



Human Capital Management Services



2019 HR Trends

September 2018





HR Trends - Objectives

1. Strategic HR
2. The Culture Shift
3. Lead²Health
4. Regulatory Updates
5. Questions & Answers



Strategic HR

- Adopt a strategic approach to any topic affecting their workforce;
- conduct an annual business analysis and measure against current, 3-year and 5-year goals;
- customize Human Capital Total Rewards package to fit their workforce needs



Strategic CEO-HR collaboration

Strategic conversation with CEO – how to elevate HR in the company

What are the business objectives?

How does HR help to meet those objectives?

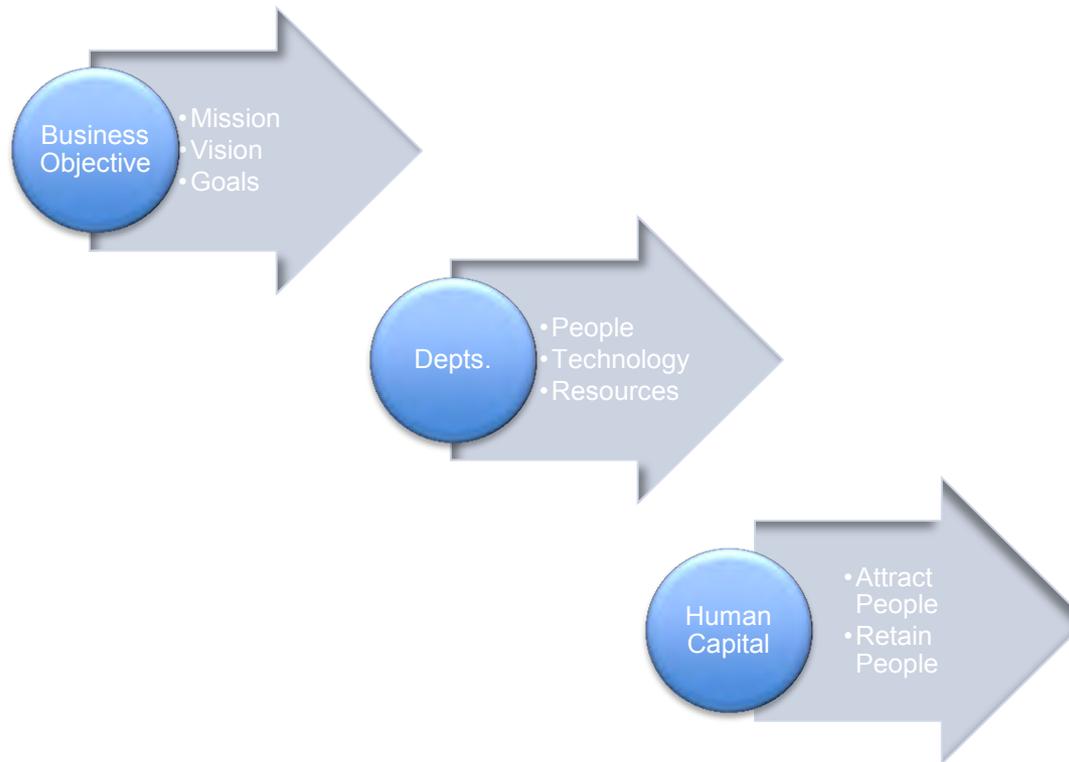
What is needed for HR to meet those objectives?



What are the Business Objectives?



How does HR help to meet the business objectives?





How does HR help to meet the business objectives?





What is needed for HR to meet those business objectives?





The Culture Shift

3.8%

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.4	9.5	9.5	9.4	9.8	9.3
2011	9.1	9.0	9.0	9.1	9.0	9.1	9.0	9.0	9.0	8.8	8.6	8.5
2012	8.3	8.3	8.2	8.2	8.2	8.2	8.2	8.1	7.8	7.8	7.7	7.9
2013	8.0	7.7	7.5	7.6	7.5	7.5	7.3	7.3	7.2	7.2	6.9	6.7
2014	6.6	6.7	6.7	6.2	6.3	6.1	6.2	6.2	5.9	5.7	5.8	5.6
2015	5.7	5.5	5.4	5.4	5.5	5.3	5.2	5.1	5.0	5.0	5.0	5.0
2016	4.9	4.9	5.0	5.0	4.7	4.9	4.9	4.9	4.9	4.8	4.6	4.7
2017	4.8	4.7	4.5	4.4	4.3	4.4	4.3	4.4	4.2	4.1	4.1	4.1
2018	4.1	4.1	4.1	3.9	3.84	4.0	3.9	3.9				

