VC Record with Groups

With these plan member rules, you can set the target payout at the individual plan member level. You override this feature when you use a goals matrix.

You can manage a variable compensation plan with a goals matrix at the organization level or the group level. The level depends on the plan member rule that you established for the plan, as shown here:

- Use an organization goal matrix if the plan member rule is Empl VC Record (without groups).
- Set up the matrix at the group level for group goals if the plan member rule is Empl VC Record with Groups or Define Tree/Group.

The system does not support matrix goals at the individual level.

### Organization Goals Matrix

With this type of matrix, you set performance goals for the entire organization. The performance score for organization goals determines the payout formula for all plan members.

### Group Goals Matrix

With this type of matrix, you set performance goals for all members of a group. Child groups inherit the group goals and attainments of parent groups, unless you establish a different goals matrix at the child

group level. The performance score for group goals determines the payout formula for all members of the group.

## Matrix Goal Terminology

This section discusses terminology related to matrix goals.

<b>Weight</b>	The weighting percentages assigned to the performance goals that you set up in the matrix.
<b>Threshold</b>	Minimal performance conditions that must be met before a payout occurs. Thresholds cancel payouts when a minimally acceptable performance level is not achieved for the goals that you set.
<b>Target</b>	Performance conditions that must be met before an optimal payout occurs. A target involves the average level of performance in achieving the goals in the matrix. A group or organization typically meets the target level of performance 80 percent of the time.
<b>Stretch</b>	Performance conditions that must be met before the highest payout occurs. Stretch involves the maximum level of performance in achieving the goals in the matrix. A group or organization typically reaches the stretch level of performance 50 percent of the time.
<b>Performance level</b>	<p>The percentages that you assign to the threshold, target, and stretch levels in the matrix. The system uses these percentages to calculate the performance score.</p> <p>The number of performance levels corresponds to the number of columns that you specify for the matrix. Common practice is to set up five levels that range from 80 percent to 120 percent. In such a scheme, 80 percent and 90 percent represent performance that is below expected, 100 percent represents the expected level of performance, and 110 percent and 120 percent represent higher-than-expected performance. Three-level and seven-level matrices are also common.</p>
<b>Attainment</b>	Numeric representation of the attainment of a matrix goal. The system interpolates the goal attainment value to a performance value. That performance value determines the performance level percentage used in the performance score calculation.
<b>Score</b>	The system calculates the score for each goal by multiplying the goal weight by the percentage of the performance level at which the attainment value falls. The total performance score is the sum of the scores for all goals in the matrix. The system determines the payout formula based on where the total performance score falls on the payout schedule.

<b>Total score</b>	Sum of the performance scores for all goals within the matrix. The system determines the payout formula based on where the total performance score falls on the payout schedule.
<b>Payout schedule</b>	Schedule of performance score ranges and associated payout formulas.
<b>Payout formula</b>	Formula that the system uses to calculate the plan member's variable compensation award. Typically, the formula is a percentage of base pay.

## Steps for Using Matrix Goals

Here are the high-level steps for using a goals matrix to manage a variable compensation plan:

1. Define goal IDs on the Goals page.
2. Define the goals matrix option on the Plan Definition page.
 

To define the goals matrix:

  - a. Select *Goals Matrix* as the plan goals type.
  - b. Define the number of columns that you want to set up in the matrix.
3. Set up the goals matrix on the Plan Goals - Matrix Goals page or the Plan Goals with Groups - Matrix Goals page.
  - a. Enter the goal IDs that you use to evaluate performance.
  - b. Establish a weighting percentage for each goal ID (the cumulative total of the weights for all goals must equal 100 percent).
  - c. Enter the threshold, target, and stretch performance level percentages for the number of matrix columns that you define for the plan.
  - d. Identify the measurable performance level values for each goal at each performance percentage level.
4. On the Payout Schedule page, identify a payout schedule that represents the amount of award that a plan member would receive at the various performance levels.
5. On the matrix goal attainment pages, enter the goal attainment value for each goal.

The system performs these calculations:

- a. Determines the performance score for each goal.
  - b. Sums the scores of all goals.
  - c. Determines the payout formula.
6. Calculate the award using the payout formula by running the Calculate Awards process.

- 7. Determines the performance score for each goal

**Related Links**

[Defining Goals](#)

**Example of Goals Matrix and Performance Score Calculation**

**Image: Sample goal matrix showing threshold, target, and stretch amounts**

This example illustrates a sample goal matrix with five rows showing threshold, target, and stretch amounts.

Goals	Weight	Performance Levels					Attainment	Score
		Threshold	Target	Stretch	110%	120%		
On-Time Service Accuracy	40%	85%	90%	92%	94%	97%	92%	40
Contribution Margin	35%	12%	14%	16%	18%	20%	18%	39
Customer Satisfaction	25%	80	85	90	95	98	85	23
Total Goal Weight	100%	Total Performance Score						102

The sample matrix shows these elements:

- Five performance levels ranging from 80 percent to 120 percent (for the threshold, target, and stretch levels).
- Three goals for measuring performance.
- Weight percentages for each goal (the total goal weight is 100 percent).
- The performance values to be attained for each goal at each performance level.

---

**Note:** The contribution margin is usually expressed as a percentage. The plan administrator has indicated that a contribution margin of 12 percent is the lowest value that the organization needs to reach to qualify for a reward. However, 16 percent is the ideal target.

---

You do not have to express performance values as percentages. Note that the customer satisfaction performance value is a flat amount because it is measured by scores on a survey.

- The actual goal *attainment* value expressed in the same measure (percent or flat amount) as the performance value for each goal.
- The score that the system has calculated for each goal and the total performance score.

**Calculation of the Performance Score**

The formula for calculating the performance score is:



### Goal Weight × Performance Level of the Attainment Value

In the example, the attainment value for on-time service accuracy is 92 percent. The 92 percent performance value falls at the 100 percent performance level. So the performance score calculation for on-time service accuracy is:

$$40\% \times 100\% = 40$$

The attainment value for the contribution margin is 18 percent. The 18 percent performance value falls at the 110 percent performance level. So the performance score calculation for the contribution margin is:

$$35\% \times 110\% = 39$$

The attainment value for customer satisfaction is 85. The performance value of 85 falls at the 90 percent performance level. So the performance score calculation for customer satisfaction is:

$$25\% \times 90\% = 23$$

The total performance score is the sum of the scores for all three goals:

$$40 + 39 + 23 = 102$$

---

**Note:** If the attainment value falls between two performance levels, the system interpolates the performance level. For example, if the attainment value for on-time service accuracy is 91 percent, the system interpolates the performance level to be 95 percent. The 95 percent value is the midpoint between the performance levels at 90 percent and 100 percent, which corresponds to the performance values of 90 percent and 92 percent, respectively.

---

### Determination of the Payout Formula

You set up a payout schedule that associates payout formulas with ranges of total scores. The system evaluates only the scores that are equal to or higher than the threshold when it assigns payout formulas.

Here is an example of a payout schedule:

<b>Range</b>	<b>Payout Formula</b>
80–90	3% of quarterly base pay
90–100	5% of quarterly base pay
100–110	7% of quarterly base pay
110–120	10% of quarterly base pay
120	15% of quarterly base pay

In this example, the total performance score of 102 falls in the range of 100–109, so the payout formula is 7 percent of quarterly base pay. The Calculate Awards process uses the payout formula when it calculates the award.

## Setting Up Matrix Goals

To set up matrix goals, use the Plan Goals (VC\_PLAN\_GOAL) and Plan Goals with Groups (VC\_PLAN\_GOAL\_WG) components.

This section discusses how to set up matrix goals.

### Pages Used to Set Up Matrix Goals

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<u>Matrix Goals Page</u>	VC_MTX_GOAL	Define the goals matrix for a variable compensation plan that does not use groups.
<u>Matrix Goals (With Groups) Page</u>	VC_MTX_GOAL_WG	Define the goals matrix for a variable compensation plan that uses groups.
<u>Payout Schedule Page</u>	VC_PAYOUT_SCHED	Assign payout formulas to ranges of performance scores.

### Matrix Goals Page

Use the Matrix Goals page (VC\_MTX\_GOAL) to define the goals matrix for a variable compensation plan that does not use groups.

#### Navigation

- Set Up HCM > Product Related > Compensation > Variable Compensation > Plan Goals > Matrix Goals
- Compensation > Variable Compensation > Maintain Plan > Plan Goals > Matrix Goals

**Image: Matrix Goals page**

This example illustrates the fields and controls on the Matrix Goals page.

The screenshot shows a web interface for 'Matrix Goals'. At the top, there are four tabs: 'Organization Goals', 'Group Goals', 'Default Individual Goals', and 'Matrix Goals'. Below the tabs, the 'Plan ID' is 'HVGRPGLMTX' and the group is 'Group with Goals Matrix'. The 'Payout Periods' section shows 'Period ID 1' with navigation controls. The 'Matrix Definition' section includes a search field for '\*Group ID' and a table with columns for 'Threshold' (Step 1, Step 2), 'Target' (Step 3), and 'Stretch' (Step 4, Step 5). The 'Payout Schedule' section is a link. The 'Goals Matrix' section has a search field for '\*Goal ID' and a table for '\*Weight' with columns for 'Step 1', 'Step 2', 'Step 3', 'Step 4', and 'Step 5'. At the bottom, there is a 'Total Weight' field.

**Payout Schedule**

Click to access the Payout Schedule page, where you define payout formulas for various performance levels.

**Threshold**

Enter performance level percents for each Threshold column of the matrix. Threshold percents are generally less than 100 percent.

**Target**

Enter the performance level percent for the Target column of the matrix. The Target percent is generally 100 percent.

**Stretch**

Enter performance level percents for each Stretch column of the matrix. Stretch percents are generally greater than 100 percent.

**Goal ID**

Select an ID from the options.

**Weight**

Enter a weight for the goal ID. Express weighting percents in up to two decimal places, for example, 18.25 percent. To save the page, the total of all weights for the payout period ID must equal 100 percent.

**Threshold, Target, Stretch**

For each goal ID, enter a performance value to be attained at each threshold, target, and stretch performance level in the matrix. Depending upon how you measure the goal, express the performance value as a percentage or as a flat amount.

**Total Weight**

The system sums the weighting percents as you enter them for each goal and displays the cumulative total in the Total Weight field. Adjust the weights for goals until the sum of all weighting

percents for the payout period is 100 percent. To save the page, the total weight must equal 100 percent.

## Matrix Goals (With Groups) Page

Use the Matrix Goals (with groups) page (VC\_MTX\_GOAL\_WG) to define the goals matrix for a variable compensation plan that uses groups.

### Navigation

- Set Up HCM > Product Related > Compensation > Variable Compensation > Plan Goals with Groups > Matrix Goals
- Compensation > Variable Compensation > Maintain Plan > Plan Goals w/ Groups > Matrix Goals

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**Note:** The Plan Goals with Groups - Matrix Goals setup page is identical to the Plan Goals - Matrix Goals setup page with the addition of the Group ID field.

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### Group ID

The Group ID field appears on the page only if you administer the plan using groups accessed from the Plan Goals with Groups component.

Select the group ID for which you want to set up a goals matrix. The system displays the description of the group. The system automatically applies the goals matrix of the highest group to all groups on the tree.

If you want to set up a different goals matrix for lower-level groups, insert a row, select the lower-level group ID, and set up the matrix. When calculating awards, the system automatically applies the matrix to child groups unless you select a lower group and set up a different matrix.

### Related Links

[Matrix Goals Page](#)

## Payout Schedule Page

Use the Payout Schedule page (VC\_PAYOUT\_SCHED) to assign payout formulas to ranges of performance scores.

### Navigation

Click the Payout Schedule link on the Plan Goals - Matrix Goals page or the Plan Goals with Groups - Matrix Goals page.

**Image: Payout Schedule page**

This example illustrates the fields and controls on the Payout Schedule page.

The screenshot shows a 'Payout Schedule' dialog box. At the top, it displays 'Plan ID HXVC04', 'Period ID 1999', and 'Group ID NOGROUP'. Below this is a table with the following data:

From Score	To Score	*Payout Formula	
75.00	90.00	HX16K	VC 16000
90.00		HX32500	VC 32500

At the bottom of the dialog are 'OK' and 'Cancel' buttons. The dialog also features a search bar with 'Find | View All' and navigation buttons for 'First', '1-2 of 2', and 'Last'.

**From Score**

Enter the low score in the range for which you want to assign a payout formula. For example, if you want to set a range from 80 to 90, enter 80. The lowest value in the From Score field should be equal to or higher than the threshold score.

