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How successful could you be if you could focus on what you do best? It's a question worth asking. And we not only HAVE the answer... We ARE the Key!

KeyHR is aligned with preferred provider companies to offer new and innovative ways to meet our clients' payroll, employee leasing, benefits and insurance needs.

Our relationship with these companies helps business owners reduce costs, save time, optimize their workforce, increase revenue and minimize risk. If your company needs to save money, address compliance issues, improve efficiencies and increase productivity, we have the solutions.

If your company needs to save money, address compliance issues, improve efficiencies and increase productivity, we have the solutions and the key to your success.

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- Solutions for companies at all stages of development – from startups to fully mature
- A firm commitment to stay current on the laws that affect your industry and business
- Savings from 20 to 40 percent off your bottom line

It could be one of the smartest business decisions you ever make!

Winston watches both numbers closely; they're helpful to understand the financial realities and economic feelings of American households. The catch, of course, is when budgets and spending are in a mismatch. If that happens, there may be economic implications that aren't turning up in a survey or spending data. Nothing—not a survey, a housing market, or an economic prediction—is completely certain, which is why Winston advocates distancing yourself from overwhelming news and data.

Your wallet: Budgeting for inflationary pressures isn't just about today's spending, but about tomorrow's prices, even decades from now. Consider that when reviewing your long-term goals such as retirement savings. Although some spending categories may decrease, others may not, and inflation will affect your planned post-work budget.

principal.com



KEY CHANNEL PARTNER OF THE MONTH



May Economic Outlook: The Promise and The Peril of Predictions

PAYROLL

Quick takeaways

- **Economic cycles are just that—cycles.** Nothing goes up or down in value indefinitely. Diversifying your savings and investments may help protect against those peaks and valleys.
- **Does your spending line up with how you feel about the economy?** If not, consider why, and what you can do to regain control of your budget.

It's natural to crave economic certainty, especially with all the upheaval of the last two years. But assurances of gloom may cause unnecessary worry, while guarantees of confidence can prop up unrealistic hopes. Two things that are often the subject of incorrect predictions—the housing market and consumer expectations—are likely to make some moves this month. Here's what that may mean for your wallet.

The housing crash that wasn't

Two-plus years ago, pandemic lockdowns had plenty of people predicting dire straits for housing. Based on the 2008 recession, those pundits weren't wrong to believe the future held plummeting home prices and a wave of evictions. Only the reverse happened: Home prices have skyrocketed. More people got into the market than got out of it, causing a housing shortage. There were evictions, but nowhere near the tens of millions of families predicted to be without housing. Unlike 2008, our homes in 2020 became our offices, schools, and entertainment zones, meaning more of us wanted bigger spaces of our own. No one could have quite predicted the trickle-down economic impact that would have, but it's proof that our values influence our financial choices. In other words: We're human; we don't always know what we want until we want it. "The peril," says Heather Winston, assistant director of financial advice and planning at Principal®, and that's especially true in the housing market. Just because homes have generally gone up in value over the last few years doesn't mean they always will—not even in the near future. In the next few months, you can expect mortgage rates to rise in tandem with interest rates, exerting further push on the supply-demand tug-of-war. (It's helpful to read up on what to do when interest rates move.) The housing demand crunch should ease in some areas, but more people may struggle with housing budgets. And if you wanted to do something like take out a home equity loan, the cost of borrowing that money may be more expensive.

The clash of consumer sentiment and spending Two monthly surveys measure the confidence households across America have for both their current and future financial security. Those numbers often offer a window into what will happen with consumer spending in the near term. The conundrum of late is that those two—sentiment and spending—have diverged in ways that quite a lot of people weren't expecting.

Employers Likely to Revisit Abortion Coverage, Other Benefits, If Roe Overturned

Some may add travel expenses to obtain abortions or new-mother benefits

If the U.S. Supreme Court overturns the *Roe v. Wade* decision legalizing abortion throughout the U.S., many employers are expected to refine their benefits packages. Look for companies either to add coverage of travel expenses to obtain medical procedures, including abortions, not available nearby, or to ensure that parental leave and caregiving benefits meet the needs of new mothers who may be single or economically disadvantaged. Amazon, one of the biggest private-sector employers in the U.S., will pay up to \$4,000 in travel expenses annually for employees to undergo abortions in states where the procedure is legal, joining the list of large U.S. companies that are enhancing abortion-related benefits.

Most recently, on May 9 Microsoft said it will expand benefits to cover costs for employees seeking abortions and other procedures in different states. **While some employers are enhancing abortion coverage under their group health plans, others are providing benefits outside the health plan, for instance by:**

- Creating a relief fund to pay expenses for employees and dependents who need to travel to another state or making funds available through a health reimbursement arrangement.
- Offering a one-time bonus for the travel and procedure costs in a state permitting abortive care.
- Lyft and Uber, which offer ride-hailing services, separately announced that they will cover legal fees for any drivers who are sued under Texas' new abortion law for transporting women to abortion clinics out of state.

Revisiting Abortion Coverage

Paul Keckley, editor of *The Keckley Report*, a health care industry newsletter, wrote on May 9 that employers such as Amazon, CitiGroup and others have already notified their employees about policy changes given the likelihood *Roe* is overturned. Primarily, these new benefits are intended to pay expenses to travel for out-of-state abortions. There also could be more emphasis on coverage of abortion-inducing medications, which may be easier to provide quickly, for instance in states where elective abortion is limited to the first 15 or 20 weeks of pregnancy. Medication abortions represent a growing percentage of all abortions, currently 54 percent, according to research by the Guttmacher Institute.

