

AUGUST 26
WOMEN'S EQUALITY DAY

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2024 Salary Increases Lower Than Projected

Salary increases for the year are coming in lower than employers projected back in fall 2023, indicating that pay raises look to be trending downward after years of substantial growth.

U.S. employers reported that 2024 annual merit increase budgets rose by 3.3 percent, on average, while total salary increase budgets jumped by 3.6 percent—down from the November 2023 projections of 3.5 percent and 3.8 percent, respectively, according to new data from Mercer.

Total salary increase budgets include merit awards as well as all other types of compensation increases impacting base pay, such as promotional increases, cost-of-living increases and minimum wage increases. For results, Mercer surveyed more than 1,000 organizations in March.

Not only are employers handing out fewer raises, they're also offering up fewer job promotions. Mercer found that compared with what they reported in 2023, employers have promoted or are planning to promote a smaller percentage of employees in 2024—8 percent on average of all employees (down from 9.3 percent projected in November 2023).

Salary increases varied significantly by industry, Mercer found. Industries such as transportation equipment (3.9 percent), nonfinancial services (3.6 percent), mining and metals (3.6 percent), consumer goods (3.6 percent), and chemicals (3.6 percent) are providing merit increase budgets above the national average of 3.3 percent. By contrast, health care service and the retail and wholesale industries lag the national average with 2.9 percent merit increase budgets, along with the tech sector at 3 percent.

Employee Expectations Aren't Declining

Interestingly, the findings from Mercer showing that employers seem to be slowing pay increases come as other data found that employees are expecting higher pay.

A survey out earlier this month from the Federal Reserve Bank of New York, for instance, found that the lowest average pay that people would be willing to accept to take a new job—also known as the reservation wage—jumped significantly over the past year, reaching \$81,822 as of March. That's a big jump from November, when, on average, people said they'd need an offer of \$73,391 to accept a new job.

Other recent data from the American Staffing Association and the Harris Poll found that although inflation has dropped over the past year, its residual effects continue, with more than half of workers (53 percent) saying their paychecks are not keeping up with

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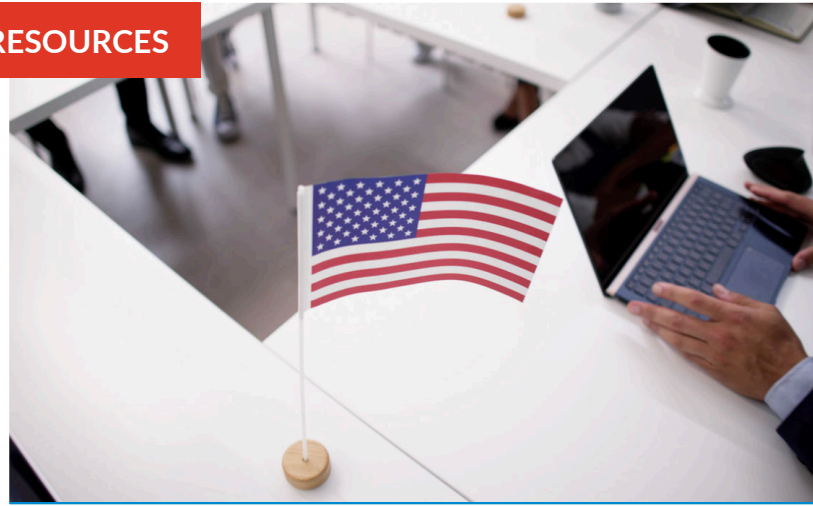
inflation. That survey also found that nearly 4 in 10 U.S. adults said their overall financial situation is more stressful than it was 12 months ago and are looking to their employers for help.

Amy Stewart, associate director of content and editorial at Payscale, a Seattle-based compensation software firm, said that although inflation is down from its heights in mid-2022, the impact is "still being felt, as pay increases have not offset price increases for many." Meanwhile, she said, high interest rates are also making big purchases more difficult for employees.

For these reasons, some experts say employers shouldn't slow down pay bumps too much if they want to continue to retain and attract talent.

Mason said it's important for organizations to "remain vigilant during this cooling market, as robust job growth and low unemployment rates persist.

Can, or Should, Employers Prohibit Employees from Wearing Political Gear in the Office?



With a presidential election coming up in three months, politics are a hot topic of conversation nearly everywhere you go—including the workplace. As a result, many employers are considering whether to issue or adjust policies to address civility among employees, set rules for political discussions, and even clarify dress codes.

One common question: Can employees wear political gear into the office or display other paraphernalia supporting a candidate or political cause?

“So long as speech and images are not violating anti-discrimination and anti-harassment laws, political statements and images can legally be permitted in the workplace,” said Karina Sterman, employment partner at Greenberg Glusker in Los Angeles.

But ultimately, employers are allowed to dictate what’s appropriate and allowed, just as they often regulate work hours or have rules about dress codes.

Jeremy Glenn, office managing partner at Cozen O’Connor in Chicago, said that in the private-sector workplace, employees traditionally do not have First Amendment rights to express their political views through office decorations or apparel.