**To Score**

The system populates this field with the From Score that you enter in the next row.

The system interprets the range up to the To Score, at the level of two decimal places. For example, if the range is 80–90, any score up to 89.99 is in the range. A score of 90 is in the next range.

**Payout Formula**

Select a Payout Formula for the range of scores that you defined.

---

## Entering Matrix Goal Attainments

Enter goal attainments after you have completed the performance review. You must complete the attainments before calculating awards.

This section discusses how to enter matrix goal attainments.

## Pages Used to Enter Matrix Goal Attainments

Page Name	Definition Name	Usage
<a href="#">Define Goal Attainments - Matrix Goals Page</a>	VC_MTX_GOAL_ATN	Enter the numeric value for the attainment of each goal in the matrix.  The system calculates the performance score and determines the payout formula.
<a href="#">Matrix Goals w/in Group Page</a>	VC_MTX_GOAL_WG_ATN	Enter the numeric value for the attainment of each goal in the matrix.  The system calculates the performance score and determines the payout formula.

### Define Goal Attainments - Matrix Goals Page

Use the Define Goal Attainments - Matrix Goals page (VC\_MTX\_GOAL\_ATN) to enter the numeric value for the attainment of each goal in the matrix.

The system calculates the performance score and determines the payout formula.

#### Navigation

Compensation > Variable Compensation > Define Goal Attainments > Matrix Goals > Matrix Goals

#### Image: Define Goal Attainments - Matrix Goals page

This example illustrates the fields and controls on the Define Goal Attainments - Matrix Goals page.

**Matrix Goals**

Plan ID HVEMPGOAL      Employee Plan with Matrix Goals

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**Matrix Definition** Find | View All    First 1 of 1 Last

Period ID 1

Threshold	Target	Stretch
Step 1 80.00	Step 3 100.00	Step 5 120.00
Step 2 90.00	Step 4 110.00	

**Payout Schedule**

**Goals Matrix** Find | View All    First 1-2 of 2 Last

Goal ID	Weight	Attainment					Score
KCUSTOMER	50.00	70.00	75.00	80.00	85.00	90.00	<input type="text"/> 0.00
KFREVENUE	50.00	15.00	16.00	17.00	18.00	19.00	<input type="text"/> 0.00

Total Weight 100.00      Payout Formula      Total Score 0.000

## Viewing the Goals Matrix

The system displays the goals matrix that you set up for the plan ID with the values that you entered on the Matrix Goals setup page. You cannot change those values on this page.

## Entering Goal Attainments

### Attainment

On each row of the matrix, enter the goal attainment value for that goal. It is expressed in the same numeric representation as the performance values that you entered into the matrix.

The system uses the goal attainment value to interpolate a performance value in the matrix, and it uses the percentage of the corresponding performance level in the performance score calculation.

### Score

The system calculates the performance score by multiplying the goal weight by the performance level that was calculated for the attainment.

### Payout Formula

The system compares the total score to the score ranges that you set up on the Payout Schedule page. It populates the Payout Formula field with the payout formula that you defined for the corresponding range.

### Total Score

The system displays the sum of the performance scores for all goals. It uses the total score to determine the payout formula.

## Matrix Goals w/in Group Page

Use the Matrix Goals w/in Group page (VC\_MTX\_GOAL\_WG\_ATN) to enter the numeric value for the attainment of each goal in the matrix.

The system calculates the performance score and determines the payout formula.

### Navigation

Compensation > Variable Compensation > Define Goal Attainments > Matrix Goals w/in Group > Matrix Goals w/in Group

This page and its fields are identical to the Define Goal Attainments - Matrix Goals page, with the addition of this field:

### Group ID

Find the group ID for which you want to enter goal attainment values. Only the groups for which you have security access are available.

The system automatically applies the highest group's attainments, performance scores, and payout formula to all child groups, unless you have set up a different matrix at a lower level. By default, child groups take on the matrix and payout formula of the next highest group with a goal matrix.





# Funding Variable Compensation Plans and Groups

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## Understanding Variable Compensation Funding

Plan funding sets a cap on payouts under the plan. If funding falls short of the calculated payout, the Calculate Awards process calculates and applies an adjustment factor to awards that are above the minimum. The system tracks and updates your funding balances as you grant awards on the Allocate Awards page.

To fund a variable compensation plan:

1. Select Funded Plan on the Plan Business Rules page when you set up the plan.
2. Run the Budget report to determine the expected total cash outlay under the plan (optional).
3. Fund the VC Plan using the Plan Funding page.

Fund the plan at any time during the life of the plan.

4. Distribute funds to groups in the plan using the Allocate Group Funding page (for plans that use groups).

Allocate funds to groups at the end of the payout period, when goal attainments and proration are known.

See [Understanding Group Funding Allocation](#).

### The Adjustment Factor

The Calculate Awards process calculates and applies an adjustment factor when the calculated awards exceed the funding for the plan. The purpose of the adjustment factor is to adjust each individual award in the same ratio to the calculated award as the ratio of group or plan funding to the total value of calculated awards for the group or plan. For example, if the funding for the group or plan is 10 percent less than the total calculated awards for the group or plan, the adjustment factor would reduce the individual's calculated award by 10 percent.

The process applies the adjustment factor to the adjustable portion of each individual's award. The adjustable portion of an award is the calculated award amount minus the minimum payout amount that you (optionally) established for the group or plan. The system subtracts the minimum award value when calculating and applying the adjustment factor because the minimum is not considered adjustable.

**Image: Adjustment factor formula**

This image displays a formula that the system uses to calculate the adjustment factor.

$$\frac{(\text{total group or plan available funds}) - (\text{total group or plan minimum payout value})}{(\text{total group or plan calculated awards}) - (\text{total group or plan minimum payout value})}$$

In other words, the formula is the actual funded amount for each group or plan less the sum of the minimum awards for that group or plan divided by the sum of the adjustable portions of all individual awards.

The Calculate Awards process applies the adjustment factor to the calculated award and enters the result in the Adjusted Award field on the Allocate Awards page.

## Budgeting Awards

To run a budget report, use the Budget (RC\_VC\_BUDGET) component.

When determining how much funding to allocate to a plan, use the Budget report to help you calculate the potential cash outlay for the plan. This report calculates the target payout under the plan assuming 100 percent proration.

### Page Used to Run the Budget Report

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Budget Page	RUNCTL_VC_REP	Run the Budget report (VC002).  This report helps you calculate how much funding to allocate to a plan.

### Budget Page

Use the Budget page (RUNCTL\_VC\_REP) to run the Budget report (VC002).

This report helps you calculate how much funding to allocate to a plan.

**Navigation**

Compensation > Variable Compensation > Variable Comp Reports > Budget > Budget

**Image: Budget page**

This example illustrates the fields and controls on the Budget page.

If you use weighted goals in the plan, specify hypothetical attainment percentages on this page. If you use a goals matrix, specify a hypothetical matrix score. If you don't specify hypothetical goal attainments or a score, the system assumes 100 percent goal attainment.

---

**Note:** Different fields appear on this page based on the plan that the goal options implemented in the plan.

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<b>Org Percent Attained</b> (organization percent attained)	(Weighted goals) Enter the organization goal attainment percent that you want the system to use in calculating the budget amount.
<b>Group Percent Attained</b>	(Weighted goals) Enter the group goal attainment percent that you want the system to use in calculating the budget amount.
<b>Individual Percent Attained</b>	(Weighted goals) Enter the individual goal attainment percent that you want the system to use in calculating the budget amount.
<b>Score</b>	(Matrix goals) Enter the goal matrix score that you want the system to use in calculating the budget amount.
<b>Report Type</b>	Select a detailed report or a summary report: <ul style="list-style-type: none"> <li>The detailed report lists all workers in a plan by group, the worker's projected target award value, carryover balance, minimum award, and maximum award, as well as the sum of these values for each group and the grand total for the plan.</li> <li>The summary report lists the total values for each group and the grand total for the plan.</li> </ul>

## Funding Variable Compensation Plans

To set up funding for variable compensation plans, use the Plan Funding (VC\_PLAN\_FUNDING) component.

This section provides an overview of plan funding and discusses how to allocate funds to a variable compensation plan.

### Page Used to Fund Variable Compensation Plans

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<u>Plan Funding Page</u>	VC_PLAN_FUNDING	<p>Allocate funds to a variable compensation plan.</p> <p>The system tracks these funds and adjusts the fund's available balance as you allocate awards. Plan funding is optional. Fund the plan at any time during the life of the plan.</p>

### Understanding Plan Funding

Plan funding is optional for all plan types except the five stock types.

You can allocate funds to the plan at any time in the life of the plan. After the initial allocation, you can use the Plan Funding setup page to increase or decrease funding to the plan. If the plan uses groups, you must first allocate funds to the plan before you allocate funding to the groups.

#### Funding Ad Hoc Plans

Ad Hoc plans do not use the Calculate Awards process, so no adjustment factor exists for these plans. The available balance of funding appears on the Allocate Awards page, and the system updates the balance as you allocate awards. The system warns you if you try to exceed the available balance. You can then allocate more funds to the plan or adjust the award to fall within the balance.

#### Funding Stock Plans

Plan funding is mandatory for stock-type plans. If your organization uses Stock Administration, the stock administrator allocates shares to variable compensation by stock plan and stock ID. From that allocation, the variable compensation administrator can fund multiple stock plans that have the same stock plan and stock ID.

#### Related Links

"Allocating Stock to the Variable Comp Stock Fund" (PeopleSoft HCM 9.2: Stock Administration)

### Plan Funding Page

Use the Plan Funding page (VC\_PLAN\_FUNDING) to allocate funds to a variable compensation plan.

The system tracks these funds and adjusts the fund's available balance as you allocate awards. Plan funding is optional. Fund the plan at any time during the life of the plan.

**Navigation**

- Set Up HCM > Product Related > Compensation > Variable Compensation > Plan Funding > Plan Funding
- Compensation > Variable Compensation > Maintain Plan > Plan Funding > Plan Funding

**Image: Plan Funding page**

This example illustrates the fields and controls on the Plan Funding page.



This table lists the fields that are visible for the different plan types:

<b>Monetary Plans</b>	<b>Non-monetary Plans</b>	<b>Stock Plans</b>
VC Plan ID	VC Plan ID	VC Plan ID
Plan Funding	Plan Funding (Units)	Shares Available to Plan
Funds Available	Plan Balance	Plan Balance
Funding Date	Funding Date	Funding Date
Amount Funded	Funding Units	Funding Units
Currency	Last Updated User Name	Last Updated User Name
Last Updated User Name	Last Update Timestamp	Last Update Timestamp
Last Update Timestamp	no entry	no entry

**Plan Funding** (Monetary plans) The sum of all funding amounts for the plan.

The system recalculates the Plan Funding amount each time you add or change an amount in the Amount Funded column.

**Plan Funding (Units)** (Non-monetary plans) The sum of all funding units for the plan.

The system recalculates the Plan Funding (units) amount each time that you add or change an amount in the Funding Units column.

**Funds Available**

(Monetary plans)

For plans without groups: The amount of funds remaining for distribution that have not been allocated to awards, which is recalculated each time you access the page.

For plans with groups: The amount of Plan Funding minus the amount of funding that has been allocated to the top group.

**Shares Available to Plan**

(Stock-type plans) The sum of all the shares allocated from Stock Administration to Variable Compensation for the stock plan and stock ID, minus any shares funded to other plans to date.

**Plan Balance**

(Non-monetary and stock-type plans)

For plans without groups: The total of Funding Units allocated to this plan ID minus any awards allocated from the plan.

For plans with groups: The total of Funding Units allocated to this plan ID minus the number of funding units that have been allocated to the top group.

**Funding Details****Seq. Nbr.** (sequence number)

The system sequentially numbers the rows in the grid. The default for the first row is 1.

You cannot delete a saved row.

**Funding Date**

Enter the date of the funding that you are allocating to the plan. Today's date is the system default.

**Amount Funded**

(Monetary plans) Enter the amount of funding that you want to add to the plan. Enter a negative amount if you want to decrease the plan funding.

**Funding Units**

(Non-monetary or stock-type plans) Enter the number of units that you want to add to the plan. Enter a negative amount if you want to decrease the plan funding.

Stock funding units cannot exceed the value in the Shares Available to Plan field.

---

## Understanding Group Funding Allocation

This section discusses the following topics and provides a summary of group funding procedures and an example of group funding allocations:

- Top down funding.

- Managers and approvers.

