Key HR UNLOCKED
WE ARE THE KEY TO YOUR SUCCESS!
ISSUE NO.71 | MAY.2024

Key HR is the KEY to Your Success

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!

Key HR is aligned with preferred provider companies to offer new and innovative ways to meet out 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.

Trust Key HR to provide you with...

- Access to more service providers than any other business of our kind
- Specialists in every area of Human Resources
- 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!

KEY CHANNEL PARTNER OF THE MONTH

dinsmore/steele

PAYROLL

What Should You Do When Interest Rates Go Up Or Down?

Evaluating the impact of interest rate changes on everything from big purchases to daily savings goals can help you create your financial plan.

79% of Americans have a credit card. 44% of consumers have a mortgage. 43 million Americans have a student loan. From car loans to home equity lines of credit, interest rates affect most Americans' daily financial lives in some form or fashion. Those rates change from time to time, impacting how much interest you pay on loans or credit card rates, and how much interest you earn from savings accounts or growth in investment portfolios. You'll probably have to use credit or a loan at some point in your life. You can't control changes to interest rates. What can you do to minimize the negative (and improve the positive) impact on your financial well-being as interest rates change?

Interest rates change when the prime rate changes. First, a quick overview on how and why interest rates change. The Federal Reserve (Fed) sets—and adjusts—the federal funds rate. That's the rate that banks charge each other to borrow money for short amounts of time, usually overnight. The Fed raises the rate when the United States economy is doing well to help prevent it from growing too fast and causing high inflation. It lowers it to encourage growth. You feel the pull of the federal funds rate because it influences the prime rate, which banks charge or give their customers on loans or savings.

Bottom line: A rate increase or decrease is neither good nor bad. It's more like an indication of the overall U.S. economy. Instead of panicking when it changes, focus on fulfilling your long-term saving and debt payoff goals one at a time.

If you have a variable rate loan or line of credit, interest rate changes will affect you. Variable interest rate loans can hold the most uncertainty for you; in the event of rising interest rates, your payments can jump, too. A credit card balance or some types of student loans are subject to a variable interest rate, or one that's tied to a benchmark and can change with interest rates. Adjustable-rate mortgages, a lesser-used tool than in the past, are another example of a loan with an interest rate that changes.

Bottom line: Pay off variable interest rate debt as soon as possible. If you can, refinance loans such as adjustable-rate mortgages to lock in a set (hopefully lower) rate.

If you have a fixed rate loan, interest rate changes won't affect you. If you obtained a loan during a period of low interest rates and can easily make your monthly payments (and maybe pay off a little extra, too), there's not much more you can do to positively affect your financial picture. The opposite is also true: If you borrowed when rates were higher, your payments will be higher.

Bottom line: Consider refinancing higher interest rate loans to help lower your monthly payments. In addition, you may be able to roll a higher-rate loan together with a lower-rate loan if you're refinancing so you have just one payment. Bonus: If you refinance, consider putting the difference between payments toward the principal loan balance to pay it off more quickly.

Interest rate changes affect car loan rates. Longer-term interest rates such as fixed-rate mortgages are less affected by changes to the federal funds rate and more affected by the overall U.S. economy. Car loans are a different story; higher interest rates may make the car you want less affordable. However, low interest rates aren't necessarily an invitation to take on a big purchase (and its debt) and end up overextending yourself. "A low interest rate can make a large purchase look more affordable than it actually is," Poorman says. "So consider more than interest rates when making financial decisions."

Bottom line: Even if interest rates are low, a less-expensive car can help you keep monthly payments lower. Or a shorter-term loan can lessen the length of time you'll pay interest.

Interest rate changes make a minimal impact on savings account rates. When interest rates increase, it may mean your savings can earn more money. However, the effects will probably be minimal.

