Fisher Phillips South Florida Labor & Employment Conference

Hot Topics In Benefits For Today's Multigenerational Workforce

> **Suzanne K. Bogdan** – Fisher Phillips, Fort Lauderdale
> **Lorie Maring** – Fisher Phillips, Atlanta

JUNE 7, 2019 | HOLLYWOOD, FL

Multi-Generational Workforce: Who Are They?

Fisher Phillips South Florida Labor & Employment Conference

Greatest Generation	Baby Boomers	Gen X	Millennials
Before 1945 (74+)	**1946–1964** (55 to 73)	**1965–1981** (38 to 54)	**1982–1996** (22 to 37)
Medical breakthrough in their youth **Penicillin**	Medical breakthrough in their youth **Pacemakers**	Medical breakthrough in their youth **MRI Scanners**	Medical breakthrough in their youth **Cameras inserted into the digestive tract by a pill**
Percentage of Workforce **2%**	Percentage of Workforce **29%**	Percentage of Workforce **34%**	Percentage of Workforce **34%**

fisherphillips.com

ON THE FRONT LINES OF WORKPLACE LAW℠

Different Bonds between Employer/Employee

Fisher Phillips South Florida Labor & Employment Conference

- Different generations want different approaches from their employers.
- Boomers want to see recognition of their individual strengths and skill.
- Gen-Xers favor “friendly employers” who help them achieve their goals.
- Millennials shun the idea of a “faceless boss” and want employers who are invested in their personal development and well-being.
  - Oh, and by the way, Millennials don’t want you to refer to them as Millennials as they are well aware of the negative connotation that older workers have of them.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Differences in Family Structures

Fisher Phillips South Florida Labor & Employment Conference

- Your employees have a life outside of work, and the way it’s structured matters. Do your employees have young children at home? Is the bulk of your management staff gearing up to pay for college for kids leaving the nest?
- Work-life balance means different things to different generations of workers.
- Millennials and younger Gen-Xers tend to put a high value on work-life balance. These workers might even prefer a lower salary if it means getting a more flexible work schedule.
- At the same time, boomers struggling to balance their retirement goals with the rising cost of college might favor more opportunities to earn bonuses and other financial incentives.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

PTO and VTO Options

- **PTO**: Not every company can offer unlimited paid time off (PTO), but more PTO often leads to increased focus, higher engagement, and lower stress levels for employees. These key components play a major factor in higher employee retention, and company growth and longevity.
- **VTO**: Give-back initiatives have become increasingly important and sought after by jobseekers. They want to work for a socially responsible employer. Employers should consider VTO, time off to volunteer. Employees want to contribute to a cause but often find it hard to balance time between work and volunteering. VTO gives them the opportunity to do what they care about. When employers offer this flexibility, it builds the trust employees have in the company. Programs are different per company—some have set days off per tenure, while others have pre-approved charities or company committees that help coordinate. Find what works for you and your people.

Servicing Debt and Saving

South Florida Labor & Employment Conference

- Different generations have different types of debt, which plays into how they value various benefits. One large difference between the boomers and the millennials is the matter of student loans.
- While boomers may value higher salaries so they can save for retirement and pay off debt prior to leaving the workforce, millennials might be open to accepting a slightly lower salary in exchange for help paying off their student loans — which often enter the six-digit range.
- On the other hand, boomers and Gen-Xers might be interested in employer sponsored 529 plans that help them save for their children's higher education.
- Younger employees might also be interested in financial plans that will help them pay for child care.

fisherphillips.com

ON THE FRONT LINES OF WORKPLACE LAW℠

Retirement and Student Loan Debt

South Florida Labor & Employment Conference

- Employee Benefit Research Institute finds families with heads having a college degree or higher have higher defined contribution (DC) retirement plan balances than those families with a head with some college only (no bachelor's degree completed).
- EBRI also found DC balances are higher for employees with no student loans
- American Student Assistance (ASA) survey found
  - 86 percent of employees would commit to a company for five years if the employer helped pay back their student loans.
  - 92 percent would take advantage of a match for student loan repayments similar to a 401(k) match.
  - 89 percent would use long-term financial planning tools or advice.
  - 79 percent would take advantage of free access to a student loan debt counselor.

