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September 2023

Biden Labor Department wants to raise the overtime bar higher for employers.....12

AI experts are in demand but the talent pool is thin: What's the game plan for companies? 18

The solution to ESG's unpopularity? Call it something else and hope no one notices 24



Real-time credit risk management

Another way AI is revolutionizing Finance

RESOURCEFUL FINANCE PRO





September 2023

In This Month's Issue







News Briefs

CFO News Briefs.....	3
A/P News Briefs.....	7
Payroll News Briefs.....	9

Insider Content

 CFO: You Be The Judge Could employer that used neutral timecard rounding be on the hook for unpaid wages?.....	15
 Case Study End-to-end A/P automation solved nagging inefficiencies in Finance	16
 Excel Tips What's the purpose of 'Wrap Text' and 'Merge & Center' in Excel?.....	21
 Ask the Auditor What payroll data does the DOL ask for and how long do we have to keep those records?.....	22

Articles

 Payroll Biden Labor Department wants to raise the overtime bar higher for employers.....	12
 Payroll Payroll pros, we salute you: What to know about National Payroll Week and ideas for celebrating	13
 IT AI experts are in demand but the talent pool is thin: What's the game plan for companies?.....	18
 Credit and Collections Real-time credit risk management: Another way AI is revolutionizing Finance	19
 Benefits The solution to ESG's unpopularity? Call it something else and hope no one notices.....	24
 Benefits Employer health insurance plans will cost up to 10% more in 2024.....	25

CFO News Briefs

Stories You Might Have Missed

Workers remember what they see: Training that works for the younger generation

August 3, 2023

Fact: When people hear info, they'll typically remember only 10% of it three days later.

As long as you use some visuals whenever possible, they're more likely to retain the info you give them.

Here are three ways you can make visuals work for you, whether you're talking to two staffers or a roomful of people:

1. Download images of the process or project you're talking about. This may not always be easy, but it can be as simple as taking a screenshot of the program or file people are working on.

You can show them the image or images on a smartboard, laptop, tablet, etc. Or take the old-fashioned step of making printouts (preferably in color for maximum retention) and passing them out.

2. Have the meeting where they'll get the message, if possible. For example, if you're having a meeting about company wellness and fitness initiatives, consider gathering people around fitness equipment inside your building. If you don't have a gym, move it outside to where people take walks.

People will associate the things they see with the message you're delivering – and they'll remember it. Sure they might think it's a little cheesy. That's OK – as long as it's memorable.

3. Does your presentation involve feedback from customers or clients? Then share written notes or images from stakeholders.

It can be as simple as showing comments or pictures left on a social media outlet. Even printouts of a customer's email – whether positive or negative – will make an impression and reinforce the points of your talk.

Your company may need to bump up training for the younger generation entering the workforce. Recent college graduates learned remotely during COVID and missed out on hands-on training they desperately need in the workforce.

[Read the story online](#) 

Uh oh: IRS taking a closer look at companies' stock option plans

August 15, 2023

Publicly traded companies that offer stock options may want to touch base with their tax accountants.

That's because the IRS is launching an enforcement crackdown on employee stock ownership plans (ESOPs). The goal is simple: Make an example out of tax cheats and boost compliance by the majority that wants to comply with the law at all times.

The IRS says it's focusing on ESOPs so that "high-income filers pay the taxes they owe," IRS Commissioner Danny Werfel warns. "This means spotting aggressive tax claims as they emerge and warning taxpayers. Businesses and individual taxpayers should seek advice from an independent and trusted tax professional instead of promoters focused on marketing questionable transactions that could lead to bigger trouble."

The IRS acknowledges that ESOPs are frequently "complex" and it can lead to companies and individuals failing to pay taxes owed by accident. The flip side is also true as sometimes entities overpay in taxes.

Three common compliance issues the IRS will be checking are:

- under-valuing stock shares
- giving shares to disqualified individuals, and
- failure to follow tax law requirements for ESOP loans which makes said loans "prohibited transactions."

The IRS is also onto "schemes" in which "a business creates a 'management' S corporation whose stock is wholly owned by an ESOP for the sole purpose of diverting taxable business income to the ESOP. The S corporation purports to provide loans to the business owners in the amount of the business income to avoid taxation of that income. The IRS disagrees with how taxpayers interpret this transaction and emphasizes that these purported loans should be taxable income to the business owners." These transactions also impact whether the ESOP satisfies several tax law requirements which could result in the management company losing its S corporation status."

[Read the story online](#) 

2 crucial steps to remember when a finance staffer makes a serious mistake

August 16, 2023

How managers and supervisors handle their employees' mistakes has a big effect on trust, morale and productivity. When leaders handle these situations poorly, it can damage staffers' confidence and trust, thus making them less likely to report mistakes they discover in the future.