## Top Down Funding

Funding groups is a top-down process. You first fund the highest group on the tree, which includes all groups in the plan. You then gradually divide the initial plan funding as you fund groups at intermediate levels. The system uses the tree hierarchy to check that funding at lower levels does not exceed the allocations at the upper levels of the hierarchy.

If you allocate funding to plans with groups, the manager and approver of a group must first calculate and then approve the awards for the manager's direct reports before allocating funding to the child groups.

Wait until the end of the payout period before you allocate funds to groups. Before you begin, enter all goal attainments and calculate eligibility for the entire payout period.

## Managers and Approvers

As a general rule, the approver of a group is the manager of the parent group. Because the approvers are the higher level managers, they are not members of the groups they approve.

Managers generally are members of the groups they manage. The security mechanism in the Allocate Group Funding pages and Allocate Awards by Group page prevents managers who are members of the group from seeing their own awards.

You must set up a user ID for each worker who is a manager or approver in PeopleSoft Security. Designate the approver and manager of each group on the Group Profile page when you set up groups in Group Build.

On the Group Tree Security page, set up security so that all approvers and managers are given access to the groups that they manage.

---

**Note:** You must set up an approver for the root group if you fund the plan, even if the plan does not specify Approve Awards as a plan business rule. That approver allocates funds to the root group and allocates the award of the root group's manager.

---

## Summary of the Group Funding Allocations Process

The procedures for allocating funds to groups on the tree vary slightly according to the group structure, how you set up manager and approver IDs, and whether the manager is a member of the group. These steps outline the generic procedures for allocating funds and calculating awards for managers and their groups down the tree.

These generic procedures assume that:

- Approval is required under the plan business rules.
- The manager is always a member of the group.
- The approver is always the manager of the immediate parent group on the tree.

The following sections discuss how to allocate funds and awards to groups on the tree.

## Funding the Highest Group

These two steps are done just one time for each payout period.

1. The approver of the highest group runs the Determine Allocations process.
2. The approver of the highest group funds the highest group on the Allocate Group Funding page.

## Awarding the Group Manager and Funding Child Groups

These steps are repeated for each level of groups on the tree in succession.

1. The approver runs the Calculate Awards process for the group.  
This process populates the Allocate Awards page.
2. The approver of the group approves the award of the group's manager on the Allocate Awards page.  
The approver:
  - a. Modifies the award if desired.
  - b. Changes the Award status to *Approved*.
3. The manager of the group receives workflow notice that he can allocate awards to his direct reports and subgroups.
4. The manager of the group allocates and recommends awards for direct reports on the Allocate Awards page.
5. The approver receives workflow notice that he can approve the awards for the group manager's direct reports.
6. The approver approves awards of the group manager's direct reports.
7. The manager allocates funds to child groups on the Allocate Group Funding page.
8. The approvers or managers of the child groups receive a workflow notice.
  - For each subgroup that includes the managers as group members (as indicated in this example), the approver gets a workflow message saying that he should run the Calc Awards process for that group and subsequently approve the manager's award. Because we assumed in this example that the manager of a group is the approver of the subgroups, the person who allocated funds to the subgroups is the same as the one who gets this workflow message.
  - For each subgroup that does not include the manager as group member, the manager gets a workflow message that he should run the Calc Awards process, recommend the awards of the direct reports, and fund the subgroups.
9. Steps 3 through 8 are repeated for each group moving down the tree, because not the same person is doing each step.



## Example of Group Funding Allocations

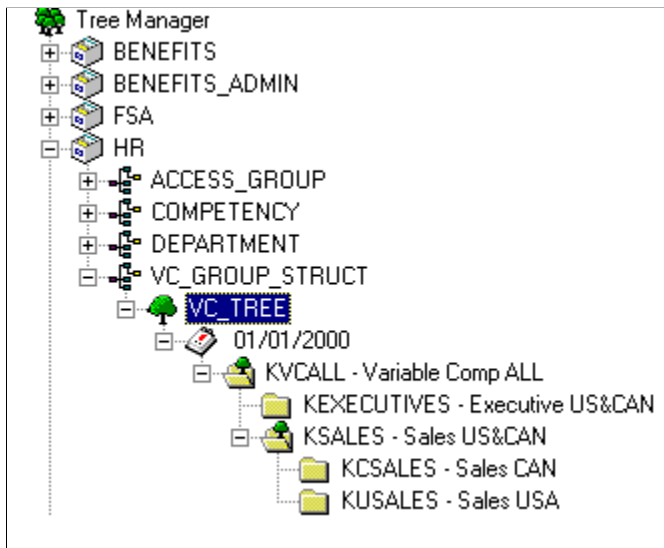
The preceding section outlined the generic procedures for allocating funds and calculating awards for groups and their managers down the tree. This section provides a sample group tree and outlines the procedures for distributing funding and allocating awards for groups in the tree.

### Sample Group Tree

This example illustrates a tree named *VC\_Tree* and includes various groups and subgroups.

#### Image: VC Tree example showing the relationships of various groups and subgroups

This is a VC Tree example showing the relationships of various groups and subgroups.



### Deleting Duplicate Membership

Because of the way hierarchical groups are set up, most workers are members of multiple groups. For example, a member of the Sales Canada group, KCSALES, is also a member of the Sales group, KSALES, and therefore, is a member of the overall group, KVCALL. During the Determine Eligibility/Proration process, the Delete Duplicates step removes workers from all intermediate levels and leaves them only as members of the lowest level group to which they belong. It is in this lowest level group that their awards are determined.

This table displays all group members in the sample tree hierarchy according to the initial group definition in group build. At each level, the members listed in italics remain as members of the group; members not in italics are deleted as duplicates. The table also names the approver and manager of each group.

This table displays all group members in the sample tree hierarchy according to the initial group definition in group build. At each level, the members listed in italics remain as members of the group; members not in italics are deleted as duplicates. The table also names the approver and manager of each group.

<b>Top Group Level 0</b>	<b>Group Members and Subgroups on Level 1</b>	<b>Group Members and Subgroups on Level 2</b>	<b>Group Members</b>
KVCALL Approver KU0002 Manager KU0003			
	<i>KU0003</i>		
	<i>KU0007</i>		
	KC0002		
	KC0005		
	KC0013		
	KC0008		
	KC0022		
	KC0027		
	KU0051		
	KU0064		
	KU0082		
KEXECUTIVES Approver KU0003 Manager KC0002			
		<i>KC0002</i>	
		<i>KC0005</i>	
KSALES Approver KU0003 Manager KC0013			
		<i>KC0013</i>	
		<i>KU0082</i>	
		KC0008	

<b>Top Group Level 0</b>	<b>Group Members and Subgroups on Level 1</b>	<b>Group Members and Subgroups on Level 2</b>	<b>Group Members</b>
		KC0022	
		KC0027	
		KU0051	
		KU0064	
		KCSALES Approver KC0013 Manager KC0008	
			<i>KC0008</i>
			<i>KC0022</i>
			<i>KC0027</i>
		KUSALES Approver KC0013 Manager KC0008 (not a group member)	
			<i>KU0051</i>
			<i>KU0064</i>

### Identifying Managers and Approvers

Because the approvers in this example are the higher-level managers, they are not members of the groups they approve.

Managers generally are members of the groups they manage. In this example, the group KUSALES is an exception because it is managed by KC0008, who manages KCSALES. KC0008 is a member of KCSALES but not of KUSALES.

In this example, the user ID is identical to the employee ID.

### Steps for Allocating Funds

The VC administrator first allocates funds to the overall plan using the Plan Funding page. After that, the process proceeds like this:

1. Fund and award KVCALL group members:
  - a. User KU0002 runs the Determine Allocations process using the Determine Allocation page.

- b. User KU0002 (approver of KVCALL) allocates funds to the top group KVCALL on the Group Funding Allocation - Fund Plan page.
- c. User KU0002 runs the Calculate Awards process for KVCALL using the Calculate by Group page.
- d. User KU0002 modifies and approves the award for KU0003, manager of KVCALL, using the Allocate Awards by Group page.

Approval for the manager must always be manual in the Allocate Awards by Group page.

- e. User KU0003 (manager of KVCALL) modifies the awards for his direct reports (KU0007) and sets them to Recommended status using the Allocate Awards by Group page.
- f. User KU0002 (approver for KVCALL) approves the award for KU0007.

The approver manually approves the award using the Allocate Awards by Group page or automates the approval using the Approve Awards by Group process.

When the awards for KVCALL are approved, the system submits them for payout or distribution.

## 2. Fund and award KEXECUTIVES and KSALES group members:

(KSALES steps f and g can be done in parallel to KEXECUTIVES steps d and e)

- a. User KU0003 (manager of KVCALL) allocates funds to KEXECUTIVES and KSALES using the Allocate Group Funding page.
- b. User KU0003 runs the Calculate Awards process for KEXECUTIVES and KSALES using the Calculate by Group page.
- c. User KU0003 modifies and approves the awards for KC0002 (manager of KEXECUTIVES) and KC0013 (manager of KSALES) using the Allocate Awards by Group page.
- d. User KC0002 (manager of KEXECUTIVES) modifies the awards for his direct reports (KU0005) and sets them to Recommended status using the Allocate Awards by Group page.
- e. User KU0003 (approver for KEXECUTIVES) approves the awards for KU0005.

The approver manually approves the awards using the Allocate Awards by Group page or automates the approval using the Approve Awards by Group process.

When the awards for KEXECUTIVES are approved, the system submits them for payout or distribution.

- f. User KC0013 (manager of KSALES) modifies the awards for his direct reports (KU0082) and sets them to Recommended status using the Allocate Awards by Group page.
- g. User KU0003 (approver for KSALES) approves the award for KU0082.

The approver manually approves the award using the Allocate Awards by Group page or automates the approval using the Approve Awards by Group process.

When the awards for KSALES are approved, the system submits them for payout or distribution.

### 3. Fund and award KCSALES and KUSALES group members:

(KUSALES steps f and g can be done in parallel to KCSALES steps d and e)

- a. User KC0013 (manager of KSALES and approver for both KCSALES and KUSALES) allocates funds to KCSALES and KUSALES using the Allocate Group Funding page.
- b. User KC0013 runs the Calculate Awards process for KCSALES and KUSALES using the Calculate by Group page.
- c. User KC0013 modifies and approves the awards for KC0008 (manager of both KCSALES and KUSALES) using the Allocate Awards by Group page.
- d. User KC0008 (manager of KCSALES) modifies the awards for her direct reports (KC0022 and KC0027) and sets them to Recommended status using the Allocate Awards by Group page.
- e. User KC0013 (approver for KCSALES) approves the awards for KC0022 and KC0027.

The approver manually approves the awards using the Allocate Awards by Group page or automates the approval using the Approve Awards by Group process.

When the awards for KCSALES are approved, the system submits them for payout or distribution.

- f. User KC0008 (manager of KUSALES) modifies the awards for her direct reports (KU0051 and KU0064) and sets them to Recommended status using the Allocate Awards by Group page.
- g. User KC0013 (approver for KUSALES) approves the awards for KU0051 and KU0064.

The approver manually approves the awards using the Allocate Awards by Group page or automates the approval using the Approve Awards by Group process.

When the awards for KUSALES are approved, the system submits them for payout or distribution.

## Related Links

[Calculation Processes](#)

## Allocating Funds to Groups

This section provides an overview of page access and discusses how to allocate funds to groups.

### Pages Used to Allocate Funds to Groups

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<a href="#">Allocate Group Funding Page</a>	VC_GRP_ALLOC	Distribute the plan funding among the groups on the tree.

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<u>Allocate Group Funding - Fund Plan Page</u>	VC_GRP_ALLOC_SEC	Allocate funds out of the plan's general funding to the plan for one specific payout period. This page is used by the person who is the authorized approver of the highest group in the plan.
Funds Allocation Page	RUNCTL_VC_REP	Run the Funding Allocations report (VC006).  After you allocate funds to groups, use the optional Funds Allocation report to review and evaluate the distribution of funds to all of the groups in the plan. The report lists all data as summary information at the group level.  See "Basic PeopleSoft HCM Reports: A to Z" (PeopleSoft HCM 9.2: Application Fundamentals)

## Understanding Access to the Allocate Group Funding Page

The approver of the highest group on the tree must access the Allocate Group Funding page first, click the Fund Plan button, and fund the plan from the Fund Plan page. Until the approver has funded the plan in this way, no one else can access the Allocate Group Funding page.

At each level of groups on the tree, the group manager's access to his or her group on this page is restricted in the following way. Workflow notifies managers when they can access the page for their groups.

