



KEY CHANNEL PARTNER OF THE MONTH

US Payrolls Pick Up, Wages Gain as Labor Market Stays Solid

U.S. job growth picked up in December and wage gains exceeded expectations, diminishing prospects for an imminent Federal Reserve interest-rate cut.

Nonfarm payrolls increased 216,000 after downward revisions to the prior two months, a Bureau of Labor Statistics report showed Friday. The unemployment rate held at 3.7% as the workforce shrank. Average hourly earnings rose 0.4% from a month earlier.

The advance in payrolls was led by health care, government, construction and leisure and hospitality. A measure of the breadth of job gains picked up.

The December figures cap a year where the labor market moderated from its breakneck post-pandemic recovery without sinking into a downturn that was widely forecast earlier in 2023. Despite Fed interest rates at a two-decade high, the resilient labor market has fueled steady consumer spending and healthy economic growth even as inflation has slowed.

The demand for workers and employers' willingness to raise pay are likely to reinforce Fed policymakers' resolve to keep rates elevated until they see further evidence that price increases are cooling throughout the economy. The report also bolsters prospects that they can achieve a soft landing.

"The overall picture is of a steady job market that is gradually cooling off," said Kathy Jones, Charles Schwab's chief fixed-income strategist. "But the rise in average hourly earnings could keep the Fed on hold longer than the market is pricing in." Despite the healthy pickup in December job growth, the report included a host of caveats.

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The participation rate – the share of the population that is working or looking for work – fell by 0.3 percentage point to 62.5%, the largest monthly drop in nearly three years. The decrease was concentrated among younger and older cohorts. For those ages 25-54, participation eased 0.1 point.

It's taking longer for unemployed Americans to find work and the number of full-time employees dropped by the most since April 2020. The data also indicated a decline in temporary-help employment to the lowest since May 2021.

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7 Trends That Will Shape HR in 2025

From building a culture of civility to upskilling en masse, here's what HR professionals can anticipate in 2025.

1. Skills Over Degrees Momentum is surging around skills-based hiring, which is the idea that workers' skills and capabilities matter more than their educational background or work history. Focusing on what employees can do—not where or how they learned to do it—widens the talent pool, helps solve skills shortages, and boosts retention, says Justin Ladner, senior labor economist at SHRM. The practice is catching on quickly: In 2024, 81% of employers practiced skills-based hiring, up from 73% in 2023 and just 56% in 2022, according to research from TestGorilla, a talent assessment platform. Disruptive events such as the pandemic and the subsequent labor shortages, as well as the rise of AI, have taught employers that an adaptable workforce is one of the most critical ingredients in future-proofing an organization. Do we have the right people with the right skills and enough workforce numbers for today and tomorrow?—Jim Link, SHRM-CP, SHRM CHRO Some employers will also continue to rethink college degree requirements for certain roles. An analysis by Indeed found the number of job postings requiring at least a four-year degree fell to 17.8% in January 2024, compared with 20.4% in 2019. Of employers who eliminated degree requirements for some roles, 73% said they had successfully hired one or more candidates who previously would not have qualified, SHRM's 2024 Talent Trends research reveals.

2. Evolving Skills, Thriving Workforces The need for updated skills in the workplace is accelerating—so quickly, in fact, that new employees may need more training even before they've finished onboarding, says James Atkinson, vice president, thought leadership, at SHRM. Technology is driving this quickening pace of upskilling and reskilling. Quite simply, in a world where AI exists, employees' skills can't remain static. In fact, 83% of HR leaders believe upskilling will be essential for workers to remain competitive in a job market shaped by AI, SHRM data shows. As more organizations pursue AI, machine learning, and other advanced technology, they are taking stock of their employees' skills and trying to “match that, as best they can, to what their future needs are likely to be,” Link says. Employees are equally eager to stay competitive by updating their skills. According to a 2024 PwC survey, almost half of employees say that having opportunities to learn new skills is a key consideration when deciding whether to change employers.

3. People Analytics Shaping the Future In a still-tight talent market, organizations must find smart, effective ways to encourage long-term employee loyalty. A potential solution is people analytics, the science of using data on employee performance, skills, engagement, and sentiment to predict and shape the future of the workforce. People analytics can reveal a variety of insights. Combing through employee engagement survey data, for example, can help companies determine employee morale or recurring reasons for departure or turnover. People analytics can also identify potential learning and development opportunities, such as skills gaps that may hinder forward momentum. Link also sees people analytics as an opportunity for employers to provide interventions such as mental health resources before such issues become a crisis. those employees.

4. The Concern Rise of Incivility If the world seems less courteous or empathetic lately, you're not imagining it. SHRM launched its civility campaign in 2024 precisely because of “rising concerns about an incivility in society that's bubbling up and overflowing into the workforce,” Atkinson says. The SHRM Q3 2024 Civility Index survey of more than 1,600 U.S. workers, conducted Aug. 27-Sept. 4, 2024, proved these concerns to be well-founded. Workers said they experience 190 million acts of incivility per day, 58% of which happen in the workplace. The biggest drivers of incivility were:

- Political viewpoints.
- Disagreements on social issues.
- Generational gaps.
- Racial or ethnic differences.
- The direction of U.S. society.



Be clear about what workplace culture you want, and make sure that your leaders model it.—James Atkinson, SHRM vice president, thought leadership Communication problems are often at the root of rising incivility, Atkinson says. Take social media, for examples, which has made it easier for people to “more quickly engage in uncivil sentiments and not take time to think through alternatives or consequences.” On top of that, generational differences are making workplace conversations even more difficult, experts say. Older employees may be uncomfortable with younger employees' desire for more transparent and personal conversations, while younger workers may take constructive criticism as a personal attack. Remote workforces can also make it harder for employees to forge personal connections.

