

HOT SHEET

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HR Trends:

- Two new NLRB rulings prevent employers from changing pay rates and other terms of employment when they are between union contracts (for example when negotiations reach a stalemate); previously, they could legally do so.
- The US Department of Labor has proposed a significant increase to minimum annual pay-rate for exempt employees—from \$35,568 to \$55,068.
- The percentage of working mothers with children under age 5 is at an all time high (70%). Experts attribute it to restructuring of the workplace since COVID brought a rise in remote work.
- Some employers are augmenting their family friendly paid time off policy with grandparent leave; one example is three days off up to two times per calendar year for the birth or adoption of a new grandchild.
- According to the Human Rights Campaign, U.S. State Legislators have introduced over 520 anti-LGBTQ+ bills. In response to some of those bills being passed, workers in a wide variety of professions have opted to move out of that state to a place they feel is safer for them.
- Walmart recently lowered its new hire pay-rate from \$14 to \$12.



Full-Circle HR

Trends in Retirement Investments

In addition to the Secure 2.0 Act of 2022 changes discussed in the July newsletter there are breakthroughs and initiatives that are pushing new trends in employer sponsored retirement plans. This is particularly important as employees grow more concerned about their retirement savings keeping pace with their future needs particularly in light of inflation rates. According to one report confidence rates have dropped from 73% to 64% this year.* One trend is the use of AI. AI can be used for: Clear communication with participants (and potential participants); Plan design; Participant engagement (how they use the system, where they get confused, how information can be clarified etc.); and Benchmarking

(comparative investment performance). AI's limitation is that it cannot replace human to human engagement and assessment. A fiduciary is still required to ensure that the recommended investments are in the best interest of the participants. A second trend is the one previously discussed, the support of Emergency Savings through pension-linked emergency savings accounts (PLESAs). This supports employees in both a short-term goal of an emergency savings account and a long-term goal of saving for retirement. These can also be tied to student loan payments and allow for employer matches as well. A third trend is offering a lifetime income option. This may be particularly attractive for folks who are afraid

that their savings may run out during their lifetime. Typically, these have been offered as annuity accounts outside of 401(k) plans. In my past experience, many schools and non-profits offered 403(b) plans (Tax-Sheltered Annuities) rather than 401(k) plans. Funds in these plans did not readily mix, but the Secure 2.0 Act of 2022 is making it easier for 401(k) plans to incorporate annuities into their plans. These plans offer the possibility of a guaranteed income for the lifetime of the participant. Some other significant changes that this act is making for annuities are: 1. Making it easier for annuity payments to meet required minimum distribution amounts (RMD—the required distribution that non-Roth accounts must make to

participants/retirees at the age of 73). 2. Removing disincentives to partial annuitization (e.g. mixing investments and annuities in a plan). 3. Permitting certain death benefits so that participants may not lose the entire account if they die shortly after purchasing an annuity. Another approach, rather than an annuity, is to offer target-date-funds (TDFs), as many plans now do, and adding a lifetime income component. A fourth trend is adding an auto-portability feature. This makes consolidation of retirement funds easier and helps ensure that departing employees do not leave their accounts with a past employer and then forget about them. As always, when considering these trends, consult an expert as you evaluate and restructure your plan.

Employer Response to COVID Resurgence

As employers are asking employees to come back into the office, COVID is resurging. Flu season is also approaching and respiratory syncytial virus (RSV) is on the rise. Some of it is due to kids going back to school along with more activity moving indoors again. This is prompting employers to consider re-implementing some basic safety measures to keep employees healthy and businesses staffed. Some of these measures include:** 1. Requiring/encouraging employees to wear masks indoors. 2. Reminding folks of the importance of hand washing/sanitizing. Some providing sanitizer stations. 3. Reinstating social distancing and limiting the

number of people in meeting rooms. Encourage employees to not attend a meeting if they suspect they are beginning to feel unwell or have had an exposure. 4. Encouraging reporting of COVID or other communicable disease symptoms and possible exposures. 5. Making COVID tests available and, in some cases, requiring regular testing. 6. Revisiting remote work policies and extending flexibility to employees who feel working in the office puts their health at risk. 7. Re-implementing sanitizing protocols. 8. Reminding employees of sick leave and encouraging them to use this time off when they feel ill or they suspect an exposure. Invite them to work from home if their job

allows for that. 9. Making tissues available in the office so that employees can cover their nose and mouth when they cough or sneeze. Assure that proper disposal of tissues is available. 10. Encouraging vaccinations—consider making vaccines available at work or allowing flexibility for appointments to get them. Communicate openly with employees and ensure that your policies are written and enforced with an eye to equal treatment for all depending upon the needs of their circumstances, department, and/or role. Communicate with transparency about why you feel the need to increase your attention to having a healthy work environment.

Light tomorrow with today.
— Elizabeth Barrett Browning

While there can be some philosophical and political divide around this issue, try to present it in as neutral a light as possible. Focus on the workplace need and the health and well-being of your workers, their families, your customers, and the community. Educating employees on health related issues and updates is valuable for everyone. Encourage them to seek out information from trusted sources such as the CDC at www.cdc.gov and local reliable sources. Additionally, stay informed about your federal, state, and local responsibilities as an employer.

*SHRM, *401(k) Megatrends Set to Boost Retirement Savings*, Fall HR Magazine, Miller CEBS, Steven, September 6, 2023.

**SHRM, *Employers Respond as COVID 19 Cases Rise*, Egan, John, September 12, 2023.