fisherphillips.com
ON THE FRONT LINES OF WORKPLACE LAW℠

Retirement and Student Loan Debt

South Florida Labor & Employment Conference

- Options for Student Loan Relief:
  - Refinancing Options with or without Employer Incentive Contribution (taxable)
  - Direct Loan Repayment (taxable)
  - Access to financial planning tools and counseling (potentially taxable)
  - 401(k) Matching Incentives (non-taxable, but require IRS approval)
- Nondiscrimination Issues Must be Considered
  - IRS ruling does not address nondiscrimination testing impact of loan match
  - General sense of fairness perception by employees without student loan debt

fisherphillips.com
ON THE FRONT LINES OF WORKPLACE LAW℠

529 Education Savings Plans

South Florida Labor & Employment Conference

- New research from Guardian found that 49% of employees are interested in a 529 plan at work – slightly more than student loan repayment benefits at 47%
- Accounts are funded post-tax, but earnings are tax free when used for tuition, fees, books and room and board at an eligible higher educational institution or, new for 2019, tuition at elementary or secondary schools
- Contributions limited to $14,000 per year, per beneficiary and employer contributions are taxable. Plans may be prepaid tuition or savings and each state has its own version. Employers may choose any state, but many considerations
  - Twenty-eight states, including the District of Columbia, currently offer a state tax credit or deduction for residents who use their home state's plan. Some states, including Maine and Nevada, also offer matching grants when a resident makes a contribution to their plan.
  - Companies in Arkansas, Colorado, Illinois, Nevada, Utah and Wisconsin are eligible for a state income tax credit or deduction for matching employee 529 plan contributions.

fisherphillips.com
ON THE FRONT LINES OF WORKPLACE LAW℠

Child Care Assistance

South Florida Labor & Employment Conference

- Dependent Care Reimbursement Account (DCAP)
  - Part of 125 Plan pre-tax contribution options – use it or lose it
  - Annual limit of $5,000 ($2,500 if married filing separately)
  - May be spent for qualifying dependent care expenses, including childcare, eldercare, or care for a disabled dependent – to allow employee or spouse to work or look for work.
  - A dependent care reimbursement account also can be funded with employer contributions.
  - Subject to annual nondiscrimination testing, which often causes refunds to HCEs wanting to use the benefit
- Child and Dependent Care Tax Credit – a federal tax credit offsetting working parent childcare costs – income based and may not be combined with DCAP for same expenses.

fisherphillips.com
ON THE FRONT LINES OF WORKPLACE LAW℠

Child Care Assistance

South Florida Labor & Employment Conference

- Employer Options to Consider
  - Onsite
    - Companies that create qualified on-site child care facilities may claim a federal tax credit up to 25% of the facility expenditures, plus 10% of any resource and referral expenditures in a calendar year, up to a limit of $150,000. (Must operate 10 years or credit can be recaptured) – may also qualify as 162 business deduction
    - Some states, including Florida, also offer tax incentives
    - Tax considerations for employees
    - Many other considerations such as state licensing as a child care provider
  - Partnering with Third Party Provider for Discounts (taxable)
  - Subsidies for Child Care Expenses (taxable unless provided through DCAP)

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Health Care Considerations

South Florida Labor & Employment Conference

- Older generations would prefer to sign up for health insurance with physical applications after hearing about the opportunities from a person in the form of a presentation or seminar. They also typically understand and have planned for health emergencies and/or are on Medicare or will be shortly.
- Millennials and Gen X prefer on line enrollment but also express a desire to have more information provided by a person, whether one-on-one or through a presentation. Millennials and Gen X also have more difficulty with planning for a health financial emergency or time away from work due to health or pregnancy issues. For them, telemedicine options, onsite clinics or voluntary STD plans that are low cost and offered either through the employer or from an outside entity (that the employer sponsors at the workplace) are viewed as positive benefits.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Alternatives to Traditional Health Insurance

South Florida Labor & Employment Conference

- Onsite Health Clinics and Telemedicine:
  - Issues to Consider:
    - Group Health Plan Status
    - ACA Compliance
    - COBRA
- Association Health Plans:
  - New Rules Found to Violate Federal Law
  - Expansion under Review by Courts
  - "Pathway 1" MEWAs still an Option

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Financial Planning Issues

South Florida Labor & Employment Conference

- Many older workers may have a good education and have planned for retirement.
- However, because of the Great Recession, many older workers found their savings and retirement severely reduced are thus are staying in the workforce longer to save for retirement. They are interested in understanding and receiving options for enhanced retirement savings.
- Younger employees are not as educated in retirement needs or opportunities. They have expressed a desire to have more education on retirement and financial planning.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Retirement Plan Enhancements

- Increase the match amount in your 401(k) or 403(b); consider a profit sharing contribution; add a Roth contribution (workers nearing retirement may value that benefit more than younger workers) – 2019 contribution limits are:
  - Employee deferral (pre-tax or Roth) $19,000
  - Catch up for Individuals who are age 50 or over at the end of the calendar year - $6,000
  - Annual contribution limit of $56,000 ($62,000 with catch up contributions) for employer and employee contributions combined
  - ADP/ACP testing limits and other nondiscrimination rules may apply
- Provide financial assistance to employees to allow them to seek financial advice (or provide it through your 401k or 403(b) provider) (nontaxable)