To be clear, the mistakes that need to be addressed properly are the ones that can damage a company's finances, hurt a relationship with a customer or put the business in legal hot water. The more a finance staffer is trusted to handle, the more likely he or she will make a mistake increases.

Keep these two steps in mind when folks screw up and you've got to have a sit-down:

1. Let the employee accept responsibility

Some mistakes are a group effort or the result of an outside party. But if it's the employee's fault, let him or her take the blame.

Owning up to an error will help improve the person's performance and decision-making down the road. No need for multiple apologies. Just assign the staffer to work on fixing the problem (if possible) so that he'll understand what went wrong.

2. Evaluate how the mistake happened

After the mistake is fixed, figure out why the mistake occurred. Ask yourself if the error may have been the result of factors such as:

- lack of quality control
- minimal training
- ineffective communication, or
- vague/outdated company policies.

If one or more were factors, address them to prevent future occurrence. Also let the staffer know if one of these external factors contributed to his or her goof.

If none of these factors apply, then sit down with the employee and ask them why they think it happened. Explain from the get-go you're not interested in assigning blame or punishing them. You just want to understand what happened.

[Read the story online](#) 

Cyber attacks can put a company out of business – unless it's got the right kind of insurance

August 23, 2023

Picture this scenario: An employee clicks on an email from a co-worker who's already left for the day. Nothing in the email subject line to suggest it's a phishing attempt or anything more malicious. So the employee clicks on the link in the email.

In a matter of minutes, maybe seconds, hackers start attacking the company's systems, databases, email, the whole enchilada. IT doesn't detect the ransomware attack until early the next morning.

Now the company is forced to "pull all their guys out of the field, all their salespeople, even some ex-employees, to help recreate customer data. ... [The firm ends up spending] \$60,000 replacing servers, laptops, and phones. They also were down for two or three weeks, not making any money."

Brian Mahon, a cyber insurance counselor with EHD Insurance, shared this true-to-life story of a Pennsylvania distribution center to attendees at the Greater Reading Chamber Alliance. To make the situation worse, the company in question was in the middle of acquiring another business. So the ransomware attack also put the other business's customers' data in jeopardy – talk about not getting off to a good start with new clients!

Mahon talks to bank CEOs who tell him "cyber risk is the number one concern they have. [Some worry] cyber insurance may not even exist in the future" because of the financial costs. The risks of a cyber attack are certainly steep:

- the average data breach costs a company upwards of \$200,000, according to a 2019 report by insurance carrier Hiscox, and
- about 60% of small businesses fail within six months of a significant data breach, warns the National Cybersecurity Alliance.

Mahon's company is one of many insurance carriers offering cybersecurity insurance policies. Companies pay a monthly premium like other kinds of insurance and can file a claim if they're hacked.

Underwriting for cyber protection reached \$10 billion in 2021. Forbes expects a 150% increase in cybersecurity policies by 2025.

[Read the story online](#) 

75% of small businesses aren't trying to secure financing these days

August 24, 2023

Most businesses think we're already in a recession or it's coming early this fall. The good news is, most are fairly confident they'll survive it. There's just one major catch.

Businesses short on cash are balking at high interest rates and waiting (perhaps in vain) for banks to play ball. Fifty-eight percent of small business owners that sought or secured a bank loan from April through July cited high interest rates as a major hurdle, according to a National Federation of Independent Businesses (NFIB) survey.

"While most owners are currently satisfied with their ability to borrow, the escalating cost of financing associated with high interest rates is a significant issue for many," says Holly Wade of NFIB's Research Center. The survey's data backs that up – 75% of business owners didn't borrow or try to secure a loan from their bank or a credit union.

For a snapshot of small businesses' current banking habits and preferences, plus their opinions on the economy, here are some of the highlights from NFIB's survey (646 small business owners answered via an email sent to 20,000 people in late July):

- Businesses seeking financing are eyeing operating and inventory expenses (33%), to replace capital assets or make repairs (26%), expand (20%) or refinance or pay down debt (5%). Thirteen percent answered "other."
- Sixty-four percent rely on small or local banks to do business, 18% rely on large banks like Chase, Citi and Bank of America, and 16% bank with medium-sized banks like PNC and Schwab.
- 52% say the country is in a recession and an additional 17% think it's coming before Christmas. Thirty-one percent predict a recession sometime in 2024.
- More than half (54%) aren't concerned about the health of their banks, an improvement since the last NFIB survey in April (just 31% then). The feds' efforts to back bank risk-taking and prevent another failure like Silicon Valley appears to have allayed many businesses' fears of a banking collapse.

