



# Human Capital Management Services



# HCM TRENDS FOR 2020





# Strategic HCM trends for 2020

## Objectives

1. Maintaining HCM Relevancy
2. Compliance
3. Questions & Answers

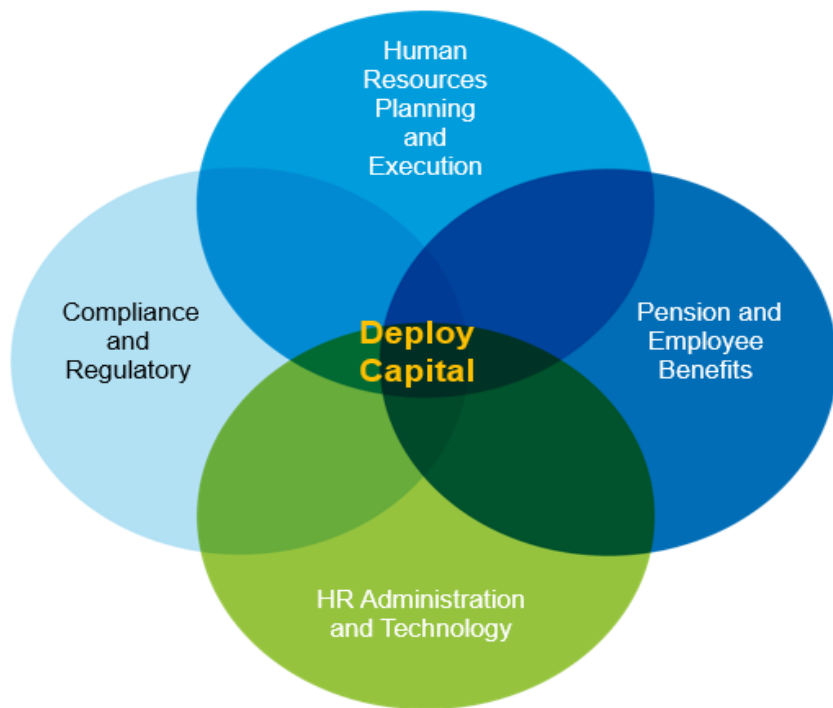




# Maintaining HCM Relevancy



# Strategic HCM



**How** your daily activities look:

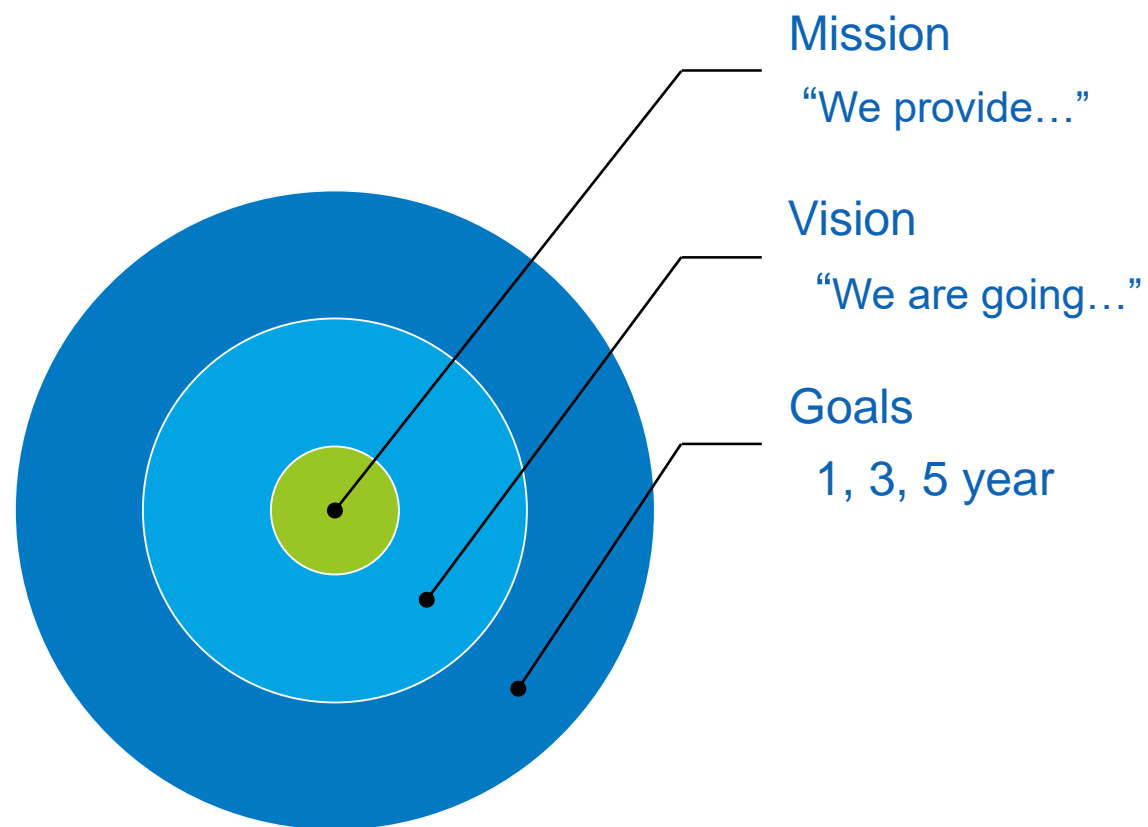
- *Service Issues*
- *Expense Management*
- *Risk Mitigation*
- *Increased Productivity*