Bottom line: Traditional savings accounts have had low interest rates for some time. Research fees and minimum balances so you can earn as much as you can on your accounts.

principal.com

Tips for Employers Rethinking Internship Offers

Tesla's decision to rescind its internships just weeks before students were to begin them gives employers insight into what to do—and not do—when weighing whether to walk back such offers. It's important to consider the effect on current and future employees as well as the potential for harm to the company's brand. Employers that withdraw internships late in the process "will end up paying with their reputation, trust, and potentially respect in the market," said Annie Rosencrans, director of people and culture at HiBob, an HR tech platform with U.S. headquarters in New York City. "Gen Z has lost trust in companies, and it's clear why," she said. "They came of age in the workplace in the height of the pandemic, when companies were announcing layoffs, going on hiring sprees, and then laying off staff again.

"On top of that, companies have flip-flopped on flexible work policies, making this generation of workers feel as though many businesses do not care about their employees or their mental health, and companies that are transparent and culture-focused will be more attractive to this generation of workers." Rosencrans pointed to a HiBob survey conducted with 1,000 U.S. tech workers ages 20 to 30 that found 28 percent would leave their current job if they were worried it would be eliminated soon. Seeing a company rescind offers "will leave a bad taste in their mouths." Additionally, it "sets off alarm bells for investors and also for employees and job seekers," she cautioned.

Tesla announced in April it would be laying off more than 10,000 members of its global workforce, Forbes reported, and in May rescinded its internships one day after it fired about 500 people—the Supercharger team that creates vehicle chargers. The company initiated another wave of layoffs in May, and Business Insider reported the company whittled down its North American job postings from 3,400 to three. The short notice to interns may give the impression the company doesn't care about its people and breaks the trust "not only [of] interns but employees and prospective, future employees," said Jennifer Dulski, CEO and founder of Rising Team, a San Francisco-based platform that helps managers run team-building sessions.

It affects the teams counting on interns to provide additional output and removes management-training opportunities that overseeing an intern or intern class can provide someone readying for a management role. Existing employees may well wonder if their job is next on the chopping block and leave before that happens—especially your best employees who will have lots of options, Dulski said. For organizations faced with rescinding internship offers, here are some things to keep in mind:

Consider Other Options

No number has been given on the number of interns affected, but Tesla annually hires more than 3,000 students globally for internships and apprenticeships, according to the company's 2022 Impact Report. Withdrawing its internships appears to be a cost-cutting measure. In such cases, there might be other approaches companies could take without axing internships entirely and leaving students "in the lurch," Dulski said; however, "it does take more time and effort to do that."

Options might include:

Shortening the length of the internship. Having students share the internship rather than having one intern per role for the entire summer. Offering internships at a lower salary level that is still above minimum wage. If there's no way to creatively save the internship, Dulski suggested compiling a list of the students the company had vetted and recruited and sharing it with organizations still seeking interns.

The earlier you can notify students, the better. Internships often are only available during a set time frame, so give students at least 10 weeks' notice prior to their start date, Rosencrans suggested, so they have time to find a new position. Also, use foresight, Dulski advised. If there is a chance that the employer may need to pull back internships, it would be better not to make the offers in the first place.

Delivering the Bad News

Be both direct and empathetic, Rosencrans advised HR professionals who have to be the bearer of the bad news. "Explain to a student that [the decision] is unrelated to them, it's a business decision, and that you understand it puts them in an incredibly difficult position. Whenever possible, try to set time with each person to talk either in person or via Zoom video," she added. "It shows you care and are giving them the time they deserve. "Afterwards, follow up with a letter that confirms the offer has been rescinded, and if you can, offer them resources or connections to find another opportunity." Tesla employee Diana Rosenberg, technical lead for environmental management and battery supply, did just that.

She reached out to her LinkedIn network to promote a graduate student who had turned down "several appealing offers" to accept the now-revoked Tesla internship. "Please make our loss your gain!" Rosenberg urged in her post that praised the student's "excellent capabilities" and various areas of expertise. In fact, General Motors is interested in the students whose internships at Telsa were rescinded, Business Insider reported, noting that GM also has a history of hiring former Tesla employees.
Be transparent about the reasoning behind the decision, Dulski said. If it was done to save full-time jobs, for example, "that might earn back more trust."

