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2024 Outlook: Preparing for The New Normal

While the February jobs report delivered another very strong payrolls number, the broader details of the report painted a confusing picture of the labor market. Although jobs growth was stronger than expected in February, there was a meaningful downward revision to the January jobs number, plus a jump in the unemployment rate. Monthly average hourly earnings growth was weaker than expected, but the annual figure remains elevated. Looking at the bigger picture, the combination of a strong jobs print with easing wage growth sits in "soft landing" territory and will be welcomed by the Federal Reserve. A June policy rate cut is still on the agenda.

Report Details:

- Total non-farm payrolls (measured by the establishment survey) increased by 275,000 in February, meaningfully higher than the consensus forecast for a 200,000 gain. Downward revisions to previous months muddled the picture somewhat, with January jobs revised down from 353,000 to a slightly less impressive 229,000. Despite the revisions, the monthly jobs numbers are very strong and are consistent with a robust labor market. The three- month moving average has been on a steady trend higher since the end of last year.
- Hiring was generally broad-based, but mainly concentrated in noncyclical sectors such as education and healthcare, and government. Leisure and hospitality also recorded solid gains, but note that jobs in this sector are still below the pre-pandemic level, so continued catch- up is required.
- The unemployment rate (measured by the household survey) rose from 3.7% to 3.9% in February, driven by 184,000 job losses. Unfortunately, the widening gap between the establishment and household surveys is making it increasingly difficult to decipher the underlying strength of the labor market. It is notable that the household survey, which has shown declines in employment for four of the past five months, is at odds with the broader labor market data and surveys, which continue to show strength.

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- Monthly average hourly earnings growth dropped from 0.5% to 0.1%. While this data point will be particularly welcome for the Federal Reserve and suggest that January's spike was an anomaly, the annual rate only dipped slightly and remains elevated.

Outlook

Today's jobs report is somewhat market-positive. If the economy can continue to add jobs without triggering a resurgence in wage growth, the Fed will achieve its soft landing. However, the sheer magnitude of jobs growth suggests that the Fed cannot feel sufficiently confident that price pressures are contained, and therefore still needs to tread cautiously. Today's report does not change our view that the first policy rate cut will come around mid-year—no earlier.

principal.com

6 Ways to Help Your Employees During Tax Season

U.S. residents filed more than 25 million tax returns in 2023, and many of them completed those returns on their own. But as most taxpayers know all too well, filing a federal tax return without some sort of guidance can be stressful. In fact, more than half of U.S. adults who file tax returns (57 percent) find the do-it-yourself approach nerve-racking, according to a study conducted by The Harris Poll for Fast Company.

Employers can't fill out tax returns for their workers, but they can lend some help. Here are six ways that employers can assist employees with the annual drudgery of tax preparation.

1. Know the Lingo

In terms of tax preparation, one of the simplest things that HR professionals and workforce managers can do is help decipher the jargon that tax filers run into. Kraig Kleeman, founder and CEO of The New Workforce, recommends that HR professionals and workforce managers get up-to-speed on common tax terms, deductions and credits.

"Knowing the basics of taxes is crucial for giving good help," said Kleeman, whose company recruits offshore talent. "This helps you talk confidently with employees and provide the right advice for each person's situation."

2. Hold Tax Workshops

This year, weeks ahead of the April 15 tax-filing deadline, accounting automation company Numeric invited employees to a one-hour session that reviewed tax basics such as tax planning and deductions. HR experts suggest holding similar events at your workplace.

"Ideally, this alleviates some of the stress associated with tax filing," said Parker Gilbert, co-founder and CEO of Numeric. An in-house accountant led this year's Numeric workshop, but your workplace could enlist an outside expert if an internal professional isn't available. "As we navigate the twists and turns of taxes, let's seize the chance to empower and support our employees on their financial journey," Kleeman said.

3. Keep Employees Informed

Employers should update employees on tax deadlines, required documents and tax code changes, Kleeman said. "When it comes to helping with taxes, talking openly is super important," he said.

David Feinberg, senior vice president of HR software company Justworks and vice chairman of the National Association of Professional Employer Organizations, specified that employers should:

- Educate employees about various tax documents, such as W-2s, W-4s and 1095-Bs.
- Remind employees that they were supposed to receive their W-2 forms by Jan. 31.
- Encourage employees to file their federal taxes before the deadline (April 15 in 2024), unless they obtain a filing extension.

To communicate that information, Martha "Marty" Bryson, SHRM-SCP,



president of the SHRM-affiliated HR Florida State Council, suggests that employers undertake a January-to-April tax awareness campaign that includes emails, newsletters, signs and posters. This approach enables employees to sort through tax information "in bite-sized, easily digestible formats," Bryson said. "Repeating messages in a variety of ways will reach the most employees," Bryson said, "and spread the message that the organization cares for them as individuals." Another message that employers might want to spread: Don't forget to file your return if you're on track to receive a federal tax refund. For the 2019 tax year, an estimated \$1.5 billion in federal tax refunds remained unclaimed as of June 2023, the IRS said.