## Redefining the role

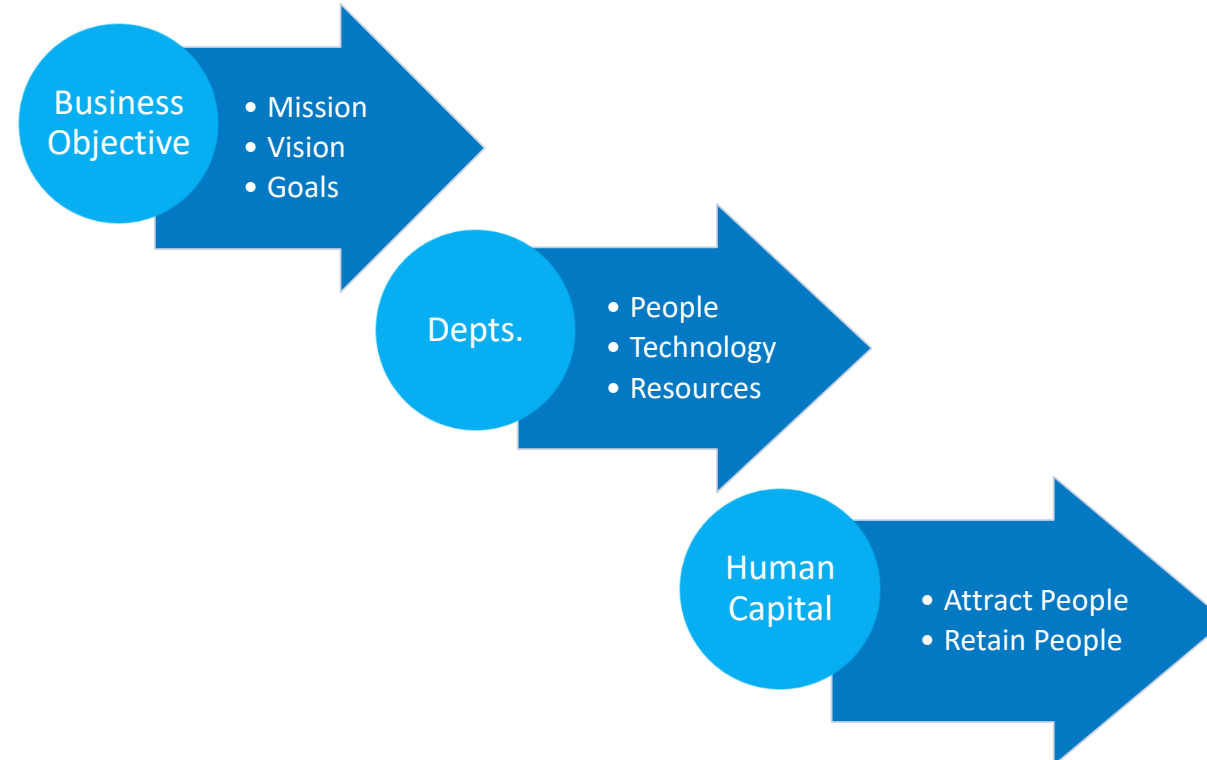


# What are the Business Objectives?



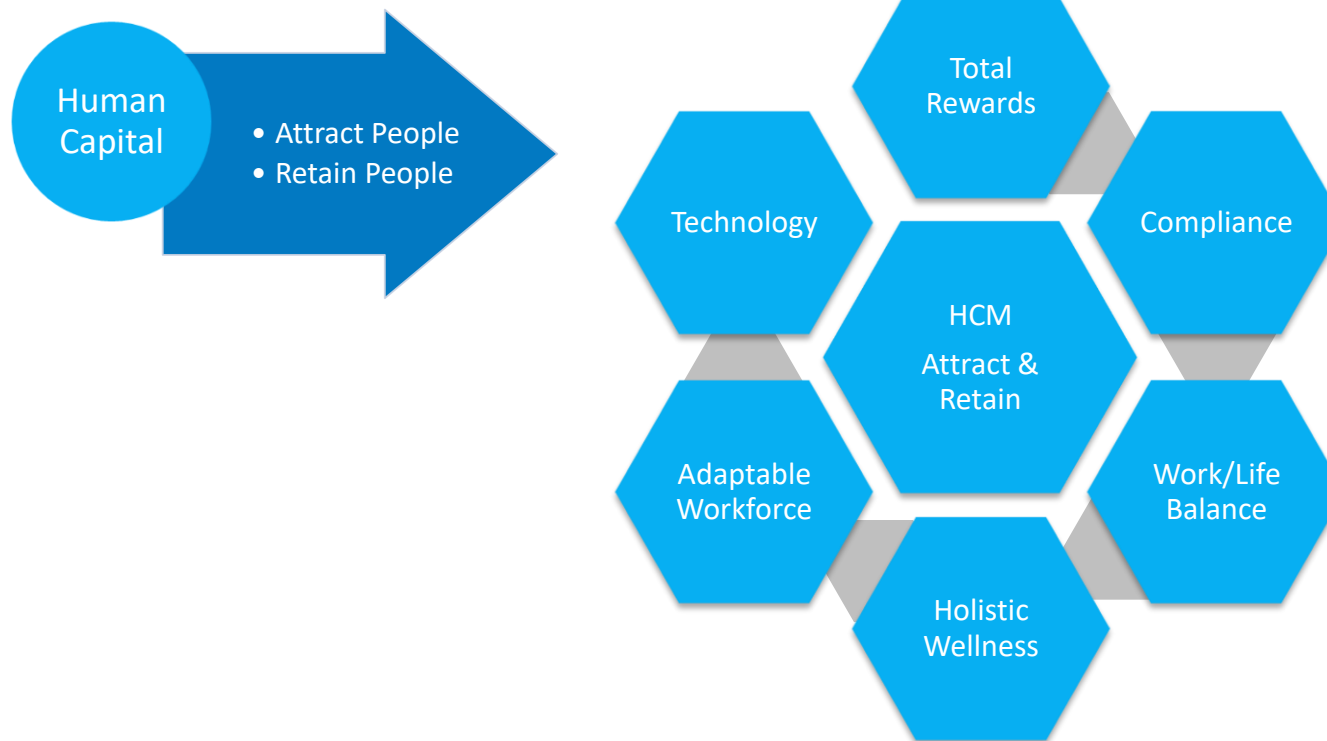


# How does HR help to meet the business objectives?





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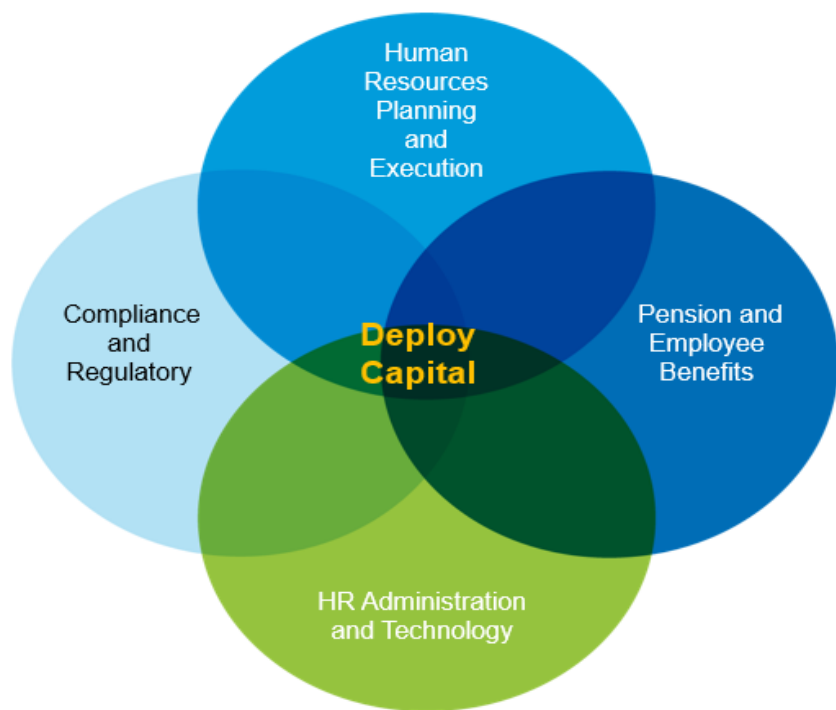
# What is needed for HR to meet those business objectives?







# Efficiencies – Hire or Outsource





# People Efficiencies

- ✓ Payroll
- ✓ FMLA/COBRA administration
- ✓ ACA reporting
- ✓ Supervisor support
- ✓ Annual handbook update
- ✓ Recruiting



# Technology Efficiencies

- ✓ Benefit enrollment
- ✓ ACA reporting
- ✓ Handbooks
- ✓ Performance Management
- ✓ Learning Development
