Employee Benefits Report

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Volume 22 · Number 1

JAN 2024

Leave Administration

Sick Days Have Doubled, But Morale Is Up

In the last few years, employers across the nation have seen a dramatic shift in how their workers approach sick leave. Employees today are taking nearly twice as many sick days compared to pre-pandemic times. But contrary to what some may expect, this surge in time off has not negatively impacted productivity or morale. In fact, the opposite may be true.

As experts explain, the COVID-19 crisis fundamentally changed people's mindsets around health and wellness. With crisis comes change, and in this case, that change may ultimately benefit both staff and employers. Here's a closer look at the data, trends, and best practices shaping this new era of sick leave.

Seismic Shift in Sick Day Trends

According to a recent survey of over 300,000 U.S. businesses by HR platform Gusto, profes-

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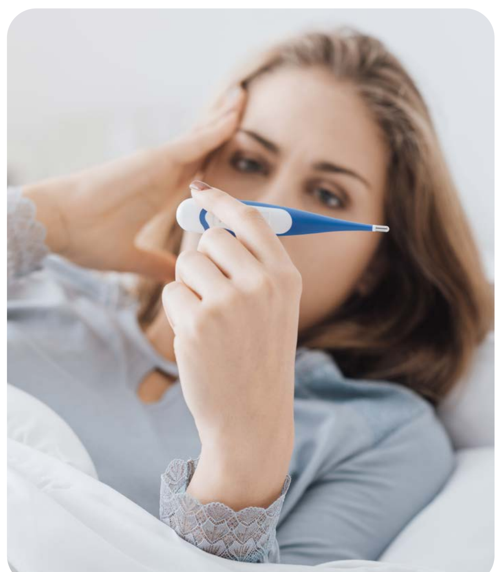

This Just In ...

More Tax-Free Money for Medical Costs: IRS Raises 2024 Health FSA Cap

Unsurprisingly, the IRS has announced an increase in the health flexible spending account (FSA) contribution limit for 2024 to $3,200, according to experts. This $150 boost provides employees the opportunity to set aside more tax-free money to pay for qualifying medical expenses.

What Does This Mean for Employers?

Companies will need to update plan rules for 2024 accordingly so employees can defer up to the new $3,200 cap.

In addition to the higher contribution ceiling, employers should note the carryover limit has also increased from $610 to $640. This means if an employer's plan includes the carryover provision, employees can roll up to $640 of unused health FSA funds into 2025.

More Room for Health Care Costs

The expanded contribution maximum gives employees more funds in their FSAs to pay for qualified medical expenses. This could be helpful since experts project healthcare price growth will remain high in 2024, potentially reaching up to 8.5 percent.

Later Than Usual Announcement

Open enrollment season is well under way, yet the IRS health FSA news is just rolling out. Experts point out the timing is behind schedule, sional services employees who receive paid time off have taken 42 percent more sick leave so far this year compared to 2019.

Additionally, the average number of sick hours used per employee increased by 15 percent over the same period, from 13.5 hours annually to 15.5 hours. Gusto's data shows younger staffers driving this trend, with 32 percent of workers aged 25-34 taking sick leave in 2023 versus just 28 percent of those 35-54.

While alarming at first glance, experts say employers should view these statistics as a positive cultural shift rather than a negative one.

The consensus is that after two anxious years, employees feel empowered to finally prioritize selfcare. Companies that support this shift may reap significant returns in morale, retention and productivity over the long run.

Staying Home When Sick

The Gusto data affirms what individual employers nationwide have observed firsthand since 2020: workers are now far more likely to stay home when feeling under the weather.

A human resources executive at a 900-person firm notes that pre-pandemic, people often came to work sick, putting in subpar effort and risking infecting colleagues. However, COVID-19 precautions like masking and social distancing heightened health awareness.

Now, the firm's team members know to avoid the office when ill. And even remote employees have largely embraced the mindset that it's better to take a day or two to recuperate versus struggling at half-capacity for a week.