35%
49.6%
60%
4 years

Increase in Turnover from Baby Boomer generation
Current Lack of Job Satisfaction
Now Looking for Job
Today's Average length of time at job





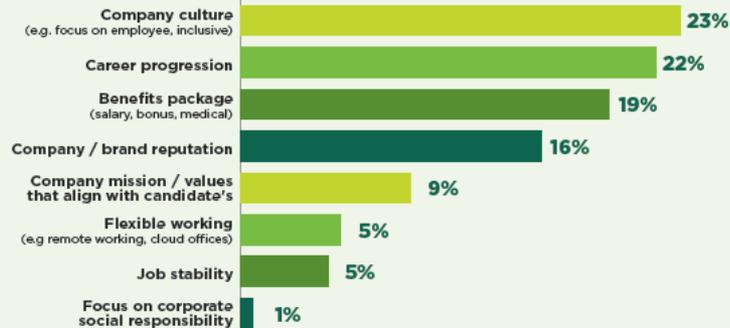
The Culture Shift

	Traditionalists	Baby Boomers	Generation X	Millennials	Gen Z
	20 th Century				
		21 st Century			
Work is...	An obligation A LongTerm Career	An exciting adventure A Career Work and then Retire	A difficult challenge A contract Just a Job	A means to an end Fulfillment Flexible Work Arrangements	Multi-Taskers Entrepreneurial Technology Driven Promotes Individuality

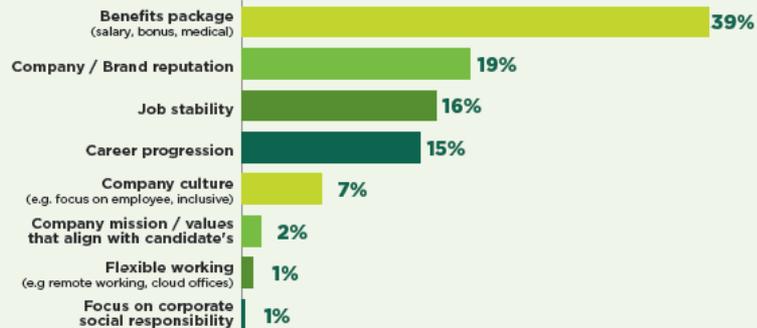
The Culture Shift



What is the main reason you believe candidates are choosing organizations today?



Thinking back five years, what do you think was the main reason candidates were choosing organizations?





What is company culture?





Benefits of Defined Positive Culture

Employee Engagement

- ✓ Talent Attraction
- ✓ Retention
- ✓ Impacts Health & Welfare
- ✓ Increased performance

Employee Disengagement

- ✓ Turnover
- ✓ Reputation in community
- ✓ Local competition for applicants
- ✓ Lack of Presenteeism
- ✓ Healthy & Safety Claims



Short-term perks vs. long term results

- Pool tables
- Ski passes
- E-readers
- Massages
- Coffee bars
- Catered Lunches
- Communication
- Respect
- Honesty
- Career Path
- Fair & Equitable Compensation
- Work-life Balance

Lead²Health = Holistic Wellness

Ensuring the wellbeing of an
employee





High Impact Life Events

HIGH IMPACT LIFE EVENT	HOLISTIC WELLNESS			
	Financial	Emotional	Social	Physical
Addiction	X	X	X	X
Child Care	X			
College Planning	X			
Credit Card Debt/Bankruptcy	X	X	X	
Elder Day Care	X			
Death	X	X	X	
Divorce	X	X	X	
Estate Planning	X			
Home Buying/Rental/Relocation	X			
Identify Theft	X	X		
Illness Child	X	X		X
Illness Personal/Spouse	X	X		X
Legal Aid	X	X		
Loss of Job/Wage Reduction	X	X	X	
Marriage	X	X		
Medical Bills	X			X
Mental Health	X	X	X	X
Natural Disaster	X	X		
Parental Care	X			
Personal Health Care	X			X
Retirement Planning	X			
Savings Plan	X			
Student Loan Debt	X			
Tuition Assistance	X			
Volunteerism			X	
Weddings	X			
Workplace Stress	X	X	X	



The Safety Net

 Physical Wellness is the classically defined wellness program that attempts to modify lifestyle and behavioral components by promoting proper care of our bodies. Specific attributes typically have included behavior changes with tobacco use, body mass index or BMI management, and chronic disease management.

 Financial wellness is defined as having the financial security and financial freedom of choice in both the present and in the future. The more proactively prepared individual can handle life's financial circumstances, they are more balanced in their responses to potential stressors such as being retirement ready or handling life's emergencies that may come up that require dipping into the savings account.





The Safety Net



Emotional wellness is the ability of a person to be aware of and to not only accept their feelings but deal with them in a healthy manner. The premise is that as one feels things, they believe these things, and when they feel emotions, whether positive or negative, those outcomes will occur.