- ✓ Self-Service Onboarding



# Resource Efficiencies

- ✓ Budget
- ✓ Access to technology systems & programs
- ✓ Access to information: SHRM, APA
- ✓ Professional development



# The National Labor Market

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	3.8	4.0	3.9	3.9	3.7	3.7	3.7	3.9
2019	4.0	3.8	3.8	3.6	3.6	3.7	3.7	3.7	3.5	3.6		

Source: U.S. Dept. of Labor, Bureau of Labor Statistics (BLS)

**7 MILLION JOB OPENINGS**

**2019 HAS CONSISTENTLY HAD MORE AVAILABLE JOBS THAN CANDIDATES**



# Retention Mindset is the Answer

42 million U.S. employees, or **more than one in four workers**, will leave their jobs this year to go work for another company, according to a recently released *2018 Retention Report*.

More than **three in four employees (77%)** who quit could have been **retained by employers**

Top 3 Reasons	
Personal/Family	57%
Promotion Opportunity	35%
Career Change	27%
Base Salary	24%
Job Satisfaction	24%



# Costs of Employee Disengagement

## Turnover

- ✓ Reputation in community
- ✓ Local competition for applicants
- ✓ Lack of presenteeism
- ✓ Healthy & safety claims



# Impact of Employee Disengagement

Average Turnover	Separations		Top 3 Reasons	
22%	Voluntary	16%	Personal/Family	57%
	Involuntary	6%	Promotion Opportunity	35%
	Retirement	1%	Career Change	27%
			Base Salary	24%
			Job Satisfaction	24%