[Read the story online](#) 

Is extending credit to customers needed to make the sale? 3 keys to remember

August 29, 2023

Just as consumers are finally cutting back on spending, we can count on B2B customers to do the same, across all industry sectors. The good news? Companies that offer superior products and services and can easily demonstrate their expertise will weather the coming storm best.

The key (as always) is a company's sales team. Driving new business and keeping long-term customers happy is important in good economic times but downright critical in a recession. One potential pitfall a CEO or CFO needs to be aware of is a conflict between Sales managers and their counterparts in Credit & Collections or Accounts Receivable.

Case in point: If Sales pros refer to Credit as "Sales Prevention," it's past time to jump in. Sales pros will be asking for more wiggle room to accommodate customers short on cash. Small businesses in particular are finding it's near-impossible to secure a bank loan or they simply can't afford the sky-high interest rates.

The National Association of Credit Management (NACM) featured experienced Credit pros on its podcast *Extra Credit*. All agreed that extending credit to certain customers will be necessary to get a deal done or risk losing those prospects to a competitor.

Here are a few action steps to ensure Sales and Credit are on the same page:

- **Team up on sales calls:** Credit managers need to see and hear Sales pros in action. Coming along on a sales call can be a learning experience for both parties. For example, Sales may not be explaining credit terms clearly enough. Following a sales call, Credit can share a point or two. Conversely the credit manager is likely to learn what customers are looking for from the company.
- **Give Sales the tools to win:** Savvy Credit pros can identify prospects that are underutilizing their credit limits. When Sales is targeting a certain area, credit flexibility is one of several factors that make or break a sale. CFOs need to ensure their Credit teams understand they need to support Sales in a proactive way and also be available when Sales seeks help.

- **Take time to explain decisions:** Sales managers and reps don't always agree with a decision to limit or deny credit to a prospect. Credit can keep the relationship positive by focusing on the potential risks to the company. For example, collecting partial payments from customers about to declare bankruptcy can be a major hurdle.

[Read the story online](#) 

State of the economy: Most workers are getting stiffed at annual review time

September 5, 2023

Finance pros are doing quite a bit better than people in other sectors when it comes to compensation. Nearly 60% of workers report they've gotten stiffed by their employers in the last two to three years.

OnePoll asked 1,859 adult Americans when's the last time they got a pay raise. The numbers may surprise you:

- just 4% earned a pay bump in 2023
- 9% got a raise last year
- 22% were last rewarded two years ago, and
- 37% haven't seen a bump in pay since the start of COVID.

With the rate of inflation on everyday items like food, electricity, fuel and shelter, employed American workers who aren't collecting some form of welfare and are taking care of children are feeling the economic squeeze more than anyone. And they're increasingly worried for their future.

Generation X and Baby Boomers expressed the highest concerns about job security to OnePoll. Millennials and Zoomers are more worried about salary cuts than losing their jobs compared to older generations.

Forty-six percent of employed workers said they feel "somewhat" or not recognized by their employers. And a majority of the respondents believe gender plays a part in insufficient pay. Various surveys show women were more likely to be laid off or see their hours cut since 2020.

End of year into January could end up being less lucrative for finance employees than this year. A stock market crash before the end of 2023 will no doubt impact Wall Street and investment houses.

But compared to the average American worker, things aren't too bad for the folks counted on to keep revenue streams flowing. Consider that finance pros from the executive level down netted annual raises of 5% for 2022, according to the most recent Association for Finance Professionals' annual compensation report. Managers (53%) did better than chief execs (50%).

More than ever, a company's most valued and hardest-to-replace folks need to be taken care of. Their losses can sting the most. Anecdotal evidence suggests top performers are no less likely to ask current employers for a raise before jumping ship, and it can come as a shock to their bosses.

[Read the story online](#) 

A/P News Briefs

Stories You Might Have Missed

Stressful fall B notice season's here: How to handle CP2100 or CP2100A surprises from IRS

September 5, 2023

B notice season (September through October) can be a minefield for A/P pros because nobody wants the extra work of calculating 24% backup withholding or fielding calls from unhappy vendors about the reduced payments.

It should come as no surprise that the IRS is monitoring what you're doing with the Form 1099 series. If a taxpayer name and/or Taxpayer Identification Number (TIN) of a payee is missing or doesn't match IRS records, they'll send a CP2100 or CP2100A notice. A CP2100A means there are less than 50 returns with an issue and the CP2100 is for 50 or more returns with incorrect or incomplete information.

If this happens, the first step is to compare the taxpayer account(s) listed on the notice with your accounting records/master vendor file and, if necessary, update/correct the info.

In the Premier Learning Solutions on-demand workshop "Handling CP2100 & CP2100A Notices: Ensure Compliance, Avoid Penalties," Audit Business Services Inc. President Pamela Fagan Shull noted that many TIN errors are triggered by not being nine digits long or containing characters other than a number.