- If the plan requires award approval, the manager's Award Status on the Allocate Awards page must be set to *Approved* or the award must have been submitted already.
- If the plan does not require award approval and the manager is a member of the group, the manager's Award Status on the Allocate Awards page must be set to *Ready to Submit* or the award must have been submitted already.
- If the plan does not require award approval and the manager is not a member of the group, a manager's access to his or her group is not restricted.

## Allocate Group Funding Page

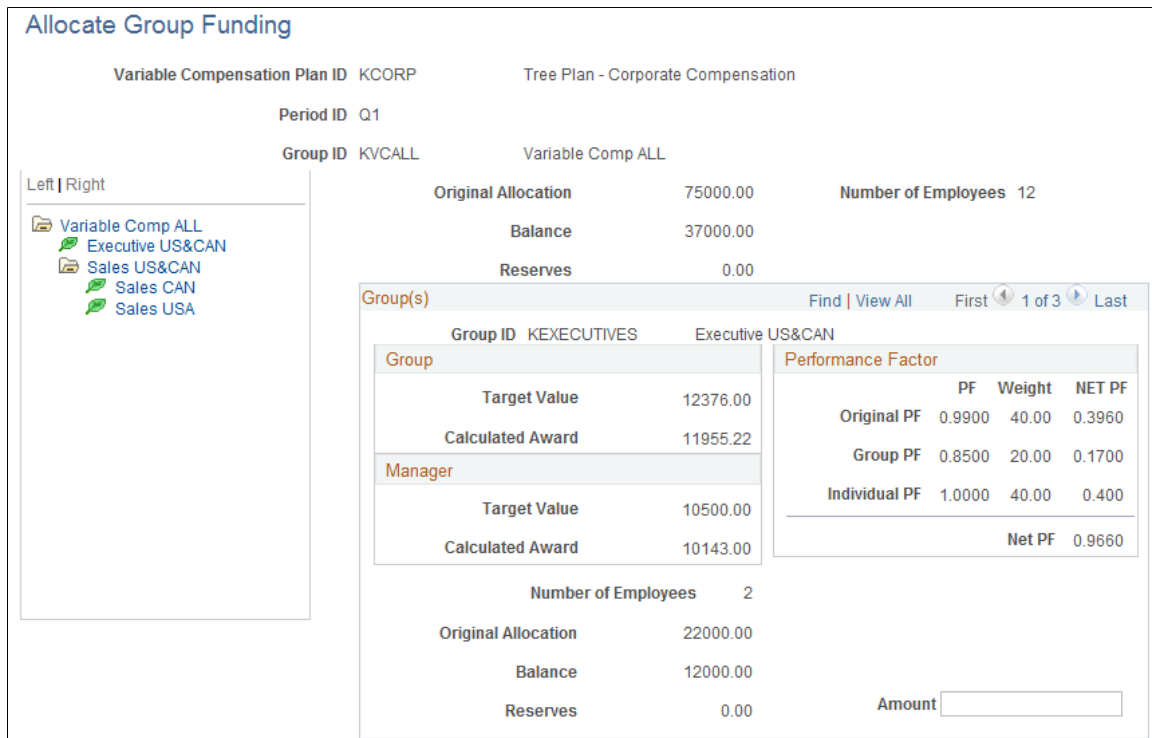
Use the Allocate Group Funding page (VC\_GRP\_ALLOC) to distribute the plan funding among the groups on the tree.

### Navigation

Compensation > Variable Compensation > Calculate Awards > Allocate Group Funding > Allocate Group Funding

**Image: Allocate Group Funding page**

This example illustrates the fields and controls on the Allocate Group Funding page.



**Using the Tree View**

When you access the page, the tree display is collapsed; only the root node is visible. Expand or collapse nodes on the tree by clicking the node symbol. To load a node into the right pane of the page, click the name of the node. The system loads that node into the top portion of the page (parent group) and its child groups into the bottom portion. Within the tree display, the group names to which you have security access appear as links. The other groups appear as passive labels.

**Group ID** Displays the ID that you entered to access the page.

**Fund Plan** This link is available when the authorized approver of the highest group accesses the page using the highest group ID. The approver clicks this link to access the Fund Plan page to enter the funding amount for the plan payout period.

**Original Allocation** The total amount of funding for the parent group (the group ID that you entered when you accessed the page), less the approved award for the manager.

**Balance** The unallocated balance of the original allocation.

The system decreases the amount in this field when the manager enters a positive funding amount for child groups in the Amount field. The amount is also decreased during the group funding allocations procedure when awards are allocated and approved for group members who are the direct reports to the manager.

<b>Reserves</b>	The balance of funding from previous periods that is still available for allocation to the group.
<b>Number of Employees</b>	The sum of all workers in child groups and subgroups of the (parent) group ID that you entered to access the page.  If the manager is a member of the group, the system subtracts 1.
<b>Group ID</b>	Select the record of the child group for which you want to allocate funds. The description of the group appears.

## Group

The Target Value and Calculated Award fields apply to the child group with the exclusion of the group's manager if he or she is a member of the group.

<b>Target Value</b>	The target value for the child group less the manager's target value. The Determine Allocations process calculates the target value.  For plans using matrix goals, the target amount contains the payout computed for all workers of the group assuming goal attainments are equal to the performance value associated with the target performance level on the matrix.
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<b>Calculated Award</b>	The child group's target value (less the manager's target value) multiplied by the net performance factor.  For plans using matrix goals, this field contains the sum of the payouts computed for the actual goal attainments.
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## Manager

The Target Value and Calc Award fields apply to the manager of the child group if he or she is a member of the group. When the manager accesses the page, this information is not visible.

<b>Target Value</b>	The target value for the manager, as calculated by the Determine Allocations process.
<b>Calculated Award</b>	The manager's target value multiplied by the net performance factor.

## Performance Factor

If the plan uses weighted goals, this page shows performance factor calculations at the organization, group, and individual levels. It calculates the group and organization performance factors based on the goal attainments that you entered at those levels. It assumes 100 percent attainment of individual goals.

The performance factor fields in this section apply to the child group whose ID you selected.

These fields are hidden if the plan uses no goals or matrix goals.



<b>PF (performance factor)</b>	This column represents the goal attainment percents multiplied by the weighting percents of the goals at each level.
<b>Weight</b>	This column represents the plan goal weights that you assigned to each level of goals on the Plan Definition page.
<b>NET PF (net performance factor)</b>	This column is the performance factor calculated by multiplying the other two columns. The end result is that the net performance factor for each goal level is the following formula: (goal attainment percents × the weighting percents of each goal) × the plan goal weight for the level.
<b>Orginal PF</b>	The organization performance factor calculation of the child group.
<b>Group PF</b>	The group performance factor calculation of the child group.
<b>Individual PF</b>	The individual performance factor of the child group. It assumes the attainment is 100 percent.
<b>Net PF (net performance factor)</b>	The sum of the net PF at all three levels.
<b>Number of Employees</b>	The number of workers in the child group.
<b>Original Allocation</b>	The total amount that you enter in the Amount field to fund the child group ID for the period ID.  The system displays 0 until the Amount field is populated.
<b>Balance</b>	The unallocated balance of the original allocation.  The system decreases the amount in this field after you allocate and approve the award for the manager or any other member (direct report) of the group. The system also changes the amount in this field when you adjust the allocation by entering a positive or negative funding amount for the child group in the Amount field.
<b>Reserves</b>	The balance of funding from previous periods that is still available for allocation to the child group.
<b>Amount</b>	Enter a positive or negative amount of funding for the child group, including the manager. In determining this amount, consider: <ul style="list-style-type: none"> <li>• How much you want to award to your direct report (the manager of the child group).</li> <li>• How much you want to provide to your direct report to be distributed among his or her group and child groups.</li> </ul> <p>The amount that you enter should be the sum of these two considerations.</p> <p>Enter an amount that is equal to, greater than, or less than the amount in the Calculated Award field.</p>

If you enter a positive amount, the system updates these fields:

- Increases the original allocation and balance of the child group.
- Decreases the balance of the parent group.

The system does not enable you to enter an amount that is greater than the sum of the balance and reserve of the parent group

Use the Amount field to adjust an amount that you have allocated. For example, if you allocated 5,000 USD to a group but now want to reduce the funding by 500 USD, you can enter -500 in the Amount field. If you enter a negative amount, the system updates these fields:

- Decreases the original allocation and balance of the child group.
- Increases the balance parent group.

If you enter a negative amount that exceeds the amount in the balance of the child group, the system updates these fields:

- Decreases the amount in the balance of the child group until the balance is 0.
- Decreases the original allocation amount of the child group equally to the amount of decrease in the balance.
- Decreases the remaining amount from the reserves of the child group.
- Increases the balance of the parent group.

The parent reserve is not affected by entering a negative value in the Amount field.

After you reduce the funds from the reserve of your child group, you cannot put them back. For example, assume that the parent balance is 0, the original allocation, balance, and reserve of the child are 400, 400, and 300, respectively, before you enter an amount. After you enter -600 in the Amount field, both the child original allocation and the balance are 0, the child reserve is 100, and the parent balance is 600. If you enter 600 in the Amount field after that, the child original allocation and balance is 600, but the child reserve is still 100.

## Allocate Group Funding - Fund Plan Page

Use the Allocate Group Funding - Fund Plan page (VC\_GRP\_ALLOC\_SEC) to allocate funds out of the plan's general funding to the plan for one specific payout period.

This page is used by the person who is the authorized approver of the highest group in the plan.

### Navigation

Click the Fund Plan link on the Allocate Group Funding page.

### Target Value

The total of the target awards for all members, including managers, of the highest group and all of its subordinate groups.

For monetary plans, this value is in the currency of the plan. For non-monetary and stock plans, the value is in units.

### Calculated Award

The total of the calculated awards for all members of the highest group. On this page, *Calculated Award* refers to the target value multiplied by the total (net) performance factor.

### Funds Available

The funds remaining for distribution that have not been allocated to awards. This is identical to the amount in the Funds Available field on the Plan Funding page.

The funds available amount is the maximum that the approver can enter in the Amount field.

### Original Allocation

The amount that you enter in the Amount field to fund the plan for this period ID. Until you enter an amount, the original allocation is 0.

The system increases the amount displayed here if you add additional funds in the Amount field.

### Balance

The unallocated balance of the original funding.

The system increases and decreases the amount in this field as you distribute awards to individuals or funds to child groups, or as you add funding in the Amount field.

### Amount

Enter the amount that you want to fund to the plan for this payout period.

If you want to change the funding amount, enter a positive amount in this field to increase the funding to the plan or a negative amount to decrease the funding.

### Reserves

The balance of funding from previous periods that is still available for allocation to the plan.



## Chapter 10

# Calculating Allocations and Awards

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## Understanding Awards Calculation

This section discusses calculation processes and lists terms and definitions.

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## Calculation Processes

The system employs the Allocate Awards page and these processes when calculating variable compensation (VC) allocations and awards:

- The Determine Allocation Application Engine process (V\_DET\_ALLOC) calculates target awards. It also calculates the performance factor for organization and group goals if weighted goals are a plan business rule.
- The Calculate Awards Application Engine process (VC\_CALWRD and VC\_CALWRD\_WG) calculates both monetary and non-monetary VC awards, including stock awards, by applying appropriate proration, performance, and adjustment factors to the target award.
- The Calculate Awards process populates the Allocate Awards page, where you can view and manually adjust awards.

On this page you also set the award status, which tells the system when to submit awards for payout.

Do not use either the Determine Allocation process or the Calculate Awards process for Ad Hoc plans. Instead, go directly to the Allocate Awards page and manually enter the ad hoc award for each plan member.

### Calculation Processes Without Group Funding

To calculate awards when group funding allocation is not used:

1. Enter group and organization weighted-goal attainments (if applicable).
2. Run the Determine Allocation process.
3. Enter individual weighted-goal attainments (if applicable).
4. Run the Calculate Awards process.
5. Review and change the award as required on the Allocate Awards by Plan page.
6. Change the award status on the Allocate Awards by Plan page when the award is ready for approval or submittal.

## Calculation Processes with Group Funding

If your plan uses groups and funding, allocate funding to groups in the hierarchy using the Allocate Group Funding page. At each level in the hierarchy, the manager's award must be allocated and approved before the group is funded. Managers and approvers of each group use the Calculate Awards process, the Allocate Awards page, the Approve Awards process (if applicable), and the Allocate Group Funding page before the next lower level of managers can fund their groups.