Social wellness refers to the relationships and the positive interactions that we have with others and within our environment. These can be evidenced through the level of personal support a worker has individually and as a team in the worksite and through actions including volunteerism, involvement in the community including both faith-based and non-faith-based activities



Sharing the Culture – Start with Interviewing

Interviewing = Finding the right candidate with the right skills and qualifications to perform the essential functions of the job.

Why should I work here?

- ✓ Job Descriptions
- ✓ Total Rewards = Compensation/Benefits/Perks
- ✓ Company Culture



Sharing the Culture – On to Onboarding

Onboarding = the ability for an employee to gain the tools necessary for Engagement

- ✓ Company mission and vision
- ✓ Policies
- ✓ Organizational Set-Up
- ✓ Culture
- ✓ Ramping Up to 100% Productivity
- ✓ Team Building



Share the Culture - Continue with Performance Management

Align Business Objectives & Employee

- Performance
 - Right skill set
 - Right employee
- Compensation
 - Annual increases
 - Bonus
- Professional Development
 - Business Growth
 - Individual Growth
- Goals
 - Align with Mission/Vision/Values of Company
- Motivation
 - How employees contribute to success of Company
- Strengthen Communication
 - Employer Feedback
 - Employee Feedback
- Maintain Fairness and Equity
 - Compliance with Discrimination Laws
 - Defense in lawsuits



Cycle = Assessment and Alignment

- ❑ Interviewing
 - ✓ the Company Mission/Vision/Goals
 - ✓ the Essential Functions
 - ✓ Hire the right candidate for the position
- ❑ Onboarding
 - ✓ Continue Mission/Vision/Goals
 - ✓ Alignment with Department(s)
 - ✓ Expectations for Performance
 - ✓ SMART Goals
- ❑ 30/60/90 Day Assessment
- ❑ Daily communication with Supervisor
- ❑ As Needed Corrective Performance Improvement
- ❑ Annual review of past and set next year goals



How Compliance Benefits Culture

Regulatory Updates

- White Collar Exemptions – Back in play?
- Leave of absences
- EEO-1 reporting
- IRS/401K and student loans
- Remote employees – state laws/supervising
- Harassment
- Violence in the workplace



White Collar Exemptions

Administrative - [Administrative Exemption Fact Sheet](#)

The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$455 per week;

The employee's primary duty must be the performance of office or non-manual work directly related to the management or general business operations of the employer or the employer's customers; and

The employee's primary duty includes the exercise of discretion and independent judgment with respect to matters of significance.



White Collar Exemptions

Executive – [Executive Fact Sheet](#)

The employee must be compensated on a salary basis (as defined in the regulations) at a rate not less than \$455 per week;

The employee's primary duty must be managing the enterprise, or managing a customarily recognized department or subdivision of the enterprise;

The employee must customarily and regularly direct the work of at least two or more other full-time employees or their equivalent; and

The employee must have the authority to hire or fire other employees, or the employee's suggestions and recommendations as to the hiring, firing, advancement, promotion or any other change of status of other employees must be given particular weight



White Collar Exemptions

Professional - [Professional Fact Sheet](#)

The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$455 per week);

The employee's primary duty must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment;

The advanced knowledge must be in a field of science or learning; and

The advanced knowledge must be customarily acquired by a prolonged course of specialized intellectual instruction.

To qualify for the **creative professional** employee exemption, all of the following tests must be met:

The employee must be compensated on a salary or fee basis (as defined in the regulations) at a rate not less than \$455 per week;

The employee's primary duty must be the performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor.



White Collar Exemptions

Computer Employee - [Computer Employee Fact Sheet](#)

The employee must be compensated either on a salary or fee basis (as defined in the regulations) at a rate not less than \$455 per week **or**, if compensated on an hourly basis, at a rate not less than \$27.63 an hour;

The employee must be employed as a computer systems analyst, computer programmer, software engineer or other similarly skilled worker in the computer field performing the duties described below;

The employee's primary duty must consist of:

- 1) The application of systems analysis techniques and procedures, including consulting with users, to determine hardware, software or system functional specifications;
- 2) The design, development, documentation, analysis, creation, testing or modification of computer systems or programs, including prototypes, based on and related to user or system design specifications;
- 3) The design, documentation, testing, creation or modification of computer programs related to machine operating systems; or
- 4) A combination of the aforementioned duties, the performance of which

27 requires the same level of skills.





White Collar Exemptions

Highly Compensated Employee (HCE) - [Highly Compensated Fact Sheet](#)

Highly compensated employees performing office or non-manual work and paid total annual compensation of \$100,000 customarily and regularly perform at least one of the duties of an exempt executive, administrative or professional employee identified in the standard tests for exemption.