*\*2018 North American Mercer Turnover Survey (Mercer)*





# Costs of Recruiting vs. Turnover

Costs	Recruiting	Turnover
Administrative Time	✓	✓
Posting Job	✓	✓
Background Checks & Testing	✓	✓
Onboarding	✓	✓
Training	✓	✓
	8 to 26 weeks to achieve full productivity	
Loss of Productivity		✓
Lost Engagement from Other Workers		✓
Customer Dissatisfaction		✓
Reduced or Lost Business		✓
	50-60% of an employee's annual salary to find a direct hire	Turnover up to a total of 90-200% of an employee's annual salary

Source: *The True Cost of Hiring an Employee in 2019* by Mile Živković on May 22, 2018

[SHRM](#)



# Costs of Hiring

- Study by the Society for Human Resource Management states that the average cost to hire an employee is \$4,129, with around 42 days to fill a position.
- An average company loses anywhere between 1% and 2.5% of their total revenue on the time it takes to bring a new hire up to speed.
- It takes 50-60% of an employee's annual salary to find a direct replacement.



# Benefits of Employee Retention

- ✓ Meeting Business Goals
- ✓ Improves Production/Customer Continuity
- ✓ Increases Institutional Memory
- ✓ Limits Recruiting, Onboarding and Training Costs



# Benefits of Defined Positive Culture

## Employee Engagement

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



# Attacking the Root Causes

creditor  
lack  
illness  
calls absenteeism  
garnishments tardiness  
insubordination  
injury work  
productivity paycheck  
moodiness  
low  
presenteeism