In addition, IRS offers a TIN matching service online at irs.gov/e-services.

The B notice is a prescribed form that CP2100/CP2100A recipients must send to payees, vendors or contractors who didn't furnish their legal name and TIN in a timely manner. More information can be found in IRS Publication 1281, *Backup Withholding on Missing and Incorrect Name/TINs*.

"You have 15 business days ... from the date of the notice, or the date it was received, whichever one is later, to send an actual notice to the payee of the name and Taxpayer Identification Number mismatch, and to solicit correct documentation," Fagan Shull

said. "The payer is to include Form W-9 for the payee to fill out and may, but is not required, to send a self-addressed, stamped envelope. The IRS also specifies that the outside of the envelope must clearly be marked 'Important tax information enclosed' or 'Important tax return document enclosed.'"

If a completed W-9 doesn't arrive within 30 days after you receive the CP2100/CP2100A, you must start federal backup withholding. Keep in mind that IRS has been known to penalize companies that don't comply and you may need to consult IRS Publication 15, *Employer's Tax Guide*, for remittance instructions.

When backup withholding, include both the federal income tax withheld and the gross amount of payments made to payees on their information return.

If the IRS notifies you within a three-calendar-year period that there's a name/TIN mismatch for a payee you've already contacted with a B notice, then another B notice needs to be sent within 15 business days (but don't include the W-9).

The second B notice requires the payee to contact IRS or the Social Security Administration and includes detailed instructions the payee must follow.

[Read the story online](#) 

How much could T&E costs rise for FY 2024? GSA per-diem numbers A/P needs to know

September 7, 2023

Heads up for A/P: The U.S. General Services Administration (GSA) has announced its FY 2024 per-diem allowance rates for folks traveling for work in the continental United States (CONUS), effective Oct. 1, 2023.

While many employers use the per-diem rates set by the GSA, they can use alternative reimbursement methods as well, such as the IRS high-low method which establishes one flat rate per-diem for high-cost locations and one flat rate for all other locations.

For FY 2024, most of CONUS (approximately 2,600 counties) is covered by the standard rate of \$166 – \$107 for lodging, \$59 for meals and incidental expenses (M&IE). The standard lodging rate increases \$9 from the 2023 rate, while the M&IE per-diem remains unchanged.

The M&IE per-diem tiers for FY 2024 are also unchanged at \$59-\$79.

GSA bases its maximum lodging allowances on historical average daily rate (ADR) data, minus 5%. However, the agency took into consideration that “the COVID-19 pandemic led to unprecedented declines in ADR, followed by a volatile hotel industry recovery. The ADR data available to establish FY 2024 rates was from before the COVID-19 Public Health Emergency expired on May 11, 2023.”

So GSA went by the available data from April 2022 through March 2023. Similar to the approach it took for FY 2023, GSA made the upward adjustment to ensure that maximum lodging allowances for federal travelers will be sufficient in FY 2024.

Starting Oct. 1, 2023, GSA has designated 302 non-standard areas (NSAs) that will have per-diem rates higher than the standard rate.

While there are two new NSA locations this year — Huntsville, AL (Madison County) and Charles Town, WV (Jefferson County) — the good news is there will be fewer NSAs to keep track of for higher travel per-diems.

The following locations that were NSAs, or part of an NSA, in FY 2023 will drop off the list and move into the standard CONUS rate category:

- Hammond/Munster/Merrillville, IN (Lake County)
- Wichita, KS (Wichita County)
- Baton Rouge, LA (East Baton Rouge Parish)
- Baltimore County, MD
- Frederick, MD (Frederick County)
- East Lansing/Lansing, MI (Ingham and Eaton counties)
- Kalamazoo/Battle Creek, MI (Kalamazoo and Calhoun counties)
- Eagan/Burnsville/Mendota Heights, MN (Dakota County)
- Akron, OH (Summit County)
- Wooster, OH (Wayne County)
- Erie, PA (Erie County)
- Corpus Christi, TX (Nueces County)
- Round Rock, TX (Williamson County)
- Appleton, WI (Outagamie County)
- Brookfield/Racine, WI (Waukesha and Racine counties), and
- Morgantown, WV (Monongalia County).

[Read the story online](#) 

Payroll News Briefs

Stories You Might Have Missed

Revamped Form I-9: When do employers need to start using it?

August 9, 2023

Be sure your company gets the latest version of Form I-9. The new edition went into circulation on August 1, 2023, with its use required shortly after that.

In fact, the last day you can use the old form is October 31, 2023.

Here's a closer look at the revamped form, as explained in a July 21, 2023, USCIS announcement.