EXEMPTION STATUS – Salary vs. Duties test

89% of employers who needed to make changes under “new rule” made change

Proposed \$47, 700.00 may end up closer to \$30K – \$35K

Best practice: Determine exemption status under both salary and duties test. Stay vigilant that change may still come.



State/Municipality Leave Laws

States are still moving in 3 directions:

Paid Family Leave,

Paid Sick Leave

School leave

(with most unpaid with exception of exempt employees under the Fair Labor Standards Act.)

Compare of State and Local leave laws

HR360 - handout

abetterbalance.org





BEST PRACTICES – Leave and Scheduling Laws

Stay current on Federal, State and Local laws

Whichever law has the greatest impact to benefit the employee should prevail.



EEO-1 Reporting

What companies are required to file the EEO-1 report?

A: All companies that meet the following criteria are required to file the EEO-1 report annually:

- Subject to Title VII of the Civil Rights Act of 1964, as amended, with **100 or more employees**; or
- Subject to Title VII of the Civil Rights Act of 1964, as amended, with fewer than 100 employees if the company is owned by or corporately affiliated with another company and the **entire enterprise employs a total of 100 or more employees**; or
- Federal government prime contractors or first-tier subcontractors subject to Executive Order 11246, as amended, with **50 or more employees and** a prime contract or first-tier subcontract amounting to **\$50,000 or more**.

Do I need to file if my company has fewer than 50 employees but does have a federal government contract worth \$50,000 or more?

A: No, your company must meet **both** requirements of 50 employees **and** the government contract worth \$50,000 or more.



IRS – 401 (k) and Student Loan Repayment – Private letter ruling

Under the program, if an employee makes a student loan repayment during a pay period equal to at least 2% of the employee's eligible compensation for the pay period, then Taxpayer will make an SLR non-elective contribution as soon as practicable after the end of the year equal to 5% of the employee's eligible compensation for that pay period. The SLR nonelective contribution is made without regard to whether the employee makes any elective contribution throughout the year. If the employee does not make a student loan repayment for a pay period equal to at least 2% of the employee's eligible compensation, but does make an elective contribution during that pay period equal to at least 2% of the employee's eligible compensation for that pay period, then Taxpayer will make a matching contribution as soon as practicable after the end of the plan year equal to 5% of the employee's eligible compensation for that pay period ("true-up matching contribution"). In order to receive either the SLR non-elective contribution or the true-up matching contribution, the employee would need to be employed with Taxpayer on the last day of the plan year (except in the case of termination of employment due to death or disability). Both SLR non-elective contributions and true-up matching contributions will be subject to the same vesting schedule as regular matching contributions.

<https://www.irs.gov/pub/irs-wd/201833012.pdf>



Remote Employees

Common Questions:

- Which laws apply to remote employees?
- Do I need to supply their home office?
- How do I know they are doing they job I hired them to do?
- How do I manage my remote employees?
- How do I keep my remote employees engaged?



Discrimination – Sexual Harassment

Unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature.

- Explicitly or implicitly affects an individual's employment;
- Unreasonably interferes with an individual's work performance
- Creates an intimidating, hostile or offensive work environment



Workplace Violence

OSHA defines Workplace violence as “any act or threat of physical violence, harassment, intimidation, or other threatening disruptive behavior that occurs at the work site. It ranges from threats and verbal abuse to physical assaults and even homicide.” Yet OSHA has no standards for workplace violence. Alternatively an employer is “required to provide their employees with a place of employment free from recognized hazards that are causing or are likely to cause death or serious physical harm. “

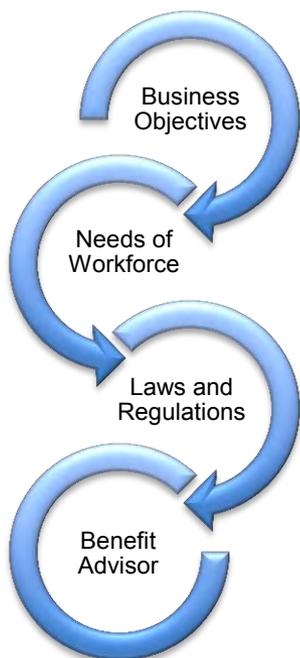
OSHA requires that employers maintain a reasonably safe and healthy workplace.

- Best practice:**
- Develop and maintain a Workplace Violence Policy and Weapons Policy
 - Review and follow your state/local procedures for conducting background checks on all applicants
 - Coordinate response plan with building owners, local police department, hospital



2019 HR Compliance Philosophy

Stay connected







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