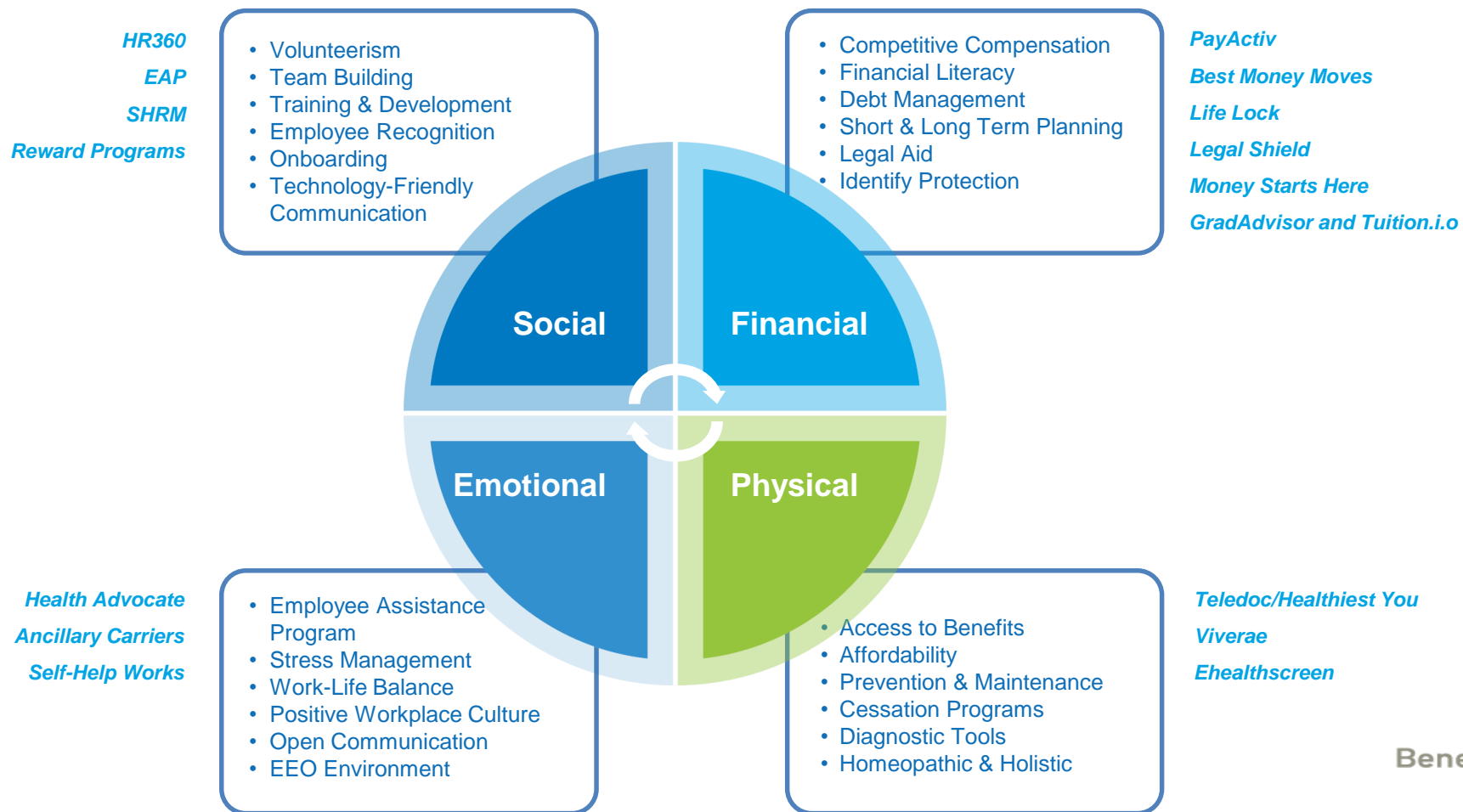
# High Impact Life Events

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





## Needs? — Resources? — Gaps?







# Needs? — Resources? — Gaps?

## Evaluating your plan strategy

- ✓ Has C-Suite bought in?
- ✓ Does it address your employees' most pressing needs as well as potential long term needs?
- ✓ Cost of the program
- ✓ Resources needed to implement and administer the program
- ✓ How success will be tracked, measured and reported
- ✓ How long are you willing to support the program to see results?
- ✓ How or if the solution competes with, supports or integrates with other employer-sponsored benefits/programs
- ✓ Will it need individual promotion and/or education?
- ✓ Is it customizable?
- ✓ Can it be integrated into other health and wellness programs?
- ✓ Can the program easily scale to reach remote locations, work schedules, and spouses?
- ✓ Will it provide high value to diverse age groups, backgrounds, cultures and needs, yet be inclusive?



# Truths

- ✓ Many employers are facing a difficult labor market, perhaps the most difficult they have ever faced. Many industries are facing recruiting challenges & high turnover.
  - ✓ If employees don't like something, they can quit today and find another job tomorrow.
  - ✓ Younger employees are motivated differently than older generations.
  - ✓ Employees are not always making these decisions based on money alone.
- ✓ Employers are searching for ways to differentiate themselves and are focused on building an attractive work culture.
- ✓ Wellness goes beyond the traditional physical component...



# HEALTHY EMPLOYEES = HEALTHY BUSINESS





# COMPLIANCE



# New W-4

## Why?

- Updated with changes from the 2017 Tax Cuts and Jobs Act
- Provide way for employees to more accurately calculate the federal income tax withholding from each paycheck to match the amount they will annually owed.

## Who needs to complete?

- All newly hired employees
- Existing employees looking to amend their withholding (i.e. get married, have a child, or other life event that would impact federal tax
- Employers do not need to request a new W-4 from current employees



# New W-4

- Page 1 ***Only page that goes to the Employer*** – payroll
- Page 2 Instructions for Employee reference
- Page 3 Personal Allowances Worksheet  
Deductions, Adjustments and Additional Income Worksheet
- Page 4 Two-Earnings/Multiple Jobs Worksheet

In lieu of using worksheets employees can use IRS calculator  
<https://apps.irs.gov/app/tax-withholding-estimator>



# I-9

Employers should continue using current version- updated 7/17/17 with expiration date of 8/31/19. (best practices: always pull from USCIS site to ensure when they update you have latest form.

