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## The Ups & Downs of Interest Rates: How Rate Moves May Affect Your Money

**INTEREST RATES & YOUR MONEY** When the Federal Reserve changes the federal funds rate, the effects move through the financial system. This can trickle into areas of your own personal finances, impacting how much interest you pay on loans or credit card rates, and how much interest you receive from savings accounts or earnings in investment portfolios.

“One of the main places that people will feel the effects of the Fed changing interest rates is in car loans,” says Stanley Poorman, CFP®, a financial professional with Principal®. “Most people need a car, but can’t pay cash to buy one, so they take out a loan. And since car loans are typically for 5 years or less, they’re influenced by the prime rate.” As interest rates go up, the money you borrow for a car or other type of loan becomes more expensive because of the extra interest you have to pay. “If you’re trying to factor a car payment into your budget,” Poorman says, “higher rates tend to mean you’ll be able to afford less car than if rates were lower.” When rates go down, the opposite is true, and your money may go a bit further. But Poorman suggests being careful about overextending yourself financially even when rates are low. “Don’t just consider interest rates when making financial decisions,” Poorman says. “It can be easy to take on too much debt just because a low interest rate makes it look affordable.” Poorman has some other suggestions about interest rates and your finances.

- Rate changes typically take time to make a large impact on your wallet. If you hear the Fed is changing rates, don’t react immediately.
- Even if the Fed is changing interest rates, not all rates are affected equally. Longer-term interest rates—like fixed-rate mortgages—are less affected by changes to the federal funds rate and more affected by the overall U.S. economy.
- Creating a balanced mix of investment options in your portfolio may help you minimize any impacts when markets react negatively to news of rate changes.

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- When interest rates increase, it may mean more money back for you through traditional savings options.
- Interest rate changes can affect performance of your investment options over time. Rebalancing your investment options regularly may help keep them in line with your long-term goals.
- Keep tabs on any variable interest payments you have, such as credit cards or adjustable-rate mortgages. As rates move around, those payments may, too.

*principal.com*



HUMAN RESOURCES

## 4 Tax-Season Filing Tips

It's almost here again: Tax Day, the deadline for filing income tax returns. If you're preparing to file taxes, consider the following steps to help you minimize stress and maximize your tax return — whether you're planning to file with time to spare or closer to the deadline.

### 1. Save Time and Money by Filing Electronically

Millions of tax filers opt to file electronically by using online software, according to the Internal Revenue Service (IRS). Electronic filing programs often have better accuracy as they calculate figures automatically, says the IRS, which can save you time and alert you of deductions you may be eligible for. In addition to saving you time when filing, you may also get your tax return faster, too. If you use the direct deposit option when e-filing, you may receive your return in as little as three weeks, according to the IRS.

### 2. Apply for Installment Payment Agreements

Though many would prefer to receive a refund, there are ways to make the burden a little easier if you owe taxes. If you are unable to pay your entire tax bill by Tax Day, the IRS typically allows taxpayers owing under \$50,000 to create an installment payment agreement using an online application or via tax form 9465. Keep in mind that, depending on the option you choose, certain fees, interest or penalties may apply.

### 3. File an Extension

If you cannot file your taxes by the deadline, you can file an extension by that date to possibly avoid incurring penalties and fees. An automatic six-month extension is available via tax form 4868. Remember, however, that interest or penalties may continue accruing on any taxes owed, notes the IRS. So, working on your payment plan right away may help you minimize those expenses.

### 4. Make Changes to Maximize Next Year's Return

After filing your taxes, consider making some changes this year that may benefit you when tax season arrives next year. For example, if you haven't been contributing money to an individual retirement account (IRA), consider starting one — you may be able to claim the money you contribute as a deduction on your federal taxes, according to the IRS. Or, consider making donations to charities, as the IRS may allow you to deduct contributions made to eligible organizations.

By following these tips, you may be able to minimize the stress that can come with filing taxes. Be sure to prepare early and remember to file by this year's deadline.