In a note to staff about the layoffs, Tesla CEO Elon Musk explained that the move was to "enable us to be lean, innovative and hungry for the next growth phase cycle," CBS News reported. As for students who find their internships rescinded weeks before their start date, Rosencrans advised consulting with career services at their schools. "Many colleges will have strong alumni networks and can place students with organizations that are accepting interns," she said. It's a good idea, too, to leverage their networks on social channels and post on LinkedIn about their availability.

www.shrm.org

Why it Might be Cheaper for Every Employee to Have Their Own Health Plan

Many employers are at a loss about how to reduce healthcare costs for themselves and their employees. But does that mean they should give up their health plans for an alternative model?

Meet individual coverage health reimbursement arrangements, or ICHRAs, a model in which employers reimburse employees for some or all of the premiums employees pay for the health plan they buy on their own. According to the HRA Council, the adoption of ICHRAs grew by 29% in the last year, with employers turning to companies like SureCo to help administer these relatively new plans.

Under SureCo, every employee can theoretically buy their own plan directly from insurance carriers, while the employer agrees to help pay for a certain portion of the plan cost; SureCo would also help with enrollment and benefits management. Notably, this model places more responsibility on the employee to research and choose the right health plan — but Erik Wissig, the chief operating officer at SureCo, doesn't necessarily think that's a bad thing.

"Carriers have been working with companies to accommodate broad groups," he says. "Allowing employees to shop and directly select plans created for individuals allows them to identify what fits them the best."

This means employees would be choosing from over 5,000 plans from 140 different carriers. While SureCo does help employees narrow down what would fit their health and circumstances, employers would need to ensure employees have the tools and time to actively engage in enrollment. They aren't just picking from two or three plans, and if done right, that will be a strength, not a weakness, says Wissig.

Robert Horry, chief impact officer at SureCo and seven-time NBA champion, knows first-hand that passivity gets you nowhere in the U.S. healthcare system. His eldest daughter, who was born with a rare genetic disorder, spent years in and out of the hospital before passing away in 2011 at just 17 years old. Horry recalls the countless phone calls and circular conversations with insurance companies as he tried to pinpoint what his plan covered. He stresses that it's worth deep-diving into healthcare research and doing the work it takes to choose from a plethora of options.

"You really need a strong will to get what you want from your insurance," says Horry. "And you need to know exactly what your insurance provides."

That approach has worked for at least some employers: SureCo has saved its clients up to $1 million in premiums and increased employee plan participation by as high as 60%, according to its case studies. Wissig notes that under ICHRAs, it's harder for carriers to pin companies down with large premium increases.

"Premium pricing is based on the employee group itself and the claims they incurred, so pricing can dramatically vary year to year," says Wissig. "By moving away from the group model, it broadens the risk pool the individual employee is in, providing a more stabilized market."

ICHRAs can be an effective alternative to a traditional health plan model, but not necessarily for every employer. For instance, Wissig suggests ICHRAs for employers with at least 100 employees. Employers may also want to consider if this switch would enable them to substantially cover employee premiums. If moving to ICHRAs places more of a financial burden on workers, then plan participation is likely to drop, and employee health is bound to deteriorate.

Ultimately, Wissig and Horry believe workers need more agency when it comes to choosing their health plans, and the traditional group plans are obviously not working for many employers facing double-digit price hikes. Whether the ICHRA model is the best way for employers to switch things up remains a question for a company's benefit leaders and employees. Regardless of what their health plans look like, Horry encourages workers to advocate for themselves when dealing with carriers and ensure they're getting the most out of their existing benefits.

"Your first phone call to your [carrier] might not get picked up. Your second call might not get picked up," he says. "Be consistent, and don't be afraid to open your mouth and get what's best for you."

benefitnews.com

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.