[https://www.uscis.gov/system/files\\_force/files/form/i-9-paper-version.pdf](https://www.uscis.gov/system/files_force/files/form/i-9-paper-version.pdf)

Proposed revision may include update to instructions:

- Designating company authorized representative – response to remote employee
- No need to write N/A in non-used identify document column



# Pre-emptive - Federal or State

- Marijuana Laws
- Leave of Absences
- Reporting for Individual Mandates







# Marijuana

To test or not to test?

Federal Status: Illegal – Schedule 1 drug under Controlled Substances Act.

State laws status:

Legalized

Medical and decriminalized

Medical

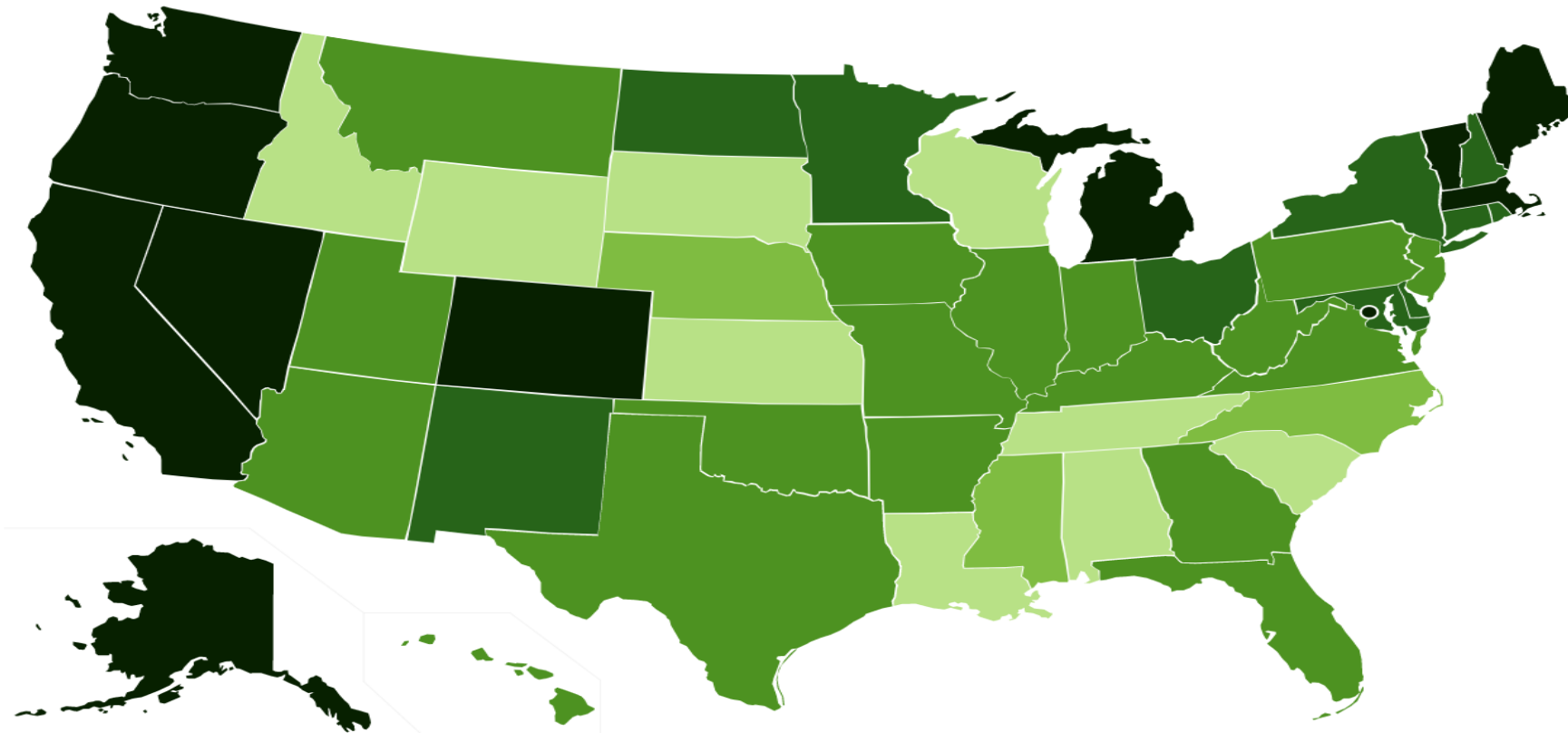
Decriminalized

Illegal

# Marijuana



■ Legalized ■ Medical and decriminalized ■ Medical ■ Decriminalized ■ Fully illegal