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## Common Elements Used in Awards Calculation

<b>Payout Formula</b>	<p>Formulas that the system uses to calculate target, minimum, and maximum payouts under the plan.</p> <p>Define payout formulas on the Payout Formulas setup page.</p>
<b>Target Payout Formula</b>	<p>The payout formula that the Determine Allocation process uses to calculate the target award.</p> <p>Depending upon how you define the plan, assign target payout formulas to plan members at the individual level, the group level, or through the matrix goal payout schedule.</p>
<b>Minimum Payout Formula</b>	<p>The formula that the Calculate Awards process uses to determine the minimum award that the plan member should receive under the plan.</p> <p>Optionally, assign minimum payout formulas at the plan or group level.</p>
<b>Maximum Payout Formula</b>	<p>The formula that the Calculate Awards process uses to determine the maximum award that the plan member should receive under the plan.</p> <p>Optionally, assign maximum payout formulas at the plan or group level.</p>
<b>Proration Factor (or Prorate Factor)</b>	<p>A factor calculated by the Determine Eligibility/Proration process.</p> <p>This factor is based on the amount of time the worker was a member of the plan during the payout period. The Calculate Awards process multiplies the plan member's target award by the proration factor when it calculates the calculated award.</p>
<b>Adjustment Factor</b>	<p>A factor calculated and applied by the Calculate Awards process to adjust each individual award by the same ratio for funded plans when not enough funding is available to pay out the calculated awards.</p>
<b>Performance Factor</b>	<p>The factor that the Calculate Awards process uses to adjust for weighted-goal attainments.</p>

The performance factor for a given goal is the attainment percent multiplied by the weighting percent of the goal and by the weighting percent of the level.

**Target Award**

The award received upon completion of 100 percent of all applicable goals, including organization, group, and individual goals.

The Determine Allocation process calculates the target award, which is the calculated value of the target payout formula without applying any proration factor, performance factor, or adjustment factor. The Calculate Awards process uses the target award to calculate the calculated award.

Target award is labeled Target Value on the Allocate Awards page.

**Minimum Award**

The calculated value of the minimum payout formula assigned to the plan or group, without applying any proration factor, performance factor, or adjustment factor. The Determine Allocation process calculates the minimum award.

**Maximum Award**

The calculated value of the maximum payout formula assigned to the plan or group, without applying any proration factor, performance factor, or adjustment factor.

The Determine Allocation process calculates the maximum award.

**Target Value**

The value of the target award expressed in the currency of the variable compensation plan or in units if the plan is non-monetary.

The Determine Allocation process calculates this value and enters it in the Target Value field on the Allocate Awards page.

**Calculated Award**

The target award multiplied by the performance factor (if the plan uses weighted goals) and the proration factor (if the plan is prorated) and adjusted to the minimum or maximum, if appropriate.

The Calculate Awards process calculates the calculated award and enters it in the Calculated Award field on the Allocate Awards page.

**Adjusted Award**

The calculated award multiplied by the adjustment factor.

The Calculate Awards process calculates the adjusted award and enters it in the Adjusted Award field and in the Actual Award field on the Allocate Awards page.

**Actual Award**

The adjusted award as further changed on the Allocate Awards page by manual adjustment or carryover amount.

If not changed, the actual award is equal to the adjusted award.  
When approved, the actual award is the amount of currency or units approved for payout or distribution.

### Award Value

The value of the actual award expressed in the currency of the variable compensation plan.

The Calculate Awards process applies the valuation ID and rounding rules to calculate the monetary award value of non-monetary units.

## Determining Allocations

This section provides an overview and discusses how to run the Determine Allocation process.

### Page Used to Determine Allocations

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Determine Allocation Page	RUNCTL_VC_DET_ALL	Run the Determine Allocation process, which calculates 100 percent variable-compensation payouts, as well as performance factors for organization and group goals.

## Understanding the Determine Allocation Process

Run the Determine Allocation process prior to running the Calculate Awards process. The system uses the information calculated by the Determine Allocation process when it calculates awards and when it calculates group funding allocations.

### Determining Allocations for Variable Compensation

When you run the Determine Allocation process from the VC menu, the process calculates this data:

- The target award for each plan member, without making any adjustments for proration, performance, or funding.
- The minimum and maximum awards for each plan member, if specified in the plan, without making any adjustments for proration, performance, or funding.
- The organization attainment factor, if the plan uses organization-weighted goals.
- The group attainment factor for each group, if the plan uses groups and group-weighted goals.
- The sum of target awards for each group in the plan if the plan uses groups.

If the plan uses funding, it enters these payouts on the Allocate Group Funding page.

- The sum of minimum awards (if specified in the plan) for each group in the plan, if the plan uses groups.



- The sum of maximum awards (if specified in the plan) for each group in the plan, if the plan uses groups.

## Related Links

[Understanding Group Funding Allocation](#)

## Determine Allocation Page

Use the Determine Allocation page (RUNCTL\_VC\_DET\_ALL) to run the Determine Allocation process, which calculates 100 percent variable-compensation payouts, as well as performance factors for organization and group goals.

### Navigation

Compensation > Variable Compensation > Calculate Awards > Determine Allocation

### Image: Determine Allocation page

This example illustrates the fields and controls on the Determine Allocation page.

### Rate Type

Select the exchange rate type that you want the system to use when converting target awards into the currency of the plan.

Values are *Commercial Rate*, *Financial Rate*, *Floating Rate*, *Free Market Rate*, *Official Rate*, and *Spot Market Rate*.

## Calculating Awards

The Calculate Awards process calculates both monetary and non-monetary variable-compensation (VC) awards, including stock awards. It enters the results of its calculations on the Allocate Awards page. The award calculation can be simple or complex, depending on the plan business rules.

### Values Used by the Calculate Awards Process

The Calculate Awards process uses these values:

- Target, minimum, and maximum values computed by the Determine Allocation process.
- Group and organization performance factors computed by the Determine Allocation process.
- Proration factor computed by the Determine Eligibility/Proration process.
- Funding amounts entered on the Plan Funding and Allocate Group Funding pages.

### Calculations Performed by the Calculate Awards Process

The Calculate Awards process:

- Determines the performance factor if the plan uses weighted goals.
- Calculates the individual performance factor, if appropriate.
- Sums the performance factors from all goal levels to determine the performance factor to use for calculating the award.

The Calculate Awards process then:

1. Calculates one of these formulas:

<b>Business Rules</b>	<b>Formula</b>
No proration or goals	Target Value
Proration	Target Value × Proration Factor
Weighted goals	Target Value × Performance Factor
Weighted goals and proration	Target Value × Proration Factor × Performance Factor
Matrix goals	Value of the payout from the Payout Schedule
Matrix goals and proration	Value of the payout from the Payout Schedule × Proration Factor

2. Calculates the calculated award by comparing the value calculated in the previous step to the maximum award and minimum award, if specified in the plan.
  - If the plan uses proration and the proration factor of the group member is less than one, the system does not perform this step.
  - If the award is greater than the maximum, the process sets the calculated award at the maximum.
  - If the award is less than the minimum, the process sets the calculated award at the minimum.
3. Calculates the funds available for funded plans and computes the adjustment factor, if appropriate.
4. Calculates the adjusted award by applying the adjustment factor to the calculated award.
5. Proceeds according to the plan type:

- Monetary plans: Calculates the award amount and award value by applying the VC rounding rule to the adjusted award.
  - Non-monetary plans: Stores the adjusted award as the award unit. The process calculates the award value by applying valuation and VC rounding rules to the award unit.
  - Stock-type plans: Calculates the award unit by applying stock rounding rules, and then calculates the award value by applying valuation and VC rounding rules to the award unit.
6. Updates the Award table and sets the Award status to Init Calc (initial calculated).

The system populates the Allocate Awards page from the Award table. Modify and approve awards on the Allocate Awards page.

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**Note:** If the plan uses group funding, managers must calculate the awards for their direct reports, and the approver must approve them, before they can allocate funding to the child groups.

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## Pages Used to Calculate Awards

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Calculate by Plan Page	RUNCTL_VC_CALWRD_P	Run the Calculate Awards process for plans that do not use groups.  This process calculates awards and enters calculation data on the Allocate Awards by Plan page.  Select a VC plan ID and payout period.
Calculate by Group Page	RUNCTL_VC_CALWRD_G	Run the Calculate Awards process for selected groups within plans administered with groups.  This process calculates awards and enters calculation data on the Allocate Awards by Group page.  Select a VC plan ID, payout period, and group ID.

### Related Links

[Understanding Group Funding Allocation](#)

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## Viewing and Adjusting Awards Allocations

This section provides overviews of award status and the Allocate Awards pages and describes how to view and adjust awards allocations.

## Pages Used to View and Adjust Awards Allocations

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<u>Allocate Awards by Plan Page</u>	VC_AWD_ALLOC	View and change the awards calculated by the Allocate Awards by Plan process or enter awards for Ad Hoc plans.  This page is also used to view and change the award status of individual awards.
<u>Allocate Awards by Group Page</u>	VC_AWD_ALLOC_WG	View and change the awards calculated by the Allocate Awards process for group members.  This page is also used to view and change the award status of individual awards.  Use if you administer the plan using groups. If the plan does not use groups, the system enters the award data on the Allocate Awards by Plan page.

## Understanding Award Status

The system uses status codes to track awards from allocation through submittal for payout and distribution. If your organization uses PeopleSoft Payroll for North America, PeopleSoft Global Payroll, or PeopleSoft Stock Administration, status codes track the awards through final payout or distribution.

The system tracks awards in these fields on the Allocate Awards pages:

<b>Award Status</b>	Shows the status of the individual award within a plan or group.
<b>Group Status</b>	Shows the status of all awards within the plan or group. The system enters all Group Status codes.

## Definitions of Individual and Group Award Status Codes

This table provides definitions of award status codes and shows where differences exist at the individual and group levels of awards tracking:

<b>Status</b>	<b>(Individual) Award Status</b>	<b>(Group) Award Status</b>
A (approved)	If you choose Approve Awards as a plan business rule and run the Approve Awards process, the system enters the <i>Approved</i> status for each approved award.  If you approve awards manually, the designated approver enters the <i>Approved</i> status to approve awards.	None

<b>Status</b>	<b>(Individual) Award Status</b>	<b>(Group) Award Status</b>
C (canceled)	Select this status to tell the system that you have no intention of granting this award. <i>Canceled</i> is a final status, meaning that it does not inhibit the approval and submittal processes.	None
D (ready to submit)	If you do not select Approve Awards as a plan business rule, select this status to tell the system that the award is final and ready for payout or distribution.	The system enters this status when all awards in the period for the plan or group are ready to be submitted for payout or stock distribution.
E (error)	The system enters this status for the award if PeopleSoft Payroll for North America, PeopleSoft Global Payroll, or PeopleSoft Stock Administration cannot proceed with payout or distribution because of an error in the individual award.	(corrections required) Same definition as for individual Award Status.
I (initial calculation)	The Calculate Awards process enters this status when it initially populates the Allocate Awards page with calculated award data.	Same definition as for individual Award Status.
J (rejected)	The system enters this status if PeopleSoft Payroll for North America, PeopleSoft Global Payroll, or PeopleSoft Stock Administration rejects all of the awards for the entire plan or group due to an error at the plan or group level.	Same definition as for individual Award Status.
P (paid/granted)	The system enters this status after successful payout or distribution through PeopleSoft Payroll for North America, PeopleSoft Global Payroll, or PeopleSoft Stock Administration.	Same definition as for individual Award Status.
R (recommended)	If you choose Approve Awards as a plan business rule, give each award the <i>Recommended</i> status when it is ready for approval.	None
S (submitted)	The system enters this status when it publishes awards for payout or distribution.	Same definition as for individual Award Status.

### Application of Individual and Group Award Status Codes

This table illustrates the steps in the awards process and the status at each level for plans that use the Approve Awards process and those that do not.

**Note:** In this table, *payroll* refers to PeopleSoft Payroll for North America and PeopleSoft Global Payroll; *stock* refers to PeopleSoft Stock Administration.