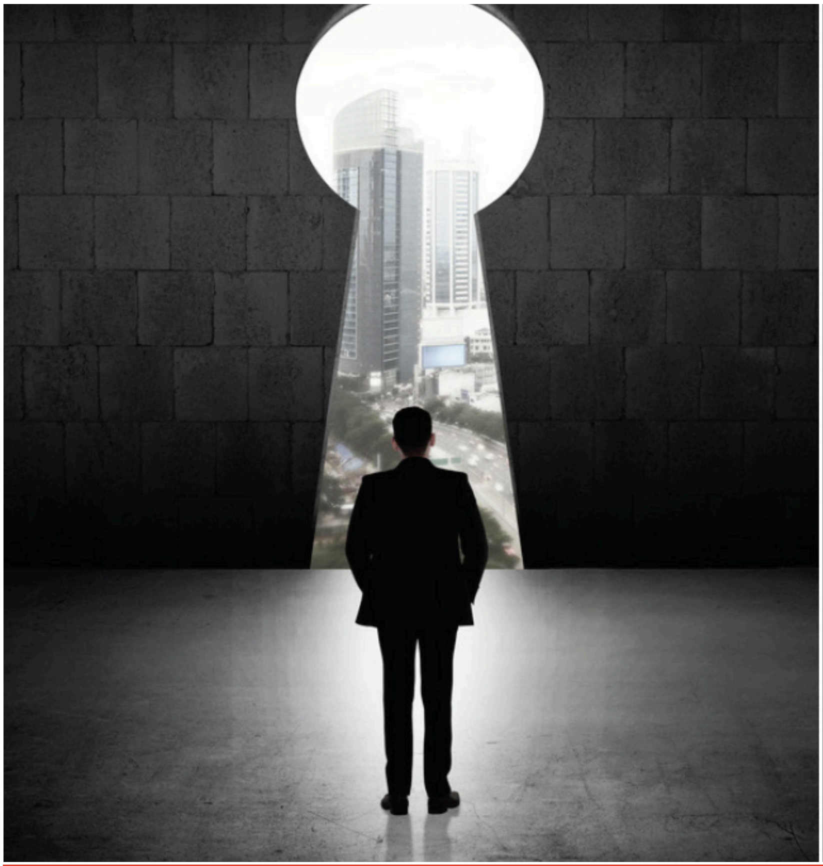
Key HR will work on your behalf in dealing with premiums, claims, regulators and injured workers to ensure the best possible outcomes for your business, your employees, and your bottom line.

Let us help you eliminate surcharges, premium deposits, audits, modifiers and sometimes down payment & lower overall workers' compensation cost in all facets of coverage.

Our PEO Services offered include:

- **Payroll**
- **Benefits**
- **Workers' Compensation**
- **Human Resources**
- **Risk Management**

To get more information on a PEO click here: http://keyhro.com/peo



Trust KeyHR to Provide You With...

- Access to more service providers than any other business of our kind.
- Specialists in every area of Human Resources
- Savings from 20 to 40 percent off your bottom line
- Solution for companies at all stages of development-from start ups to fully mature
- A firm commitment to stay current on the laws that affect your industry and business

WE ARE THE KEY TO YOUR SUCCESS!

Want to learn more about what Key HR can do for your business?

Contact us today!

605 E. Robinson Street
Suite 500, 5th Floor
Orlando, FL 32801

800.922.4133

info@keyhro.com

Holiday Payroll & Delivery Schedule*

In observance of Memorial Day, Key HR will be closing early on Friday, May 24th, 2024, at 3:00 PM and closed on Monday, May 27th, 2024

Normal business operations will resume on Tuesday, May 28th, 2024. This decision allows all our employees to celebrate the holiday with their loved ones and take this time for reflection and relaxation.

• All paychecks normally dated for **Monday May 27th**, will be dated **Friday May 24th**, or **Tuesday May 28th**.

There will be NO deliveries on Monday May 27th, 2024.

Please submit your payroll no later than **11:00 a.m. on the appropriate day.**

To certify new hire information is completed in a timely manner, please submit all new hire information **48 hours prior** to submitting your payroll.

To ensure that your payroll is processed and delivered accurately and timely, please complete the form below to change your scheduled payroll check date. Please return the completed form to your Payroll Team no later than Friday, May 17th, 2024.