The company allows staff to take up to three consecutive sick days without issue. Like most employers, they may request a doctor's note after three days. However, the HR executive emphasizes the company strives to foster a culture of transparency and trust around sick leave.

Mental Health Taking Priority

It's not just coughs, colds, and flu driving the surge in sick days. Mental health is also a significant factor.

The pandemic's prolonged strain left many struggling with anxiety, depression, and burnout. In response, companies like one San Francisco-based firm now actively encourage workers to take time off for self-care.

Experts at the company say the pandemic has taken a heavy toll on mental health, and they urge employees to prioritize their well-being. It's crucial for organizations to be supportive during these difficult times, they emphasize.

Leaders across industries make similar points and have observed staff taking more open-ended "mental health days" amid the increased flexibility of remote work.

Being Proactive on Health

Rather than waiting for employees to come forward, some organizations are now taking a proactive stance on health and wellness through policies and programs.

One HR advisory firm provides staff with up to two mental health days per month. Another company moved to a take-what-you-need PTO system so workers don't feel pressured to go in when unhealthy.

Seeing vacation cancellations early in the pandemic, the latter also began organizing quarterly company-wide "Unplug Days" to avoid burnout. Shutting down operations for 24 hours encourages genuine rest, explains an HR director there.

A Win-Win for Employers and Staff Alike

While the doubling of sick days may seem concerning initially, experts maintain it's a positive evolution. The pandemic taught workers renewed respect for maintaining boundaries and avoiding overexertion.

In the process, it also revealed that companies can run smoothly with a bit more flexibility. A few missed days here and there won't make or break operations.

As one executive points out, when employees take time to recharge, they ultimately return more energized and engaged. By supporting vital self-care days, organizations can lift both morale and productivity.

So rather than balking at the shift toward more sick leave, employers should view it as a new path toward building resilient, loyal teams for the post-COVID era.

considering HSA updates came in May and 401(k) changes were announced at the start of November.

For employers in mid-open enrollment who want to communicate plan specifics, it will be important to confirm FSA administrator data is up-to-date with 2024 guidance. Confirming contract details early can help avoid miscommunications around contribution room or carryovers.

What About HSAs and 401(k)s?

In addition to health FSA tweaks for 2024, contribution ceilings have also moved for other workplace savings vehicles like HSAs and 401(k)s. Here's what else employers should know:

HSAs

- Self-only coverage contribution limit: $4,150
- Family coverage contribution limit: $8,300

401(k)s

- Employee contribution limit: $23,000
- Total contribution limit (with employer match): $69,000

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New Solutions for Employee Mental Health

More than one in five U.S. adults suffer from mental illness each year, according to the National Alliance on Mental Illness. An estimated four percent have attention deficit hyperactivity disorder. While sometimes obvious, mental health issues often go unseen in the workplace, taking a silent toll on employees' well-being and job performance when unaddressed. However, new solutions allow employers to support what they can't see.

The Challenges of Unseen Struggles

Mental health disorders frequently go undiagnosed and untreated among U.S. adults. Of those with ADHD, less than 20 percent have received an official diagnosis, according to the Society for Human Resource Management. As a result, employees may be unaware of potential hurdles to their own success. They can also struggle to communicate their needs to managers.

According to one expert, ADHD involves more than difficulty focusing. It also entails challenges with time management, task juggling, and executive function. Overall, mental health problems often represent an unseen burden for employees.

Data underscores the issue's prevalence: 91 percent of employees recently surveyed don't feel well-rested, while 78 percent tie sleep troubles to mental health. This points to major unseen challenges, especially as seasonal daylight changes further impact mood and sleep quality.

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The Toll of Unaddressed Struggles

Mental health disorders can significantly hinder workplace performance when unmanaged. In a recent survey of 500 employees with ADHD, 97 percent think they could accomplish more on the job if symptoms were better controlled.

