

HOW DOES THE

FLEXIBLE WAGE SYSTEM (FWS) WORK?



The **Flexible Wage System (FWS)** comprises the Monthly Variable Component (MVC) and Annual Variable Component (AVC). These make the FWS a nimble and competitive system that helps companies respond swiftly to changing business situations.

The variable components comprise



Monthly Variable Component (MVC)

and

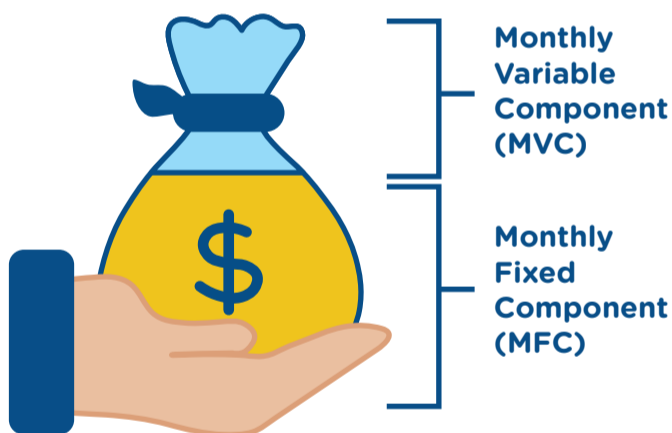


Annual Variable Component (AVC)

Monthly Variable Component (MVC)

The MVC is part of the basic monthly salary which may be adjusted depending on the financial situation that is based on clear key performance indicators.

Basic Monthly Salary



Note: Both MFC and MVC are included in computing overtime payment, CPF contributions, AWS and bonus.

Companies would set clear guidelines on when the MVC/AVC should be adjusted partially or fully and when it would be reinstated.

Annual Variable Component (AVC)

The AVC is directly linked to the company's annual performance and varies directly with its operating and/or financial performance.

Types of Variable Components



Variable Bonuses

- ▶ Payments that reward employees for meeting productivity or performance targets
- ▶ Usually offered at the end of the company's financial year



Other Variable Payments

- ▶ Monetary incentives that reward employees for their contributions to short-term goals (e.g. new product launch, project completion, operational improvements); given monthly or quarterly



Annual Wage Supplement (AWS) or 13th-month bonus

- ▶ Single annual payment typically given at the end of the calendar or financial year



Enable greater business agility with the Flexible Wage System today.

Find out more from the FWS Guidebook



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