# Marijuana

## Employers Best Practices = Sobriety at Work

Know your state(s) law

Recreational use is not accommodatable

Reasonable Accommodation for disability (registered users: medical marijuana cards)

Department of Transportation required that drug and alcohol screens must be passed

There may be restrictions on asking applicants about their criminal history including marijuana related charges

Post accident testing allowable under OSHA



# Department of Labor – Wage and Hour White Collar Exemptions

Administrative

Executive

Professional

Highly compensated employee (HCE)



# Highlight of 1/1/2020 Changes\*

no change to standard duties test

EAP                                      \$684.00 salaried/weekly

Highly Compensated      \$107,432 annually

(HCE must be paid at least the weekly standard salary amount of \$684.00 without nondiscretionary bonus, incentive pay or commissions. )

Able to use a nondiscretionary bonus, incentive pay or commissions to satisfy up to 10% of the standard salary level for EAP classifications and for meeting the annual salary requirement for HCEs.

\*(not including U. S. territories or motion picture industry)



# Handbooks – Annual Update

State vs. Federal laws

Substance Abuse Testing

Safety and Security

Remote Employees

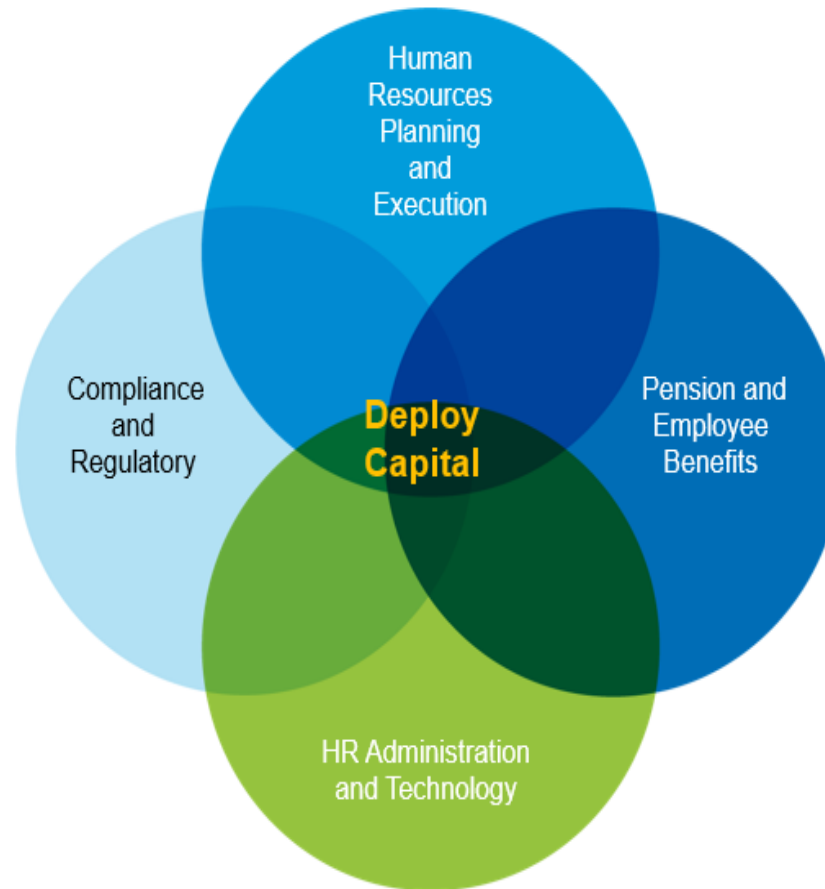
Electronic Distribution

Reflect the Company Culture



# 2020 HR Philosophy

Stay connected





# QUESTIONS?

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