But in the current climate, Glenn said, the definition of what is considered political has broadened to include many topics for which an employee may indeed have the right of expression in the workplace. For example, if employees are joining together to improve their working conditions—such as protesting gender, race, or religious discrimination in the workplace—then wearing so-called political apparel could be protected speech under the National Labor Relations Act. And the act provides such protection even in workplaces where employees are not currently represented by a labor union, he noted.

“The difficulty for an employer in defining what is meant by political speech means that the employer risks being overbroad, which creates a bigger problem than was present with the original decoration or clothing,” Glenn said. Instead, employers are well served to remind all employees of existing anti-harassment or respectful-workplace policies and take action if there is a complaint about unwelcome, offensive, or intimidating behavior by an employee toward a co-worker.

For the most part, when it comes to the upcoming presidential election, employers will most likely want to avoid allowing workers to wear or

decorate with obvious political paraphernalia—such as a Donald Trump shirt or a Kamala Harris sign in one’s office.

“Even an employer that champions engagement and self-expression should consider whether it should be allowed,” Sterman said. “Simple parameters such as prohibiting names and images of politicians, names and logos of political parties, and identifiable campaign slogans are a good place to start.” She said such prohibitions can help minimize “the emotional heat that is often an unintentional consequence of political expression.”

In general, most employees prefer that politics not play a big role in the workplace. Recent data from jobs site Monster found that 68% of workers are not comfortable discussing politics at work. While 64% of workers say they respect their co-workers’ rights to their political beliefs without passing any judgment, 33% say they have judged co-workers negatively based on their political beliefs.

Richard Birke, chief architect of JAMS Pathways, a conflict resolution firm that works with employers, said permitting employees to wear clothing with overt political statements may be offensive to colleagues or stir up arguments or incivility in the workplace.

“At our company, for example, we want to help you solve your problem; we don’t want to incidentally get in a fight with you on the way in by wearing a T-shirt advocating for a particular candidate,” he said.

Communicating Policies

Leading up to the election—and even afterward—employers should communicate clear policies around political gear and paraphernalia to employees and enforce those policies, experts said.

The policies should apply to all workers, including remote workers who may appear on video calls, according to Birke. “If you’re on a Zoom call for work, you’re at work,” he said.

Glenn added that as a best practice, if a private-sector employer issues a policy about restricting political decorations or apparel, the employer should ensure it applies the same restriction to all nonwork-related decorations or apparel.

“The employer has to be diligent about enforcing the same restriction when it comes to charitable causes, community events, religious organizations, and even favorite sports teams or entertainers,” Glenn said.

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Can Your Employees Afford Their Health Plan?

Health insurance doesn't necessarily protect members from incurring medical debt, and Americans know this all too well.

An estimated 92% of the U.S. has health insurance at some point during the year, according to the U.S. Census. Yet, according to health plan provider Centivo, one in five households has medical debt. Americans collectively owe at least \$220 billion in medical debt, and the number is likely to keep climbing as healthcare prices and premiums go up. Given that employer-sponsored health insurance is the largest source of coverage in the U.S., organizations have a big problem on their hands: Are their health plans actually encouraging people to seek care, or are workers avoiding doctors altogether for fear of the financial consequences?

First, employers have to identify the problem, says Ashok Subramanian, co-founder and CEO of Centivo.

According to Centivo, employers felt that 83% of their workforce was satisfied with their health plan — but the employees reported that just 61% were satisfied. It's the difference between a B and D grade, and many employers do not know they're failing, stresses Subramanian. He notes that since executives generally are towards the top of their company's pay scale, benefit leaders may not fully understand just how little disposable income the typical employee has each week. One in three Americans cannot afford an unexpected expense of \$400 or more, according to Centivo. If they need to see a specialist or get tests done, poor coverage may mean financial hardship.

Subramanian advises employers to assess whether their health plans make care affordable.

This means looking into the utilization of the health plan — analyzing claims data, and seeing just how often employees engage with their plan — as well as identifying whether employees have a primary care physician. If employees are using their health plans sparingly, and for urgent care or emergency room visits, then employers might have a problem.

Primary care is not only cheaper but is often the first step in identifying illnesses or conditions before they become severe. And the earlier you catch the problem, typically the less expensive it is to treat it, explains Subramanian. That's why low primary care engagement usually translates to higher medical costs down the line.

However, the underlying red flag is that employees find primary care too expensive to access in the first place. If a primary care physician feels out of reach, then how can the rest of the health plan be affordable? That can lead to employee health deteriorating.

Subramanian believes the key to an affordable health plan is low premiums (ensuring workers sign up for the health plan in the first place) and free primary care.

"The way that we've worked to lower the cost of care is by empowering every employee to have a relationship with an advanced primary care team," he says. "Typically, we find that there's about a 20% to 30% savings opportunity."

Subramanian underlines that infrequent use is not a sign of a good health plan, and the sooner employers assess the affordability of their plans, the sooner they can improve them.

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Holiday Payroll & Delivery Schedule*

KeyHR will be closed Monday Sept. 2nd, in observance of the Labor Day Holiday. All Banks will also be closed in observance of the holiday.

All paychecks normally dated for Monday Sept. 2nd, will be dated Friday, Aug.30th, or Tuesday Sept. 3rd.

There will be NO deliveries Monday, Sept. 2nd, 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.