Health Plan Considerations

Lisa Nelson, vice president of employee benefits, compliance and regulatory affairs at the Leavitt Group, an organization of affiliated independent insurance agencies headquartered in Cedar City, Utah, advised employers to consider the following health plan issues if providing abortion-travel or related benefits under the plan:

- Would an out-of-state abortion covered by a self-funded plan based in a different state be out of network?
- How will these services be billed?
- Will state taxation apply in the state restricting or banning abortions?

"All these questions will need answering," she noted.

Employers that operate in multiple states also could face different rules affecting abortion coverage, depending on where covered employees and dependents live, work and receive health care.

Excluding Coverage

Not all employer-based health insurance covers abortions. For instance, the Kaiser Family Foundation's 2019 Employer Health Benefits Survey, which included 2,012 randomly selected nongovernment employers, found that "at the worker level, 10 percent of covered workers work at a firm that excludes coverage for abortion under some or all circumstances. This includes 4 percent of covered workers at firms that exclude coverage of abortion under any circumstance and 6 percent of covered workers at firms that exclude coverage of abortion except under some limited circumstances (which may include life endangerment, rape, or incest)." While Sen. Marco Rubio, R-Fla., has introduced a bill that would block companies from writing off the cost of reimbursing employees for abortion travel, the current Congress is unlikely to advance such a measure.

Other Benefits

Coverage of paid parental leave, child caregiving benefits and flexible work schedules could also be a focus for employers if more women, especially those with limited incomes, are giving birth rather than aborting pregnancies. Sen. Todd C. Young, R-Ind., said that if *Roe* is overturned, the country would "need to be supportive of women who have unplanned pregnancies—through adoptive services, through health care services and other means." Phillip Levine, a professor of economics at Wellesley College in Wellesley, Mass., wrote at the website *EconoFact* that "if the patterns that were present in the 1970s when *Roe v. Wade* legalized abortion at the national level continue to hold, those children [born due to a lack of elective abortion] are more likely to be born to unmarried women, teens, older women and Black women."

However, Levine pointed out that "certainly, the world is a different place today than it was 45 years ago, and this makes it difficult to draw sharp parallels with past experience" in predicting whether there would be a substantial increase in births if *Roe v. Wade* is overturned. He noted, for example, that "long-acting contraception did not exist [prior to the nationwide legalization of abortion] and it is now becoming more popular. Air travel is also much cheaper (after adjusting for inflation) than it was in the era of a regulated airline industry," allowing for greater travel to states without abortion restrictions. In addition, the 20 states likely to preserve unrestricted abortion access reflect a disproportionate share of the country's population, and "the more states that keep abortion legal, the smaller would be the impact on births."

Watch Your Language

"Everything is speculative until the decision is formally released," said Lisa Nelson, vice president of employee benefits, compliance and regulatory affairs at the Leavitt Group.

Nevertheless, employers should plan for how they might want to respond when the ruling is released.

www.shrm.org

EMPLOYEE BENEFITS



Inflation is Soaring. What Does That Mean for Salary and Raise Negotiations?

From shopping for groceries to dining out, Americans' wallets took another hit as inflation rose for the seventeenth consecutive month in April. The silver lining? That undeniable data may be an advantage in upcoming salary negotiations.

As consumer prices soar — with energy costs up 30.3% and food prices up nearly 10% in the last year, according to the Bureau of Labor and Statistics — employers are also feeling the heat. According to BLS' quarterly Employment Cost Index, wages and salaries increased 5% for the 12-month period ending in March 2022, and the cost of benefits increased 4.1% for the same period.

But adjusted for inflation, private sector wages and salaries declined 3.3% year over year, while benefits dropped 4% in that same period, points out Bruce Bergman, a regional economist for BLS' New York-New Jersey Information Office. That's making it a challenge for workers and prospective employees to effectively negotiate salaries and raises.

"It's important to do research to determine what the fair market value is for your skill set and experience," says Toni Frana, career services manager at FlexJobs, a search platform dedicated to flexible and remote work opportunities.

Bergman suggests that employees arm themselves with the latest cost of living data to create more up-to-date wage proposals that show employers how their earnings stack up against their costs, using BLS' statistics on real earnings.

Released monthly, this data allows employees to view average hourly earnings for their industry and occupation, compared to the Consumer Price Index.

He also points to the ECI as another valuable negotiation resource. "The ECI is an objective measure of changing industry standards [when it comes] to how much employers are spending on wages and benefits," he says. "Everybody wants to make decisions that are based on facts, and these are clear facts that someone can refer to in a compensation discussion."

While ECI numbers are averages, the index is still a good tool to help employers and employees gauge what compensation rates will be within their industry, occupational group, and region, Bergman says. Those reference points might change from year to year if, say, an employee starts out fully remote in one region and moves to a different region to work in-person at a future date.

But as valuable as it is to come to a compensation discussion armed with data, for employees who will be continuing in a role with an employer, the interactions and conversations that happen throughout the year are equally critical to the success of the negotiation, says Frana.

Regular check-ins empower employees to position themselves for higher raises by making changes as needed to better align with expectations, she says. "It's not helpful [for an employee] to hear about areas for improvement for the first time during an annual review. Employers should [maintain] a dialogue all throughout the year, at whatever rate and medium of conversation feels appropriate."

benefitnews.com

WORKERS' COMP



The Only Thing That Will Change is Your Bottom Line

Worker's Compensation is a critical business issue. If you haven't thought much about it, chances are it's costing you too much — and if an incident happens, it can cost you a lot more.

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Upcoming Dates!

Memorial Day Hours

Memorial Day is observed to honor the men and women who have died while serving in the military.

Key HR will be honoring Memorial Day on **Monday, May 30.**

May you have a wonderful weekend!