The survey also found that 95 percent of respondents feel limited by currently available treatment options. Medications have changed little in decades, and risk side effects. Recent shortages have affected 88 percent of those on ADHD drugs.

Overall, 87 percent believe ADHD has negatively impacted their careers through events like negative reviews, stymied promotions, or rescinded duties. One worker even switched jobs after leadership first promised accommodations but later used his struggles against him.

Benefits of Proactive Support

Data shows employers should address mental health proactively. Calmer, more productive employees tend to have better focus, manage their time better and experience less frustration. They also typically demonstrate greater workplace loyalty.

A recent study linked strong sleep health to better workplace mental wellness. Experts stated that sleep is an easy entry point to discuss support needs without stigma, increasingly vital as more employees permanently work from home.

Lack of support for unexpected issues—like failed fertility treatments—can also provoke isolation and silent suffering. One leader even helps global workforces evacuate from emergencies abroad, noting crises can impact dispersed staff just like those in headquarters.

Tailoring Solutions to Support Success

Experts cite erasing stigma as the prime step to support mental health disorders in the workplace. Speaking openly about managing struggles can encourage workers to seek help proactively and helps fight stereotypes about conditions like ADHD.

Many also call for enhanced benefits offerings so employees can access evidence-based behavioral therapies and non-drug digital solutions. The vast majority of people with ADHD are eager for additional support and chances to perform at their peak.

Implementing new digital therapies is especially prudent as tech advances. Apps that build critical cognitive skills through games are gaining traction for boosting workplace effectiveness. Such tools also work around recent medication shortages.

Substantive changes to health plans and workplace culture are key to nurturing productivity, according to one expert. With better assistance, both leadership and staff can thrive.

Employees gain back lost time otherwise wasted struggling silently with an unseen health condition. Statistics clearly demonstrate that supporting mental wellness also pays dividends for employers seeking to retain top talent and gain a competitive edge.

Healthcare Credit Cards: The Employee Benefit That Pays You Back

As healthcare costs continue their meteoric rise, employees are struggling under the weight of medical expenses. But a novel new benefit offers employers a way to attract top talent while empowering staff to manage costs.

The High Price of Healthcare

American healthcare is notoriously expensive. Costs are projected to jump by 8.5 percent in 2024 alone, according to predictions by benefits consulting firm Aon.

Inflation and shrinking savings make the financial hit even harder for many households. Per a LendingClub and PYMNTS report, 60 percent of U.S. adults already live paycheck-to-paycheck.

Meanwhile, a GoBankingRates survey revealed nearly 33 percent of respondents have \$100 or less in their savings account, compared to just 22 percent last year.

With consumers drained by inflation and healthcare costs expected to balloon in coming years, innovative benefits are needed to prevent Americans from avoiding or delaying necessary care.

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HSAs and FSAs Fall Short

Some employers have turned to health savings accounts (HSAs) and flexible spending accounts (FSAs) to empower staff to save and pay for medical expenses.

However, these accounts have limitations. With HSAs, employees must meet lofty plan deductibles — at least $1,500 for an individual or $3,000 for a family — before insurance coverage kicks in. Staff might lack the funds to even make a dent.

FSAs also pose challenges. Employees risk over- or under-funding accounts trying to predict the coming year's medical costs. Plus, any unspent FSA money is forfeited at the end of the year.

Between unpredictable expenses and forfeiture risks, traditional medical accounts often fail to provide real relief.

HPA Benefits: Buying Time, Empowering Employees

Enter the healthcare payment account (HPA), an employer-provided line of credit that equips staff with a medical Visa card.

Employees can use their HPA for any necessary care and then repay the balance through automatic installments. There is no interest or fees.

This gives financially pinched households flexibility when the unexpected strikes. Rather than drain savings or rack up interest charges on a personal credit card, staff can pay for healthcare and then make interest-free HPA payments over time.

Experts say HPAs enhance employee autonomy and empower people to access vital care when needed most. The accounts provide a simple and easy way for staff to take control of healthcare costs rather than avoiding doctor visits due to financial limitations.