You'll find several changes on the revised Form I-9. They include:

- Two sections of the form have been condensed so they fit on a single page. They are Section 1, *Employee Information and Attestation*, and Section 2, *Employer or Authorized Representative Review and Verification*.
- The preparer/translator certification portion has been moved from Section 1 to a separate, standalone supplement. Employers can provide this to employees when necessary.
- Section 3, *Reverification and Rehire*, has been moved to a standalone supplement. Employees can print this section if they need to reverify or rehire someone.
- The page that lists acceptable documents has been revised – some acceptable receipts have been added. Also, guidance and links to info on automatic extensions of employment authorization documentation are included.
- A checkbox has been added. Employers will need this to indicate when they've examined an employee's Form I-9 documentation remotely.

Another change with this version is that the form can be fillable on a tablet or mobile device.

Reminder: You don't need to ask current employees with a properly completed Form I-9 on file to fill out the new version of the form.

After all, unnecessary employment verification can lead to violations of federal immigration law.

[Read the story online](#) 

Remote inspection of Form I-9 docs: New procedure has kicked in

August 9, 2023

Businesses will be able to get new hires on the payroll more quickly, now that inspecting Form I-9 documents remotely has been given the green light.

The new procedure took effect August 1, 2023.

You may recall that during the pandemic, the Department of Homeland Security (DHS) offered temporary flexibility to employers, allowing virtual inspection under certain circumstances. The end date for that flexibility? August 30, 2023.

Now, remote review is a permanent option. But of course, there are t's to cross and i's to dot, as spelled out in the procedure DHS published in the *Federal Register* on July 25, 2023.

Here are the details:

First, it's important to note that only businesses participating in E-Verify can utilize the alternative procedure.

Also worth noting: There are no changes to the long-standing regulations that say employers have to examine Form I-9 documents submitted by a new hire within three business days of that person's first day of employment.

However, DHS has amended the regs to provide ongoing flexibility with physical review. To use remote inspection, in addition to being enrolled in E-Verify, DHS says businesses would:

- conduct a live video call with the employee to electronically examine that person's I-9 documents (and then retain clear and legible copies of those documents), and
- create an E-Verify case if the employee is a new hire.

On Form I-9, employers will need to annotate that they remotely inspected an employee's documents.

The process for doing that varies depending on what version of the form you have. As the first step, check the bottom left of the form.

If the date says “10/21/19,” you have the old version. If the date says “08/01/23,” that’s the new version.

The next step is to:

- write “Alternative Procedure” in the Additional Information field of the old form, or
- put a check mark in the box found in the Additional Information field of the new form (to indicate use of an alternative procedure).

According to the *Federal Register* information, an employer can decide to offer the alternative procedure for remote hires only, while continuing to do physical inspections for on-site and hybrid employees.

And bear this in mind: Even if a business would like employees to use the remote option, it can’t force them to do so.

[Read the story online](#) 

What’s your company policy on floating holidays? 5 steps for success

August 21, 2023

If you’re like most employers, you offer paid holidays. But how about paid floating holidays? As we head toward year-end, consider your company policy on this.

Floating holidays can be a bit of a misnomer – they may have more in common with paid time off than with standard paid holidays, such as Thanksgiving Day.

For example, one company may give employees total freedom about how to use their floating holidays, even allowing them to be taken as mental health days.

On the other hand, a different employer may require that they coincide with official federal or state holidays.

Another variation is whether:

- each employee picks his or her own floating holidays (as described above), or
- a decision is made, for or even by a group of employees, toward the end of one year about which holidays to add to the company’s core

holidays the next year – e.g., Tuesday, July 4 is a core holiday and then Monday, July 3 is added.

Here are five steps businesses can take to help create or implement a company policy on floating holidays:

1. Consider how clear the policy is. Make sure employees understand whether usage of floating holidays is flexible or finite. Examples may help them. Also, explain whether the time off is paid or unpaid.
2. If you have restrictions such as blackout dates – e.g., certain months of the year or days of the week – you could include that info in a shared calendar or other centralized spot.
3. If your company policy states that the floating holidays can’t be carried over from one year to the next or cashed out upon termination, you may want to provide periodic reminders to employees regarding their remaining time off.
4. Offer training to managers and supervisors regarding consistent application of your company policy. The last thing your company wants is a discrimination claim, especially given that floating holidays can be a way to acknowledge employees’ varied beliefs and backgrounds.
5. Check that your payroll system is utilizing the correct codes for this type of time off.

[Read the story online](#) 

Prevailing wage regs updated: 30% threshold back in use

August 23, 2023

The requirements for paying the prevailing wage under federal law have been slowly expanding for decades, but now, updated regs have brought marked changes.

The Department of Labor (DOL) issued a final rule on August 23, 2023, revising the regs under the Davis-Bacon and Related Acts (DBRA).