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Retirement Plan Enhancements

- Nonqualified Plan Options for Executives and Top Management
  - Must be unfunded
  - Must limit participation to groups of highly compensated employees or groups of executives, managers, directors or officers. The plan may not cover rank-and-file employees.
  - 409A impacts design for private-sector employer plans

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Retirement Plan Enhancements (continued)

South Florida Labor & Employment Conference

- Plans for non-profits (other than churches) governed by 457(b) or 457(f)
  - 457(b) "eligible" plans allows employer and employee contributions ($19,000 limit on total deferrals):
    - limited catch up opportunity within 3 years of retirement to contribute unused annual limit for prior years)
    - Not aggregated with 403(b)/401(k) contributions to determine maximum annual contribution
    - Vesting of employer contributions not exceeding annual dollar limits is not a taxable event
  - 457(f) "ineligible" plans only allow employer contributions:
    - Benefits are taxed when vested – trap for the unwary
    - Contributions may exceed annual deferral limit for 457(b)

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Retaining and Retraining Older Workers

South Florida Labor & Employment Conference

- Although many employers express negativity about older workers (higher cost for health care, higher wages, less flexible to change, less technologically capable), the research reveals that those assumptions are often untrue.
- Many older workers want to work longer. Employers who actively try to find ways to keep older workers find that they can be great trainers or mentors; that they can continue to do the job with slight modification to remove heavy lifting through machinery or other processes; that flexible work hours or days (or part time work) may work well for job sharing for both the older generations and the younger generations as they can share jobs.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Educational Opportunities

South Florida Labor & Employment Conference

- Younger workers often appreciate the opportunities for companies to pay for educational degrees or vocational training to help them improve their ability to receive promotions and enhance their pay.
- Many companies have programs where they will loan an employee money for or pay for the employee to get a degree that is relevant to the job or to another position with the employer. These programs are usually conditioned upon the employee remaining with the company for a set period of time with an amount of the debt forgiven per year.
- Other companies will reimburse for courses taken over time, conditioned upon grade level attainment. Some will require relevancy to the job.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Other Benefits Offered

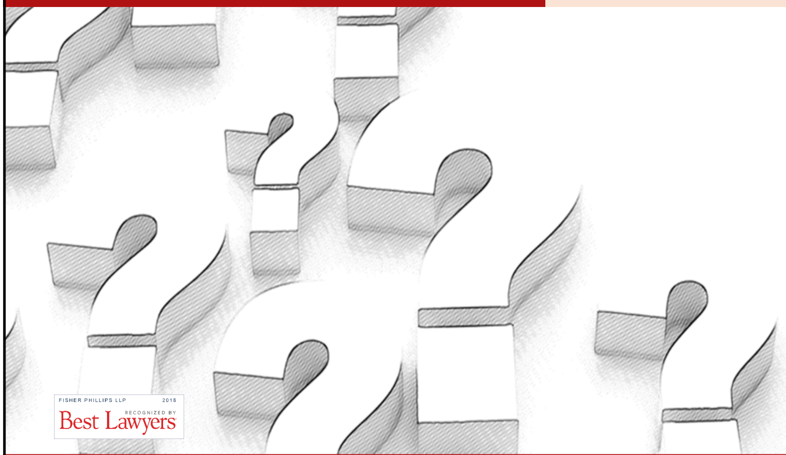
South Florida Labor & Employment Conference

- Benefits that your generations will like will depend on your employees and the type of business.
- Some employers have found that workers like:
  - Play-time (ping pong tables, gaming systems)
  - Food offerings (fruit all day; lunch brought in; specialty coffees)
  - Fitness club memberships or gym areas; time for meditation; yoga
  - Flexible hours
  - Special work/meeting areas where employees can group to collaborate and work with their laptops
  - Different ways of encouraging creativity and ownership over how the work gets done – here's the project, you figure it out as long as I have it by next Friday.

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

FINAL QUESTIONS

Fisher Phillips South Florida Labor & Employment Conference



Best Lawyers

#FPFL19

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

Fisher Phillips South Florida Labor & Employment Conference

THANK YOU

FOR JOINING US

Suzanne K. Bogdan
sbogdan@fisherphillips.com
954.847.4705

Lorie Maring
lmaring@fisherphillips.com
404.240.4225

#FPFL19

fisherphillips.com ON THE FRONT LINES OF WORKPLACE LAW℠

