

Walmart to boost starting wage, give employees bonus after tax bill

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[Walmart](#)'s workers will soon reap the benefits of the recent tax law changes, as the world's largest private employer raises its starting wage, creates new benefits and distributes bonuses to eligible workers.

The big-box retailer announced Thursday it will increase its starting wage rate for hourly employees in the U.S. to \$11, and expand maternity and parental leave benefits. Currently, Walmart's starting wage is \$9 until workers [complete a training program](#). Then, they receive \$10.

Walmart will also pay a one-time cash bonus to eligible employees of as much as \$1,000. The payouts, which should total roughly \$400 million, will result in a one-time charge that the company will take in its fiscal fourth quarter.

The bonuses will be determined by an employee's length of service. Those workers with more than 20 years of experience will qualify to receive the full \$1,000. However, workers with less than two years of experience will receive \$200, a Walmart spokesman told CNBC.

Employees with 15 to 19 years of service at Walmart will receive \$750, while those with 10 to 14 years of work there will receive a \$400 bonus, he said. Five to nine years of experience merits a \$300 bonus, while two to four years of service will result in a payout of \$250.

In expanding its parental and maternity leave policy, Walmart will offer full-time hourly employees in the U.S. 10 weeks of paid maternity leave and six weeks of paid parental leave. Salaried workers will also receive six weeks of paid parental leave.

Before these changes, full-time hourly workers were only eligible for up to eight weeks of paid maternity leave and two weeks for paid parental leave.

The company is also creating a new benefit that provides financial assistance to its employees who are looking to adopt a child, giving them as much as \$5,000 per child to cover expenses such as adoption agency fees, translation fees and legal costs. In a [blog](#) posted on the company's website, CEO [Doug McMillon](#) said he had received feedback from multiple employees who thought the current adoption policy was

limited.

"Tax reform gives us the opportunity to be more competitive globally and to accelerate plans for the U.S.," McMillon said in prepared remarks.

"We are early in the stages of assessing the opportunities tax reform creates for us to invest in our customers and associates and to further strengthen our business, all of which should benefit our shareholders," he added. "However, some guiding themes are clear and consistent with how we've been investing — lower prices for customers, better wages and training for associates and investments in the future of our company, including in technology."

Some analysts [are already speculating](#) lower prices could be right around the corner, thanks to the new tax legislation.

Walmart said the changes announced Thursday will benefit the retailer's more than 1 million hourly employees across the country and will go into effect as soon as February. The wage increases in particular are expected to add about \$300 million in costs to what Walmart was already planning for the coming fiscal year.

Meanwhile, the company will take a separate charge as it [shutters more than 60](#) of its wholesale Sam's Club stores across the country.

Walmart will share more details regarding how the new tax law, which slashes the corporate tax rate to 21 percent from 35 percent, and the store closures could impact the company when it reports quarterly earnings on Feb. 20.

The news comes after other companies such as [Waste Management](#), [Bank of America](#) and [JetBlue](#) have made similar announcements, handing out bonuses to employees and citing the passage of tax legislation.

"Retailers have traditionally paid one of the highest effective corporate tax rates," Sandy Kennedy, president of the Retail Industry Leaders Association, said at the end of December, when House and Senate Republicans finally reached an agreement to resolve the differences between their tax overhaul bills.

"A fairer and more competitive tax code will give retailers the ability to modernize stores, invest in their workforce and continue to transform the shopping experience for consumers," Kennedy said.

The wage hike for Walmart follows [Target's move late last year](#) to raise its minimum hourly wage to \$11, with plans to pay out \$15 by 2020. Other retailers including [Gap](#), Whole Foods [Costco](#) and [TJX](#) have also boosted their wages in recent years, as more

companies are under pressure to recruit the best talent.

The federal minimum wage, though, hasn't budged since 2009 and still sits at \$7.25 per hour. Separately, a slew of states have increased their wage requirements in recent years.

WATCH: Walmart plans to cut 1,000 corporate jobs