According to the DBRA, employers doing construction work on federally funded projects must pay the prevailing wage to employees – that's if contracts exceed \$2,000.

Since the early 1980s, employers have had to go through a two-step process.

Soon, it'll be a three-step process. Ironically, though, the new step is simply an old step which the DOL is requiring of employers once again.

Here's a closer look:

In its final rule, which takes effect October 23, 2023, the DOL provided these steps for businesses subject to the DBRA:

1. Identify if there's a wage rate paid to more than 50% of workers in a particular classification.
2. If No. 1 doesn't apply, identify if there's a rate paid to 30% of those workers.
3. If neither No. 1 nor No. 2 applies, rely on a weighted average of all the wage rates paid.

Why are employers being required to again consider the 30% threshold?

After DOL removed that step in a 1982 final rule, employers began overusing the average rates, the DOL explained in the 2023 final rule.

The latest rule makes additional changes related to the DBRA.

One is that the DOL's Wage and Hour Division (WHD) can consider non-identical wage rates to be the same rate if those rates are functionally equivalent.

For example, the following could be counted as the same for purposes of determining the prevailing wage:

- escalator-clause rates
- zone rates
- night-shift differential, and
- combined hourly-fringe rates.

Another change is that the WHD administrator can determine DBRA wage rates by adopting rates that state and local governments have set. The rule specifies under what circumstances that can be done.

Finally, the prevailing wage won't necessarily need to be based on a county's data anymore.

The rule authorizes the WHD to issue multi-county project wage determinations or even use highway districts.

The DOL first proposed updating the DBRA regs on March 18, 2022. It took more than a year for the DOL to release the final rule.

Now that the DBRA regs have been finalized, will the DOL turn its attention to other regulatory action it has in the works?

That includes overhauling the Fair Labor Standards Act regs on classifying workers as independent contractors or employees. The DOL's proposed regs on that appeared on October 13, 2022.

We'll keep you posted.

[Read the story online](#) 

Retail, food & hospitality and manufacturing to face challenges

CFO Payroll

Biden Labor Department wants to raise the overtime bar higher for employers

 by Scott Ball

A proposed change to overtime eligibility by the Department of Labor is causing a fair share of angst for many employers. Companies in the manufacturing and retail sectors will be impacted most.

The Biden administration is calling for a roughly 50% hike to the annual salary threshold for OT eligibility – from the current \$35,568 to \$55,000. The change would entitle about 3.6 million workers to OT according to Labor’s estimates. The real-world figure may be higher than that.

The proposed Fair Labor Standards Act rule would:

- increase the salary level to the 35th percentile of full-time salaried workers (\$1,059 per week or \$55,068 annually)
- raise the highly compensated employee requirement to the

85th percentile (\$143,988 per year), and

- automatically update earnings thresholds every three years based on current wage data.

Labor last increased the salary threshold by 50% in 2019. “I’ve heard from workers again and again about working long hours, for no extra pay, all while earning low salaries that don’t come anywhere close to compensating them for their sacrifices,” says acting Labor secretary Julie Su. “Workers deserve to continue to share in the economic prosperity of Bidenomics.”

Rule could be final before 2024 election

Industry groups representing retail, food, hospitality and manufacturing

will be out in front of litigation to stay the OT rule. Those sectors frequently employ people in managerial positions that fall under the proposed \$55K threshold.

Some employers will investigate automation and artificial intelligence solutions to replace workers. The food industry (for one) is gradually replacing humans with digital kiosks, robot busboys/busgirls and high-tech dishwashing machines to keep payroll costs in line.

The Biden administration has time to get the proposed reg finalized by September 2024. Click [here](#) for the rule. Once it’s published, Labor will take comments for 60 days.