<b><i>Procedure That Modifies the Status</i></b>	<b><i>Individual Award Status Approval</i></b>	<b><i>Individual Award Status No Approval</i></b>	<b><i>Group Status Approval</i></b>	<b><i>Group Status No Approval</i></b>
Calculate Awards	Initial Calculation	Initial Calculation	Initial Calculation	Initial Calculation
Allocate Awards	Recommended or Canceled	Ready to Submit or Canceled	Ready to Submit	Ready to Submit
Approve Awards	Approved	Not Applicable	Ready to Submit	Not Applicable
Publish to payroll, stock, or flat file.	Submitted	Submitted	Submitted	Submitted
Subscribe to payroll or stock. (Error)	Error	Error	Corrections Required	Corrections Required
Subscribe to payroll or stock. (Rejected)	Rejected	Rejected	Rejected	Rejected
Subscribe to payroll or stock. (Paid/Granted)	Paid/Granted	Paid/Granted	Paid/Granted	Paid/Granted

## Understanding the Allocate Awards Pages

After you run the Calculate Awards process, use the Allocate Awards by Plan page or Allocate Awards by Group page to:

- Review, change, and finalize awards before the system submits them for payout or distribution.

If you funded the plan, the system updates the funds available or balance of funding as you change the individual awards.

- Administer carryover balances and guarantees if these are part of the plan.
- Monitor the status of each award and the award status of the group or plan as a whole.

### Some of the Changes Possible for Individual Awards

Here are some of the changes you can make to individual awards on this page:

- Change the earnings code.
- Adjust the worker's carryover balance if you selected Carryover Awards on the Plan Business Rules page.
- Replace the actual award that the system calculated with the guarantee amount if you entered a guarantee on the Individual's Payout page.

- Modify the award by a percent that you enter in the Modifier field on this page.
- Enter an award amount of your choice in the Actual Award field.

## Entering Award Status

When you are satisfied with the award amount, enter one of these values in the Award Status field:

- If you did not select Approve Awards on the Plan Business Rules page, select the *Ready to Submit* status.
- If you selected Approve Awards on the Plan Business Rules page, select the *Recommended* status.

The approver changes the status to *Approved* either manually or by using the Approve Awards process.

The system changes the Group Status to *Ready to Submit* when all of the awards for the plan ID and payout period have either the *Canceled*, *Ready to Submit*, or *Approved* status. When the Group Status is *Ready to Submit*, the system publishes the awards for payout or distribution.

## Access Restrictions

At each level of groups on the tree, the group manager's access to his or her group on this page is restricted in the following way:

- If the plan requires award approval, the manager's Award Status must be set to *Approved* or the award must have been submitted already.
- If the plan does not require award approval and the manager is a member of the group, the manager's Award Status must be set to *Ready to Submit* or the award must have been submitted already.
- If the plan does not require award approval and the manager is not a member of the group, a manager's access to his or her group is not restricted.

Workflow notifies managers when they can access the page for their groups.

## Allocate Awards by Plan Page

Use the Allocate Awards by Plan page (VC\_AWD\_ALLOC) to view and change the awards calculated by the Allocate Awards by Plan process or enter awards for Ad Hoc plans.

This page is also used to view and change the award status of individual awards.

### Navigation

Compensation > Variable Compensation > Finalize Awards > Allocate Awards by Plan > Allocate Awards by Plan

**Image: Allocate Awards by Plan page**

This example illustrates the fields and controls on the Allocate Awards by Plan page.

**Note:** Depending upon the business rules that you defined for the plan, different fields appear in this section.

**End Date** The end date that you defined on the Payout Period table for the Payout Period ID that you entered.

**Sent to Payroll** The system populates this field when it publishes the awards to payroll or stock.

**Plan Funding** For funded plans, the system enters the sum of all plan funding amounts that you entered on the Plan Funding page with a date prior to the payout period end date.

This field does not appear on the page if the plan is not funded, or if you allocated funds to groups.

**Available** For funded plans, the system displays the funds remaining for distribution that have not been allocated to awards. The system updates the Available field each time the Actual Award amount changes.



This field does not appear on the page if the plan is not funded, or if you allocated funds to groups.

### Award Status

The status that applies to awards in this payout period for the entire plan or entire group (if the plan uses groups).

The Calculate Awards process enters the default value of *Initial Calculation*. If the Group Status is *Submitted*, all editable fields on the page are unavailable for entry.

The system changes the Group Status according to the status of the entire group of individual awards. Values are:

- *I - Initial Calculation*
- *D - Ready to Submit*
- *S - Submitted*
- *E - Corrections Required*
- *J - Rejected*
- *P - Paid/Granted*

### Name and ID

When you specify a plan ID and payout period ID upon accessing the page, the system loads all of the plan members for whom the user has security access. Use the Name and EmplID fields to easily find and display an individual's award record in the bottom portion of the page.



### Refresh Search Fields

Click the Refresh Search Fields button to display the first chunk of members and to hid the search fields before entering new search parameters. The field to the left of this button tells you which rows are visible compared to the total number of rows that match the current search criteria. For example, *12 to 20 of 56* means that rows 12 to 20 are displayed out of a total of 56 rows.

### Search

After entering new search parameters, click this button.



### First Item

Click the First Item button to display the first chunk of members.



### Previous Item

Click the Previous Item button to display the previous chunk of members.



### Next Item

Click the Next Item button to display the next chunk of members.



### Last Item

Click the Last Item button to display the last chunk of members.

### Sort by

Select to display the plan member records in the page in the order of *EmplID* or *Name*.

<b>Status</b>	<p>The worker's eligibility status in the plan.</p> <p>See <a href="#">Viewing and Adjusting Plan Member Eligibility</a>.</p>
<b>Earnings Code</b>	<p>The value that you defined for the plan on the Plan Definition page appears. Select a different value to modify the code at the worker level.</p>
<b>GP Earnings</b> (global payroll earnings)	<p>The value that you defined for the plan on the Plan Definition page appears. Select a different value to modify the code at the worker level.</p>
<b>Carryover Balance, Accum Carryover, and Carryover Amount</b>	<p>These fields are hidden if you did not select Carryover Awards on the Plan Business Rules page or if the plan is a non-monetary plan (including stock-type plans).</p> <p>These three fields work together to help you administer carryovers for each worker in the plan.</p>
<b>Carryover Balance</b>	<p>The carryover balance that you have withheld for the worker to date under this plan appears. When you approve the worker's award, the system updates the carryover balance with the amount in the Accum Carryover (accumulated carryover) field for this period.</p>
<b>Accum Carryover</b> (accumulated carryover)	<p>The Accum Carryover field tracks the cumulative effect of the amounts that you enter in the Carryover Amount field for the worker in this payout period. For example, if you first enter 300 USD, and later enter 100 USD in the Carryover Amount field, the Accum Carryover field shows 400 USD. If you later enter a negative amount of -150 USD in the Carryover Amount field, the Accum Carryover field shows 250 USD.</p> <p>After making several changes in the carryover amount, if you want to know what the worker's award would be without any adjustment in the carryover balance, add the Accum Carryover amount to the value in the Actual Award field.</p> <p>To see what the new carryover balance would be, add the accumulated carryover amount to the value in the Carryover Balance field. When you approve the worker's award, the system updates the carryover balance with the amount in the Accum Carryover field.</p>
<b>Carryover Amount</b>	<p>Use the Carryover Amount field to adjust the worker's carryover balance. Enter a positive amount to increase the worker's carryover balance and decrease the award. Enter a negative amount to decrease the worker's carryover balance and increase the award.</p> <p>When you adjust the Carryover Amount, the system changes the amount in the Actual Award and Accum Carryover fields. The</p>

amount in the Carryover Balance field does not change until you approve the award.

### **Guarantee**

If you entered a guarantee for the worker on the Individual's Payout page, the system displays that amount in the Guarantee field on this page. Manually change the actual award to the guarantee amount at your discretion. The system does not automatically enforce guarantees.

This field is not visible if the plan member rule is Ad Hoc Award or Define Tree/Group.

### **Award Date**

The system enters the payout period end date as the default value. When you set the Award Status to *Approved* or *Ready to Submit* and save the page, the system sets the award date to the current date. If you approve awards using the Approve Awards process, the system sets the award date to the date that the process runs.

Manually change the award date to another date, such as the period end date.

If you try to change the *Approved* status to any other status, the system warns you that it will reset the award date to the period end date.

For Stock plans paid out through Stock Administration, the system changes the award date to the grant date after creating stock grants.

For plans paid out through PeopleSoft Payroll for North America, the system changes the award date to the value set by the payroll system as the date of payment.

### **Award Status**

The status of the individual worker award.

The default value is *I* (initial calculation). Select a status from these options:

- *A - Approved*: This value is only available if Approve Awards is selected on the Plan Business Rules page. If you use the Approve Awards batch process, the system enters this value. If you manually approve awards, only the designated approver can select this value.
- *C - Canceled*: Select to cancel the award.
- *I - Initial Calculation*: The system enters this value as the default.
- *R - Recommended*: This value is available only if you select Approve Awards on the Plan Business Rules page.

- *D - Ready to Submit*: This value is available only if you do not select Approve Awards on the Plan Business Rules page.

### Modifier (%)

Enter a value in the Modifier field to modify by the specified percentage an award that the system has calculated. Enter a value above 100 percent to increase the award; enter a value below 100 percent to decrease the award. The default is 100%.

The system multiplies the adjusted award by the percent value that you enter and updates the Actual Award and the Award Value fields. It also updates funding information.

Example 1: The adjusted award is 1,000 USD and the modifier is 75 percent. The system changes the actual award to 750.00 USD ( $.75 \times 1000$ ).

Example 2: The adjusted award is 1,000 USD and the modifier is 110 percent. The system changes the actual award to 1,100 USD ( $1.10 \times 1000$ ).

After modifying an award, the system enters the *Manual* value in the Calculation Source field that is next to the Modifier field.

### Calc Source (calculation source)

This field is the unlabeled field next to the Modifier field. The system enters a value here to indicate the source of the actual award amount. Values are:

- *System*: The Calculate Awards process calculated the actual award based on the target formula and other factors.
- *Manual*: You have manually entered or changed the actual award. You can enter an actual award for Ad Hoc plans, change the actual award by directly entering an amount, or use the Modifier and Carryover Amount fields.
- *System – Min*: The system substituted the minimum award because the calculated award is lower than the minimum award that you specified for the plan or group.
- *System – Max*: The system substituted the maximum award because the calculated award is higher than the maximum award that you specified for the plan or group.

### Actual Award

The Calculate Awards process enters the adjusted award amount as the default value in the Actual Award field. The system updates the Actual Award field when you enter a carryover amount or enter a value in the Modifier field. You can also enter a different amount directly into the Actual Award field.

If the plan is an Ad Hoc plan, enter the worker's award directly into the Actual Award field. The system sets the calculation source to *Manual*.

When you or the system enters or changes the amount in the Actual Award field, online processing automatically updates funding information.

**Award Value**

The system enters the monetary value of the actual award. It updates this field as the actual award changes.

**Award Detail**

The business rules that you defined for the plan determine the fields that appear.

**Target Value**

The value of the target award as expressed in the currency of the VC plan or in units if the plan is non-monetary. The Determine Awards process calculates this value.

**Calculated Award**

The target award multiplied by the performance factor (if the plan uses weighted goals) and the proration factor (if the plan is prorated). The Calculate Awards process calculates this value.

**Adjustment Factor**

The factor calculated and applied by the Calculate Awards process to adjust each individual award by the same ratio for funded plans when not enough funding is available to pay out the calculated awards.

This field does not appear on the page if the plan does not use funding.

**Adjusted Award**

The calculated awards multiplied by the adjustment factor. The Calculate Awards process calculates the adjusted award.

Adjusted awards cannot be less than the minimum or more than the maximum payout.

**Original Award [Units]**

This field is for Stock type plans only. It displays the number of units in the original award, before any stock splits. Splits are reflected in the Actual Award field when the award is published to Stock for distribution.

**Original Award Value**

This field is for Stock type plans only. It displays the value of the original award, before any stock repricing. Repricing is reflected in the Award Value field when the award is published to Stock for distribution.

**Prorate Factor**

A factor calculated by the Determine Eligibility/Proration process. It is based on the amount of time the worker was a member of the plan during the payout period.

This field appears on the page only if prorated eligibility is a plan business rule.

**Org Perf Factor** (organization performance factor)

A factor determined by the organization weighted goal attainments.

	This field appears on the page only if the plan uses organization level weighted goals.
<b>Group Perf Factor</b> (group performance factor)	A factor determined by the group weighted-goal attainments. This field appears on the page only if the plan uses group-level weighted goals.
<b>Ind Perf Factor</b> (individual performance factor)	A factor determined by the individual weighted goal attainments. This field appears on the page only if the plan uses individual-level weighted goals.

## Allocate Awards by Group Page

Use the Allocate Awards by Group page (VC\_AWD\_ALLOC\_WG) to view and change the awards calculated by the Allocate Awards process for group members.