*allstate.com*

## EMPLOYEE BENEFITS

## Keep Calm & Wash Your Hands

How to manage workers' anxiety during coronavirus outbreak

Everyone knows the drill: Wash your hands. Sneeze into your elbow. Sanitize doorknobs, phones and other frequently touched surfaces. Companies have inundated their employees with advice about how to avoid contracting and spreading coronavirus, though the disease continues to infect people and the death toll is rising.

There are other recommendations companies may want to share with employees: Take a walk. Read a book. Watch a movie. And, perhaps most important, don't constantly search the news for the latest information on the virus. Workplace experts insist companies must pay attention to employees' mental as well as physical health amid the virus outbreak. Unrelenting updates about the virus's effects combined with uncertainty about the future are leading to anxiety and depression. Human resource executives report that some employees have expressed an inability to concentrate. They say they are getting calls from employees who are unnerved by colleagues' sneezes and alarmed by co-workers' trips to Asia.

"All the media exposure is causing a panic and a feeling of hopelessness," said Bert Alicea, executive vice president of EAP+Work/Life Services at Health Advocate, a Plymouth Meeting, Pa.-based provider of integrated benefits programs. Alicea said that the EAP is getting about 1,200 calls a day—up from roughly 900 ordinarily. He said that about half those calling about the virus are calmed by phone conversations with a counselor, while the rest are given referrals for additional sessions.

Counselors don't tell callers not to be concerned, Alicea said. Instead, they tell people to focus on what they can control. There's no point in telling people not to stress. About 55 % of Americans worry about contracting the coronavirus this year, and 43 % think that will happen in a few weeks. More than a third of Americans are worried the virus will kill them, while 46 % are concerned a loved one will be a victim, according to Bospar, a San Francisco-based public relations agency that commissioned the survey released earlier this month.

In this tense atmosphere, employers must walk a fine line between keeping employees informed and not overloading them with news, experts said. "Overcommunicating can instigate panic," said Barbara Repandis, chief human resource officer of Kelley Kronenberg, a law firm in Fort Lauderdale, Fla. "But you don't want to go radio silent." Companies can't dictate what employees read, though many are recommending checking only reputable sites like those published by the Centers for Disease Control (CDC) and the World Health Organization (WHO).

It's critical for management and HR teams to remain calm and logical in their communications and interactions. "They are the mirror for employees," said Richard A. Chaifetz, chairman and chief executive of ComPsych, a Chicago-based provider of EAPs. "People want a sense of support and leadership from their organizations." ComPsych has added webinars that help employees deal with the stress they feel as a result of the virus. Chaifetz adds that employers must not only give employees information about the virus but also about how the company is responding to the outbreak. They should communicate what will happen if the company must close entirely or in some of its locations. Policies on sick leave and working from home should be reiterated and, if applicable, any changes noted. "You must be proactive," he said.

Anxiety was high in January at Universal Bank, a private, Chinese-owned institution based in West Covina, Calif. Most of the bank's employees are of Chinese descent, and many had been home for the holidays, according to Pamela Goddard, vice president and human resource manager. The majority of the bank's clients are also of Chinese descent. "Fear set in," Goddard said. Goddard said the bank put out masks for both employees and customers, even though executives knew they weren't effective in halting the virus' transmission. "It helped with peace of mind," she said. Employees' nerves calmed after the company sent them straightforward, easy-to-understand information about the virus gleaned from places like the CDC and WHO. Meetings were held so employees could ask questions. "We let them vent," Goddard said. "I think they know we have their backs."

[www.shrm.org](http://www.shrm.org)



## WORKERS' COMP



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### GOLF CORNER



## BRETT DREWITT

Key HR's own, Brett Drewitt just finished the El Bosque Mexico Championship by INNOVA tournament in Leon, Guanajuato, Mexico. To keep up to date on his progress, follow us on facebook, twitter, or Instagram! We wish Brett luck at this latest Korn Ferry Golf Tour. GO BRETT!!

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