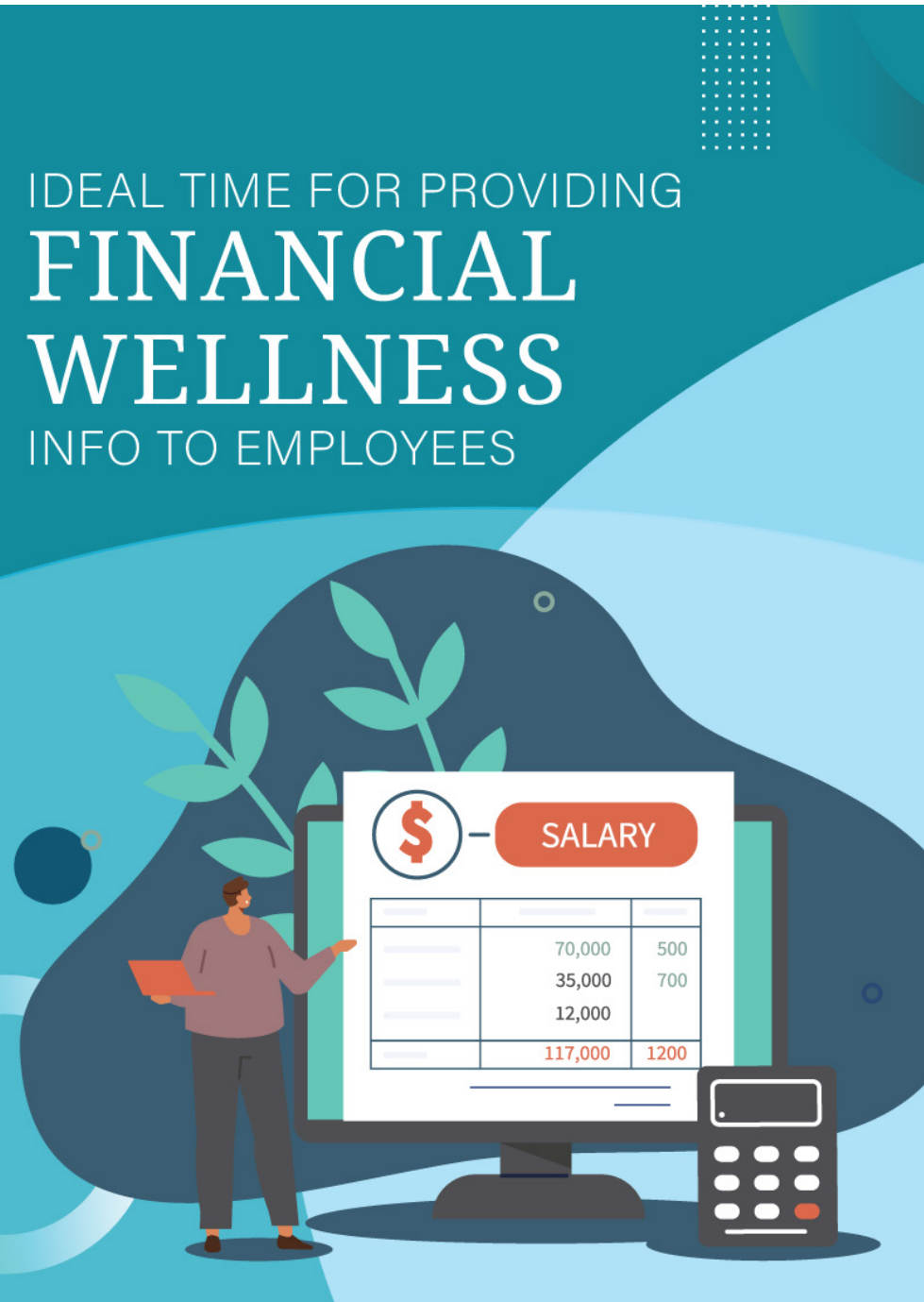
[Read this Story Online](#) 

Payroll

Payroll pros, we salute you: What to know about National Payroll Week and ideas for celebrating



by Brian Bingaman



It's not a coincidence that National Payroll Week is always the same week as Labor Day. This year, it's September 5-9.

In an interview, 40-year payroll industry veteran James Paille, CPP, and the director of compliance for IRIS Software Group, said that National Payroll Week is just as much of a celebration of labor and workers as Labor Day.

"Labor is the employees working for a company. ... Payroll is the reason people come to work. ... It's the crux of the economy," said Paille, who oversees IRIS Software Group's payroll software solution myPay Solutions.

Payroll's come a long way

The American Payroll Association (APA) – which recently rebranded as PayrollOrg – created National Payroll Week to foster appreciation for the folks who dutifully calculate hours worked, multiple types of deductions, bonuses and overtime.

According to Paille, who is also a member of PayrollOrg's board of directors and a past president of the American Payroll Association, in the 1960s the payroll desk was typically assigned to a back office staffer who didn't have enough work to do.

Nowadays, payroll managers command a lot more respect, not only because they help prevent penalties and interest for late or inaccurate tax payments but

Payroll pros, we salute you: What to know about National Payroll Week and ideas for celebrating

because they have increasingly complex responsibilities.

“Back then, all we cared about was how people got paid in the United States. Now, a payroll manager, at many companies, (has) to deal with not only (tax withholding in) multiple states, but multiple countries,” he commented.

“The hardest part is because of COVID, people work remotely. ... Now you’ve got the situation where you’ve got to know where your employees are at all times. ... You’ve got to know, not only federal laws, but you’ve got to know ... if they were subject to a local (tax). It’s more important where the person is actually working than where the company is located now.”