This page is also used to view and change the award status of individual awards. Use if you administer the plan using groups. If the plan does not use groups, the system enters the award data on the Allocate Awards by Plan page.

### Navigation

Compensation > Variable Compensation > Finalize Awards > Allocate Awards by Group > Allocate Awards by Group

**Image: Allocate Awards by Group page**

This example illustrates the fields and controls on the Allocate Awards by Group page.

All fields on this page are identical to the fields on the Allocate Awards by Plan page, with these exceptions:

- Group ID is an additional field on the Allocate Awards by Group page.
- The Original Allocation, Balance, and Reserves fields appear on the Allocate Awards by Group page for plans that use group funding allocations. These fields replace the Plan Funding and Available fields that appear on the Allocate Awards by Plan page.

**Group ID**

The ID that you entered to access this page, along with a description of the group.

**Original Allocation**

The total amount that you funded to the group and period represented [or identified] by this ID for the period represented by this ID.

**Balance**

The unallocated balance of the original funding. The system increases and decreases the amount in this field when you change the award allocation for each group member.

**Reserves**

The balance of funding from previous periods that is still available for allocation to the group.

## Using the Allocate Awards Page for Ad Hoc Awards

If the plan member rule is Ad Hoc Award, do not run the Calculate Awards process prior to accessing the Allocate Awards page. Instead, enter the awards directly on this page.

To enter an Ad Hoc award:

1. Select the worker from the plan members listed on the Allocate Awards page.  
  
The members that you entered directly on the Plan Members page are available on the Allocate Awards page.
2. Enter an award amount for the worker directly into the Actual Award field.
3. In the Award Status field, select *Recommended* if the plan requires approval or *Ready to Submit* if approval is not required.

For Ad Hoc Awards, these fields are visible on the page; all others are hidden:

- Earnings Code
- GP Earnings
- Award Date
- Award Status

Select *Recommended* if the plan requires approval or *Ready to Submit* if approval is not required.

- Actual Award

Enter the amount of the award.

- (calculation source)

After you enter an actual award amount, the word *Manual* appears above the Actual Award field to indicate that the award is manually entered.

- Award Value

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## Reporting Awards Calculations

The system provides reports to help you review the results of the Calculate Awards process and review carryover balances. This section lists the pages used to run the awards reports and discusses how to run awards reports.



## Pages Used to Run Awards Reports

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
Calculate Awards Page	RUNCTL_VC_REP	Run the Calculate Awards Report (VC003).  Use this report to view the results of the Award Calculation process.
Variance Page	RUNCTL_VC_REP	Run the Variance Report (VC010).  Use this report to view the variance between the target award and the actual award that appears on the Allocate Awards page.  See <a href="#">Using the Variance Report</a>
Carryovers Page	RUNCTL_VC_REP	Run the Carryover Report (VC004).  Use this report to view the carryover balances.  See <a href="#">Using the Carryover Report</a>
Employee History Page	RUNCTL_VC_REP	Run the Employee History Report (VC005).  Use this report to view variable compensation data for workers.  See <a href="#">Viewing and Reporting on Variable Compensation History</a>
Non-Monetary Report Page	RUNCTL_VC_REP	Run the Non-Monetary Report (VC008).  Use this report to view non-monetary information associated with variable compensation plans.  See <a href="#">Using the Non-Monetary Report</a>
Plan History Page	RUNCTL_VC_REP	Run the Plan History Report (VC009).  Use this report to view information about the history of a variable compensation plan.  See <a href="#">Viewing and Reporting on Variable Compensation History</a>

### Related Links

"Basic PeopleSoft HCM Reports: A to Z" (PeopleSoft HCM 9.2: Application Fundamentals)

## Using the Variance Report

The detailed report lists all workers in a plan by group, the worker's target award value, actual award value, and variance between the target and actual award. It also indicates whether the award is either the minimum or maximum payout under the plan. In addition, this report shows the total target award value, actual award value, and variance for each group and the grand total for the plan.

The summary report lists the total target award value, actual award value, and variance for each group, as well as the grand totals for the plan.

## Using the Carryover Report

The detailed report lists all workers in a plan by group and their carryover balances. The summary report lists the total carryover balance for each group, as well as the totals for the plan.

## Using the Non-Monetary Report

The detailed report tracks the number of units awarded under a plan and the value to workers. The report lists only awards that are beyond the status of Initial Calculation. The detailed report lists all workers in a plan by group, their target values, their calculated awards, their actual award in non-monetary units, and their actual awards as a monetary value. The summary report lists the total non-monetary units for each group, as well as the totals for the plan.

## Chapter 11

# Managing Awards Approval and Payout

## Approving and Submitting Awards

This section provides an overview and discusses how to approve and submit awards in batch process.

### Pages Used to Approve and Submit Awards in Batch Process

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
<u>Approve Awards by Plan Page</u>	VC_RUNCTL_APPWRD_P	Run the batch approval process (VC_APP_WRD_P) when the plan member rule is <i>Ad Hoc Awards</i> or <i>Empl VC Record</i> .  This process is also used to remove approved status from approved awards.
<u>Approve Awards by Group Page</u>	VC_RUNCTL_APPWRD_G	Run the batch approval process (VC_APP_WRD_G) when the plan member rule is <i>Empl VC Record with groups</i> or <i>Define Tree/Group</i> .  This process is also used to remove approved status from approved awards.

## Understanding Approval and Submittal of Awards

When you're satisfied with the awards on the Allocate Awards page, finalize them for payout or distribution using an automated approval process, manual approval, or no approval. After you finalize all of the awards in a plan or group for a payout period, the system automatically submits them for payout or distribution.

When you define the variable compensation (VC) plan, decide whether to finalize awards for processing with or without approval. If you select award approval, you can run the Approve Awards batch process or approve awards individually.

### Finalizing and Submitting Awards Without Approval

To finalize and submit awards without approval:

1. Deselect the Approve Awards check box on the Plan Business Rules page.
2. Manually set the Award Status of each award to *Ready to Submit* on the Allocate Awards page when you are satisfied with the award amount.

When all individual awards in the period for the plan or group have the *Ready to Submit* or *Canceled* Award Status, the system changes the Group Status on the Allocate Awards page to *Ready to Submit*.

The system automatically submits awards for payout or distribution when the Group Status is *Ready to Submit* and changes the status to *Submitted*.

## Approving Awards Manually

To approve awards manually:

1. Select the Approve Awards check box on the Plan Business Rules page.
  - If the plan member rule is Ad Hoc Awards or Empl VC Record, also identify the approver ID on this page.
  - For plans that use groups, establish the approver for each group when you set up VC Tree security.
2. The manager manually sets the Award Status of each award to *Recommended* on the Allocate Awards page when satisfied with the award amount.

When all awards have the *Recommended* status, the system sends a workflow notifying the authorized approver.

3. The approver changes the Award Status to *Approved* for each award that he or she wants to approve.

Only the authorized approver can enter the *Approved* status.

- If the plan does not use groups, specify the approver ID on the Plan Definition page.
- If the plan uses groups, define the approver ID when you define the group on the Group Definition page.

When all individual awards for the period under the plan or group have the *Approved* or *Canceled* Award Status, the system changes the Group Status to *Ready to Submit*. When the Group Status is *Ready to Submit*, the system automatically submits awards for payout or distribution and changes the status to *Submitted*.

## Approving Awards in a Batch Process

To approve awards in a batch process:

1. Select the Approve Awards check box on the Plan Business Rules page.
  - If the plan member rule is Ad Hoc Awards or Empl VC Record, also identify the approver ID on this page.
  - For plans that use groups, establish the approver for each group when you set up VC Tree security.
2. When satisfied with the award amount, the manager manually sets the Award Status of each award to *Recommended* on the Allocate Awards page.

When all awards have the *Recommended* status, the system sends a workflow notifying the authorized approver to run the approval process.

- When the Award Status on the Allocate Awards page is *Recommended*, the approver runs the Approve Awards by Plan process or the Approve Awards by Group process.

Only the authorized approver can run the process for the plan or group.

- If the plan does not use groups, specify the approver ID on the Plan Definition page.
- If the plan uses groups, define the approver ID when you define the group on the Group Definition page.

The process changes the Award Status of all approved awards from *Recommended* to *Submitted* and then to *Approved*.

When all individual awards for the period under the plan or group have the *Approved* or *Canceled* Award Status, the system changes the Group Status to *Ready to Submit*.

When the Group Status is *Ready to Submit*, the system automatically submits awards for payout or distribution and changes the status to *Submitted*.

## Related Links

[Viewing and Adjusting Awards Allocations](#)

## Approve Awards by Plan Page

Use the Approve Awards by Plan page (VC\_RUNCTL\_APPWRD\_P) to run the batch approval process (VC\_APP\_WRD\_P) when the plan member rule is Ad Hoc Awards or Empl VC Record.

The process is also used to remove approved status from approved awards.

### Navigation

Compensation > Variable Compensation > Finalize Awards > Approve Awards by Plan > Approve Awards by Plan

### Image: Approve Awards by Plan page

This example illustrates the fields and controls on the Approve Awards by Plan page.

Plan ID	Payout Period ID	Approve	Plan Description
1	<input type="text"/>	<input checked="" type="checkbox"/>	<input type="text"/>

#### Plan ID

The only available values are the VC plans for which this user ID is the designated approver on the Plan Business Rules page.

#### Approve

Select to approve all awards that have the *Recommended* status under the plan for the corresponding payout period. Deselect this field to remove approval if you already ran the approval

process and now want to change it. The system selects Approve by default.

## Approve Awards by Group Page

Use the Approve Awards by Group page (VC\_RUNCTL\_APPWRD\_G) to run the batch approval process (VC\_APP\_WRD\_G) when the plan member rule is *Empl VC Record with groups* or *Define Tree/Group*.

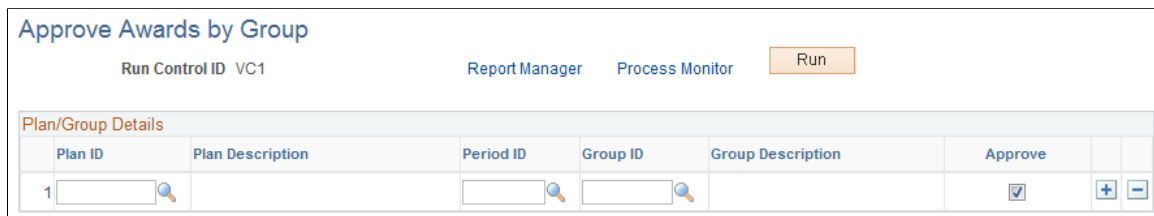
The process is also used to remove approved status from approved awards.

### Navigation

Compensation > Variable Compensation > Finalize Awards > Approve Awards by Group > Approve Awards by Group

### Image: Approve Awards by Group page

This example illustrates the fields and controls on the Approve Awards by Group page.



This page is identical to the Approve Awards by Plan page with the addition of the Group ID field.

### Plan ID

The only available values are the VC plans for which this user ID has security access.

## Integrating with Payroll Applications

This section provides an overview of integration with payroll applications and discusses how to:

- Integrate with PeopleSoft Payroll for North America and PeopleSoft Global Payroll.
- Set up integration points with payroll applications.

## Understanding Integration with Payroll Applications

When the Group Status field on the Allocate Awards page is *D* (ready to submit), the Variable Compensation system submits monetary and non-stock, non-monetary awards for payout.

### PeopleSoft Payroll for North America

If PeopleSoft Payroll for North America is installed on your database, the system publishes the awards directly to PeopleSoft Payroll for North America for payout.

## PeopleSoft Global Payroll

If PeopleSoft Global Payroll is installed on your database, the system publishes the awards directly to PeopleSoft Global Payroll for payout.

## 3rd Party Payroll System

If you are using a 3rd Party Payroll system, you can set up the system to automatically generate a flat file containing the award data, which you can use as input into your payroll system.

Customers can develop such a process and set the end date to ensure that it only sends the award once. PeopleSoft, expects that the customer to send the flat file directly to the Third Party Payroll vendor and load it directly. The system logic is not checking if the PeopleSoft Payroll Interface is installed, it just checking if Payroll for North America is set to *N* for No.

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**Note:** PeopleSoft does not deliver a process that loads a flat file into the Payroll Interface.

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## Multiple Payroll Systems

If you have multiple payroll systems installed on your database, the system refers to the pay system indicator on the worker's Job record to determine how to submit the award. If the worker is paid through PeopleSoft Payroll for North America or PeopleSoft Global Payroll, the system publishes the award through Integration Broker. If the worker is paid through Payroll Interface, the system creates a flat file for submittal.