4. Offer Tech Tools

Considering that most U.S. residents file federal tax returns electronically, it makes sense for employers to share tech resources that can ease employees' tax-filing burden. "User-friendly tax software or apps with step-by-step guidance make the process more manageable," Kleeman said.

Several brands of free tax-filing software are available, including Cash App Taxes, FreeTaxUSA, TaxAct, TaxSlayer and TurboTax Free Edition. In addition, the IRS and AARP, among other organizations, offer free tax-filing assistance to eligible taxpayers. Josh Hart, founder of corporate culture and employee relations consulting firm Joshua Hart Consulting, recommends that employers look into providing discounts on tax-preparation software or partnering with tax-preparation services to help reduce tax-filing headaches.

"In the ever-changing world of HR and workplace management, supporting employees with their taxes is a big part of overall employee well-being," said Kleeman.

5. Highlight Tax Advantages

Hart advises that employers make employees aware of tax-advantaged benefits, including retirement plans, flexible spending accounts (FSAs), health savings accounts (HSAs) and commuter perks. In some cases, these benefits can help employees decrease their taxable income.

6. Promote Financial Wellness

Promoting financial wellness can be a year-round effort, not just an effort timed to coincide with tax season. According to Hart, aside from tax help, a financial wellness initiative could feature advice about creating a budget, managing debt and building up savings.

He said: "Helping employees improve their overall financial health can reduce stress during tax season."

www.shrm.org



EMPLOYEE BENEFITS

3 Leaders Share Ways to Support Women in the Workplace

International Women's Day is a great time for employers to think about how they can help this population succeed in the workplace all year long.

Though women make up over half of the U.S. workforce and many strides have been made over the past few decades in the name of equality, issues such as the gender wage gap, disparity in promotions and bias against mothers still persist, according to career coaching platform BetterUp. Yet many actionable solutions are free — and come with a big payoff, says Vicki Salemi, a career expert at Monster.

"An important way to support women in the workplace involves providing clarity for opportunities and equal opportunity for a seat at the table," Salemi says. "Feeling seen, heard, recognized, and valued is important, [and] doesn't cost the employer a dime."

For inspiration on what can keep moving the needle, three women at the top of their professional game share areas of essential support, like pay equity, empowerment and career advocates. For employers who prioritize equal opportunity in the workplace, here is what these experts recommend.

1. Jyl Feliciano — Global vice president of diversity, equity, inclusion and belonging at sales enablement solution Highspot

"Women have diverse needs crucial for their success in the workplace," says Feliciano. "The most impactful action a workplace can take is to intentionally create spaces that empower women to amplify their voices."

What does this look like? Women should actively participate in critical business decisions, therefore helping to prevent gender inequalities, Feliciano says. Additionally, using data and predictive analytics that details the comprehensive experience of women across their employee journey, and forecasts future opportunities can be valuable, too.

"This strategy is transformative because it empowers organizations to make data-driven decisions that simulate the potential impact on women or any employee group, considering intersectionality," she says. "By doing so, it helps avoid outcomes that could harm the long-term productivity, engagement, and retention of women within the workplace."

2. Nikki Festa O'Brien — CEO of brand marketing and communications company Greenough Communications

Festa O'Brien's belief in the importance of strong career advocates was inspired by a study which found that although women and men participate equally in professional group settings, when a man contributed, he often passed the "baton" to another man. Advising women to speak up has been part of her philosophy since.

"My advice to women navigating the professional landscape is this: Seek not only mentors, but sponsors who will actively advocate for your growth, development and success," she says. "Be relentless in your pursuit of supportive figures who will champion your journey. Moreover, extend this sponsorship mindset to those in your charge, fostering an environment of mutual support and empowerment. Together, let us uplift one another."

3. Vicki Salemi — career expert at job platform Monster

The wage gap between men and women has remained relatively consistent for the past two decades, according to Pew Research Center, with women now earning 82% of what men earn as of 2022. Adopting pay transparency policies and offering child care and caregiver support and benefits are some ways employers can balance the scales, and at any organization, pay equity should be the norm.

"It's not a "nice to have" element of the job — it's a quintessential need to have," Salemi says. "Pay equity is a win for everyone: Employees and businesses and on a macro level, society."

Career progression is also an essential part of women's success, and should be embedded in an organization's culture with both broad and individual approaches, Salemi says. She recommends professional paths with accompanying pay ranges and professional development opportunities be listed on the company's intranet site, as well as a consistent career planning meetings between management and employees.

"This well-defined career progression plan should have key metrics and skill sets to achieve, with resources to support the employee on how to attain them," Salemi says. "This transparent and frequent communication implies, 'We see your potential for the long-term, you have a bright future here, we're invested in you, and here are a few ways to support you in getting there.'"

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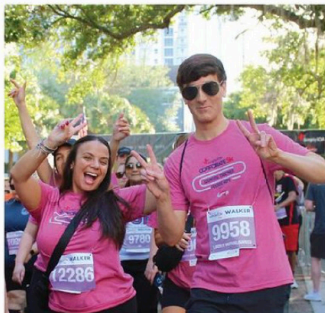
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