5. The Benefits of Financial Wellness There's growing momentum among smart employers to thoughtfully consider the role they play in employee wellness. While physical and mental health have been top of mind for years, financial health is now part of the conversation. It's become crystal clear how deeply employees' financial wellness impacts their personal and professional lives, Link says. As a result, more employers are beefing up financial wellness benefits. In 2023, just 14% of U.S. employees had access to financial planning benefits at work. By 2024, that number doubled to 28%, according to PNC Bank's Financial Wellness in the Workplace Report. By the end of 2026, nearly half of employers are expected to offer a comprehensive financial wellness program, according to Transamerica.

6. AI's Impact on Talent Strategy As AI usage becomes ever more ubiquitous, an increasing number of organizations are harnessing this still-evolving technology to transform talent acquisition. However, that's a relatively recent development—of the 1 in 4 organizations that use AI to support HR-related tasks, nearly two-thirds only began doing so in 2023, according to SHRM's 2024 Talent Trends: Artificial Intelligence in HR report. In other words, most organizations have yet to tap into AI's vast number of potential applications. Those who are, though, most commonly put AI into play to support recruitment, interviewing, and hiring by streamlining or increasing efficiency. What does that look like in practice? Nearly 2 in 3 companies use AI to develop job descriptions. More than 42% use it to customize or target job postings to specific groups. Around two-thirds use AI to review or screen applicant resumes, communicate with applicants during the interview process, or automate candidate searches.

7. Post-Election Regulatory Shifts New regulations are introduced every year, but on the heels of a presidential and congressional election, 2025 could give HR professionals a bit of whiplash. Not only are new policies likely to come to the forefront, but it's possible that existing ones may be scaled back or eliminated altogether. Potential laws, regulations, and enforcement actions that could affect HR professionals include:

- The possibility of intensified workplace enforcement and immigration raids.
- The Trump administration letting stand any court decision striking down the Biden administration's overtime rule or independent contractor status rule. On Nov. 15, 2024, a district court struck down the overtime rule nationwide. Another district court followed in its footsteps, determining on Dec. 30, 2024, in a separate case that the rule should be vacated.
- The National Labor Relations Board taking a less aggressive approach on existing workplace rules once it has a Republican majority.
- State laws and regulations on paid leave, artificial intelligence, and captive audience meetings.



As Employees Navigate Disasters, Mental Health Support is Critical

When employees experience a traumatic event, like the devastating impacts of the LA fires, employers should have a plan to provide immediate support, followed by ongoing long-term care.

In California, stories are emerging about employers who are putting the well-being of their employees first — offering things like flexibility, financial assistance and transportation and housing. Dealing with these immediate needs sends the message that an employer is looking out for an employee's well-being first and foremost, and that work can wait. High-stress situations like these can lead to mental health issues and post-traumatic stress: In fact, an analysis of multiple studies of natural disaster survivors by the University of Washington showed that between one-third to one half can suffer from PTSD, depression or anxiety. To address the psychological impact immediately, employees should know how to communicate with their employers right away, and the assistance an employer will be able to offer. Policies should include family support as well, especially for parents and caregivers for aging loved ones. Even if an employee doesn't require outside help, demonstrating a basic level of concern is important.

"It [can] just [be] some kind of check in [such as], 'Please call this number and let us know that you and your family are safe, [or] please contact this number and let us know how to get in touch with you,'" says Gurwitch.

To further support employees in need and create a feeling of connectedness throughout a company, Gurwitch reminds employers to keep their entire workforce informed of what they know with updates from employees that they have permission to share. Workers should be aware of how they can help with disaster relief, and how employers are reacting, too. But leaders should also have a plan in place for after the smoke clears, as the emotional impact

from these types of events can be intense and prolonged. The most effective responses are executed when emergency policies, benefits and support networks already exist in the workplace, says Gurwitch. Employee resources groups, training leadership in psychological first aid, and other types of company-based programs can make a difference in how employees get through and recover from their ordeal.

In addition to internal support and mental health benefits offered through a company's EAP, employers can make sure employees don't have a gap in care by collecting a list of federal, state and local resources that can be shared with employees, says Gurwitch. For example, the LA County Department of Mental Health, the California Department of Public Health and well-being platform Spring Health are just some of the organizations offering free mental health services to people affected by the LA fires. Gurwitch notes that there is an advantage to HR departments establishing relationships with these types of mental wellness groups — especially some within their local community — before services are needed, so they can be a go-between for employees if necessary. It is also important to recognize that employees can be indirectly affected by disasters, but deserve the same level of empathy and support as those in disaster zones, Gurwitch says.

Workers with loved ones, friends or coworkers in jeopardy, or who have experienced a different traumatic event that is suddenly triggered, should also be able to access mental care. Employers should be aware of triggers that might stir emotions, such as anniversaries of events. Along with providing services, employers should also have a clear leave policy in place that allows people to attend whatever meetings or therapy sessions they need.

By making mental health a priority, employers can help workers who need support in many areas, including when tragedy strikes.

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Monday January 20th, 2025 is a federal bank Holiday to honor the Reverend Martin Luther King.

If your check date falls on:

MONDAY, JAN. 20TH

Pay date for ACH clients need submitted by noon and will be funded by 3pm EST Wednesday, January 15th.

Pay date for WIRE clients need submitted by noon and will be funded by 3pm EST Thursday, January 16th.

TUESDAY, JAN. 21ST

Pay date for ACH clients need submitted by noon and funded by 3pm est. Thursday, January 16th.

Pay date for WIRE clients need submitted by noon and funded by 3pm est. Friday, January 17th.

If you need assistance in scheduling your payroll processing this week, we encourage you to reach out to your payroll specialist and we will be happy to assist.