## Integrating with PeopleSoft Payroll for PeopleSoft North America and Global Payroll

Integration between Variable Compensation and these two payroll applications is automated through PeopleSoft Integration Broker. The variable compensation administrator does not run any processes for this integration. If awards are returned due to error, the VC administrator must resolve the reason for the error. The VC administrator can also request that awards be rejected if they are submitted in error.

These steps summarize the award payout integration between variable compensation (VC) and the PeopleSoft Payroll for North America and PeopleSoft Global Payroll applications.

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**Note:** In this summary, *payroll* refers to both the PeopleSoft Payroll for North America and PeopleSoft Global Payroll applications unless otherwise specified.

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1. VC publishes awards.

When the status of all individual awards on the Allocate Awards page is *D*, *S*, or *C*, the system changes the group status to *D* and publishes a message that inserts the awards into a publishing staging table. The Group Status and individual Award Status on the Allocate Awards page are changed to *S* (submitted).

2. Payroll subscribes to the message.

Subscription inserts the awards into a subscribing staging table.

3. Payroll validates or rejects the VC data.

- Validated awards:

If VC data is valid, payroll proceeds with processing.

- Erred or rejected awards:

When payroll validates the VC data, it checks for error conditions that require correction prior to payroll processing. If errors are detected, payroll publishes an acknowledgment to VC and supplies reason codes.

4. VC subscribes to the acknowledgement of rejected or erred awards. The subscription updates the Award tables.

- If all awards for a specified VC plan and payout period are rejected at VC request due to error in VC submission, the Group Status and Award Status are changed to *J* (rejected).
- If awards fail validation, the Group Status and Award Status are changed to *E* (error) and payroll supplies a reason code.
- The award date is updated to the current date.
- Workflow notification of erred or rejected awards is sent to the VC administrator.

If the awards are erred or rejected by PeopleSoft Payroll for North America, the VC administrator can run the Subscription Error report to see the details of rejections, errors, and reasons. Otherwise, the VC administrator can check the Service Operations Monitor to view the details.

- VC administrator corrects the awards and sets the individual Award Status to *D* (ready to submit). When all individual awards have the status of *D*, *S*, or *C*, the Group Status is changed to *D*, which triggers publishing of the awards.

5. Payroll processes validated awards and issues checks.

6. Payroll publishes a verification of payment to VC.

7. VC subscribes to the verification of payment. The subscription updates the Award tables.

- The subscription updates the Group Status and Award Status to *P* (paid/granted).
- The subscription updates the Award Date to the value set by payroll as the date of payment (PeopleSoft Payroll for North America only).

## Error Reason Codes

When PeopleSoft Payroll for North America or PeopleSoft Global Payroll publishes notification of erred awards (Award Status of *E*), the notification includes reason codes for the error.

- PeopleSoft Payroll for North America error reason codes:
  - Invalid Earning Code (Invalid EC).
  - Invalid Employee ID & Record# (Invalid EE).
  - Invalid Currency Code (Invalid CC).



- Transaction already exists (Tran exist).
- Amount Exceeds Payroll Maximum (Exceed Max).
- Global Payroll Error Reason Codes:
  - Invalid Currency Code (Invalid CC).
  - Transaction already exists (Tran exist).
  - Error Updating Gen PI (PI Err).
  - Error Updating ACK\_PUB (Pub Err).
  - Invalid Pin Number (Pin Err).

**Related Links**

"Understanding Integration with PeopleSoft HR and Expenses" (PeopleSoft HCM 9.2: Payroll for North America)

"Understanding Variable Compensation Awards" (PeopleSoft HCM 9.2: Global Payroll)

**Setting Up Integration Points with Payroll Applications**

Before using the integration between the Variable Compensation business process and PeopleSoft Payroll for North America or PeopleSoft Global Payroll, configure the Integration Broker local node, set up routings, and activate these service operations:

<i>Service Operation</i>	<i>Message Definition</i>
VAR_COMP_PAYMENT_REQUEST	VC publishes award data to PeopleSoft Payroll for North America and payroll subscribes to the award data.
VAR_COMP_PAYMENT_ACKNOWLEDGE	PeopleSoft Payroll for North America publishes payout data to VC and VC subscribes.
VAR_COMP_PAYMENT_REQUEST_GP	VC publishes award data to PeopleSoft Global Payroll and payroll subscribes to the award data.
VAR_CMP_PAYMENT_ACKNOWLEDGE_GP	PeopleSoft Global Payroll publishes payout data to VC and VC subscribes.

See Also [Introduction to the PeopleSoft Interactive Services Repository \(ISR\)](#) and *PeopleTools: Integration Broker*

**Related Links**

"Identifying Integrations for Your Implementation" (PeopleSoft HCM 9.2: Application Fundamentals)

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## Integrating with Stock Administration

This section provides an overview and discusses how to set up the integration with Stock Administration.

### Summary of Integration with Stock Administration

When the Group Status on the Allocate Awards page is *D* (ready to submit), the Variable Compensation system publishes the awards directly to Stock Administration for distribution if Stock Administration is installed on your database.

These steps summarize the award distribution integration between the Variable Compensation business process and Stock Administration:

1. The Variable Compensation (VC) business process publishes awards to Stock Administration.

When the status of all individual awards on the Allocate Awards page is *D*, *S*, or *C*, the system changes the group status to *D* and publishes a message that inserts the awards into a staging table. The Group Status and individual Award Status on the Allocate Awards page are changed to *S* (submitted).

2. Stock Administration subscribes to the VC's message. Subscription performs validation and proceeds to either generate grants or to void, modify, or reject grants.

- Generate Grants:

Stock Administration runs the Generate Grants Application Engine process to generate the grants and batch publishes the awards to VC.

The batch publish of grants generated results in these changes to the VC Award table:

- Changes the Award Date to the date granted.
- Changes the Award Status to *P* (paid/granted) when granted with no validation errors or to *E* (error) when granted with validation errors.
- Updates the Actual Award to the number of shares granted.
- Updates the Award Value.
- Void, modify, or reject grants: (This is generally done a data entry error occurred in the run control for generating the grants)
  - Batch publish of voided grants to VC sets Award Status to *C* (canceled).
  - Batch publish of modified grants to VC through staging table generates the same updates to VC data as publishing grants without modification.
  - Batch publish of rejected grants sets Award Status to *J* (rejected) if the awards were sent to Stock Administration in error.

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**Note:** After the awards are rejected, they can't be recalculated in the same period. They must be recalculated in the following period.

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3. Shares for VC plans or funding periods that have expired are returned to Stock Administration.

Stock Administration decreases the VC funding table by the number of shares remaining.

4. Stock Administration updates VC tables when stocks split.
  - It updates the Awards table and the Plan Funding table.
  - Batch publishes affected VC awards.
5. Stock Administration recalculates award value when stock is repriced and publishes revised awards updating the award value.

### Related Links

"Understanding Variable Compensation" (PeopleSoft HCM 9.2: Stock Administration)

## Setting Up Integration Points with Stock Administration

Before using the integration between the Variable Compensation business process and Stock Administration, configure the Integration Broker nodes and activate the appropriate queues, handlers, and routings for these service operations:

<b>Service Operation</b>	<b>Message Definition</b>
AWARD_GRANT_ISSUE	Variable Compensation publishes award data to Stock Administration and Stock Administration subscribes to the award data.
GRANT_AWARD_UPDATE	Stock Administration publishes grant data to Variable Compensation and Variable Compensation subscribes.

See Also *PeopleTools: Integration Broker* and [Introduction to the PeopleSoft Interactive Services Repository \(ISR\)](#)

### Related Links

"Identifying Integrations for Your Implementation" (PeopleSoft HCM 9.2: Application Fundamentals)

## Reporting on Award Payout and Distribution

PeopleSoft provides these reports to assist in payout processing:

- Actual Awards report.

After the system submits the awards for payout, run the Actual Awards report. This report is similar to the Calculate Awards report, but it shows any modifications that you made to the award on the Allocate Awards page.

- Subscription Errors report.

The variable compensation (VC) administrator can run the Subscription Error report after receiving workflow email notification that an erred or rejected award has been returned from PeopleSoft Payroll for North America or Stock Administration.

## Pages Used to Report on Award Payout and Distribution

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
Actual Awards Page	RUNCTL_VC_REP	Run the Actual Awards Report (VC001).  Use this report to view the actual variable compensation awards that were received. You can select a detailed report or a summary report.  The detailed report lists all workers in a plan by group, the worker's target award value, annual rate, job code, actual award, and value. It also indicates whether the award is either the minimum or maximum payout under the plan, the total award value for each group, and the grand total for the plan.
Subscription Errors Page	RUNCTL_VC_REP	Run the Subscription Error report (VC013).

### Related Links

"Basic PeopleSoft HCM Reports: A to Z" (PeopleSoft HCM 9.2: Application Fundamentals)

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## Viewing and Reporting on Variable Compensation History

This section discusses how to use the Review Employee Award History page to view worker award history information online. Use the Review Employee Award History report or the Plan History report to print variable compensation history by worker or by plan, respectively.

## Pages Used to View and Report on Variable Compensation History

<i>Page Name</i>	<i>Definition Name</i>	<i>Usage</i>
<u>Review Employee Award History Page</u>	VC_EE_HISTORY	View the history of a worker's target and actual awards in each plan and payout period.

<b>Page Name</b>	<b>Definition Name</b>	<b>Usage</b>
Employee History Page	RUNCTL_VC_EEHIS_RP	Run the Employee History report (VC005).  For each worker, the report lists target values, award values, and units by plan and payout period. It also prints the total values and units for each plan. In addition, select to print each worker's grand total values for all plans.
Plan History Page	RUNCTL_VC_REP	Run the Plan History report (VC009). The report provides information about the plan definition and lists award values, proration, and approver information by payout period for the plan ID that you specify.

**Related Links**

"Basic PeopleSoft HCM Reports: A to Z" (PeopleSoft HCM 9.2: Application Fundamentals)

**Review Employee Award History Page**

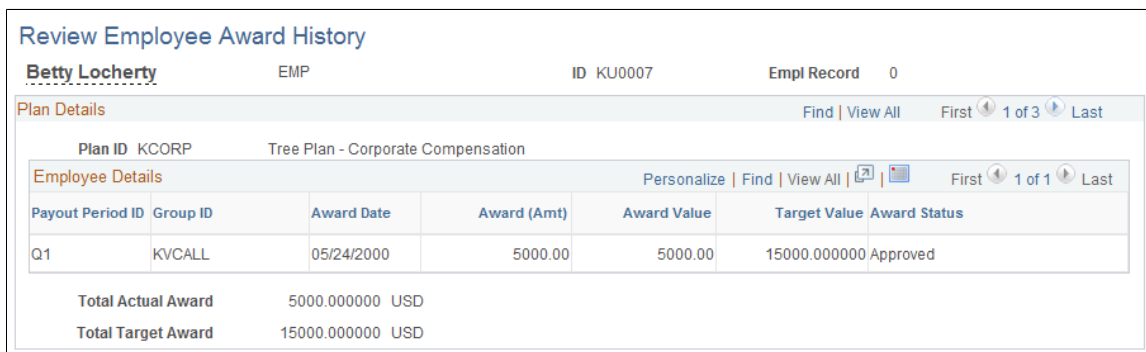
Use the Review Employee Award History page (VC\_EE\_HISTORY) to view the history of a worker's target and actual awards in each plan and payout period.

**Navigation**

Compensation > Variable Compensation > Finalize Awards > Review Employee Award History > Review Employee Award History

**Image: Review Employee Award History page**

This example illustrates the fields and controls on the Review Employee Award History page.



**Award Date**

The date on which the award was granted for each payout period.

**Award (Amt) (award amount)**

The award amount in the currency of the plan. (This column is hidden if the worker did not receive a monetary award in the plan period.)

<b>Award (Units)</b>	This column of the grid is hidden if the worker did not receive a non-monetary or stock award in the plan period.
<b>Award Value</b>	The value of the award granted in each period, expressed in the currency of the plan.
<b>Target Value</b>	The value of the worker's target award (expressed in the currency of the plan) as calculated by the Calculate Awards process for each payout period.
<b>Total Actual Award</b>	The total of awards granted to the worker under the plan ID, expressed in units or currency, depending on the plan type. Monetary value is expressed in the currency of the plan.
<b>Total Target Award</b>	The total of target awards calculated for the worker under the plan ID, expressed in units or currency, depending on the plan type. Monetary value is expressed in the currency of the plan.