HPAs also integrate seamlessly with HSAs and FSAs: Any funds in those accounts can be utilized to make HPA payments.

A Fast-Growing, Win-Win Offering

While HPAs represent a relatively new approach, adoption is already widespread and poised for massive growth.

Over 1,200 employers and health insurance providers currently offer an HPA option, evidence the concept has gained quick traction.

The appeal for organizations is clear. HPAs provide a powerful talent draw while supporting worker health and wellbeing.

And with employers footing the cost through reasonable monthly fees, accounts are budget-friendly to implement. They require no employee contributions or credit checks.

For staff, HPAs alleviate financial stressors that can negatively impact health, engagement and performance. Employees keep access to vital care while avoiding predatory lending products that exploit vulnerability.

In essence, the accounts enhance peace of mind for employers and employees alike. Both sides reap rewards from the equitable arrangement.

Staying Competitive in Challenging Times

Today's talent market remains cutthroat even amid hiring pullbacks. Skilled workers have options, and competitive benefits packages are a key differentiator.

With HPAs representing an affordable, creative offering, now may be the time to pilot this innovative medical account solution.

As economic pitfalls persist alongside runaway healthcare costs, medical payment accounts enable the flexibility and empowerment every stakeholder craves. Ultimately, that resilience can translate into a healthier, more committed workforce prepared to drive your organization forward.

Government Tips for Accurate EEO-1 Reporting

The U.S. Equal Employment Opportunity Commission (EEOC) has released new guidelines to assist employers in correctly submitting their 2022 EEO-1 reports.

The recently published Frequently Asked Questions (FAQs) confirm key requirements, including that employers must account for all full-time and part-time employees in their EEO-1 forms, even those who resigned or were terminated after the reporting period. For 2022, submissions will be due by December 5, 2023.

Companies can modify their 2022 EEO-1 submissions until January 9, 2024, but must certify all reports on or prior to this date. While the initial December 5 deadline focuses on raw data quality, this later certification date provides a final opportunity to correct or enhance accuracy.

Pick Snapshot Dates Wisely

Companies should choose a pay period between October 1 and December 31, 2022, to snapshot their employee demographics. This provides a consistent timeline for data comparison from year to year.

Employees who work remotely must still be included in EEO-1 reporting by the specific worksite to which they report rather than their home addresses.

Assemble Complete Employee Data

Per the guidelines, employers must compile full employee data across all job categories based on sex, race, and ethnicity classifications for both full-time and part-time staffers. This encompasses those who departed after the reporting timeframe.

The required data provides transparency into companies' diversity metrics and recruitment initiatives. Experts note that as certain states link their reporting requirements to the EEO-1, accuracy is more critical than ever.

Consider Multi-Establishment Nuances

A multi-establishment employer with over 100 U.S. staffers must submit three EEO-1 reports:

- Consolidated report: Auto-populated with headquarters and establishment-level data. Changes cannot be made directly to this report.
- Headquarters report: Can be edited to ensure consolidated report accuracy.
- Establishment-level reports: Details each individual location. These can also be updated as needed.

Establishments situated in different physical sites must have separate EEO-1 reports submitted even if they share business activities. Only locations inside the 50 states and Washington D.C. should be included.

Document Organizational Changes

If a company has undergone an acquisition, spinoff, or merger since last year's EEO-1 reporting, it must utilize the "Report Acquisition, Spinoff or Merger" module to document these shifts for the EEOC. Keeping this information current allows for appropriate year-over-year comparisons.

While the EEO-1 form does not gather compensation data, some states, such as California, do mandate that additional pay details be shared. Employers operating in these areas should ensure their reporting satisfies both federal and more stringent state requirements.

Questions Answered for Completing EEO-1 Reports:https://www.shrm.org/resourcesandtools/legal-and-compliance/employment-law/pages/eeoc-reporting-faqs.aspx