And of course, there’s the new IRS threshold for e-filing that Payroll will have to adapt to – 10 returns in aggregate across a wide range of forms. Paille, who’s on the IRS Electronic Tax Administration Advisory Committee, says the reason behind it is the Service is still behind in processing paper returns.

“They don’t want to handle paper anymore,” he said. “They ... have a mandate from Congress to be (more) electronic. ... Sometimes an employer will file a paper return and know that they did something wrong, so they have to file an amendment. Well, here’s the problem – if it takes (IRS) months to process the paper return. Forget about the amendment because the amendment’s going to take even longer. And in many cases, the company paid incorrectly and wants the money back, and it takes them forever to get it back. Now electronically, it goes in, as long as

it’s balanced it’ll process and no human being has to touch it.”

Failure is not an option

In addition to overseeing accurate, timely payment for workers, payroll managers must have a strong understanding how their payroll is funded. And let’s not forget that when several banks collapsed this year, payroll managers were the unsung heroes that worked with banking partners and the FDIC to get payroll funds from being hung up in limbo to where they needed to go.

“There’s no vacations to a payroll department. ... We always talk about the U.S. mail ... it never stops. Well, payroll never stops either. When you get in this industry, you don’t even think about it. It’s something that’s embedded in you and you get excited about it and it’s your career and you take a lot of pride in doing things right,” said Paille.

Celebrating National Payroll Week

To thank your hard-working payroll processors and remind them that their work is appreciated, Pailee encouraged holding an office celebration like a lunch or office party. And don’t forget to take pictures because they can be submitted as entries for several contests recognizing local efforts to promote National Payroll Week.

Indeed suggests amping that up by throwing a National Payroll Week social with other companies

in your area – a great opportunity for networking.

On an enterprise level, National Payroll Week celebration is a golden opportunity to hold information sessions that:

- raise awareness about how employees’ pay is calculated
- clear up misconceptions about taxes (For example, how many people actually know what FICA tax deductions are for?)
- educate employees about their benefits deductions (timely info to have before open enrollment)
- educate your team about how many employees the business has, how many pay runs are processed and how many people Payroll has helped with relocation efforts, advances or tax support, and
- highlight financial literacy resources.

This knowledge can help employees make the most of their pay, better manage their money and make good long-term financial decisions. Those who are financially literate tend to be less stressed and less likely to end up in debt.

In addition, National Payroll Week is when PayrollOrg releases the annual “Getting Paid in America Survey,” which polls workers to find the latest payroll trends.

[Read this Story Online](#) 

Could employer that used neutral timecard rounding be on the hook for unpaid wages?

CFO Bill Keeper was at a conference, and checking his emails in between sessions, when he felt a tap on his shoulder.

"Wow, it's Eric Michael," said Bill, recognizing a CEO from his network contacts whom he hadn't seen in a few years.

"You busy right now, Bill?" Eric asked.

"Oh, I'm always busy," Bill replied. "How's it been going?"

"I know you'll have an opinion on this," Eric said, grabbing a chair and sitting down. "I just got a text about a wage-and-hour-related lawsuit being brought against us.

"Our timekeeping policy for Fair Labor Standards Act (FLSA)-nonexempt folks is we round timecard punches to the nearest tenth of an hour," he continued.

"And you're following the federal rules on that, right?" Bill asked. "Timecard rounding can't be used to cut labor costs or benefit the company in any other way."

Neutral timecard rounding

"I believe we are," Eric replied. "But the employee is claiming we're in violation of state labor law for unpaid wages."

"Well, how neutral is your timecard rounding?" Bill asked.

"The last time my CFO ran an audit, it was about a 50/50 split of nonexempt employees being paid for more time than they were on the clock and employees being paid less because we rounded down," Eric said.

"If that's true, you may be able to get the case tossed," said Bill.

A trial court agreed and dismissed the unpaid wages complaint against Eric's company. But then the employee appealed. Did the appellate judge agree that the employer's timekeeping policy was compliant with state law?

The decision

No. On appeal, a judge ruled that the employee had been unlawfully underpaid because of the rounding down of time worked.

Taking guidance from a similar case, the court said that when an employer has the technology to capture "the exact amount of time an employee has worked during a shift, the employer must pay the employee for all the time worked."

The employer in this case is expected to appeal to the state supreme court.



Could employer that used neutral timecard rounding be on the hook for unpaid wages?

Beginning of the end for timecard rounding?

Under the FLSA, timecard rounding is legal, so long as it averages out that employees are fully compensated for all the time they actually work. However, state regulations that are more favorable to employees are the final word.

If this case sets a precedent of employers being held liable for timecard rounding, companies will start abandoning the practice.

You may want to consider auditing your payroll practices to ensure you're

paying employees for all hours worked. If it's time to modify your timekeeping procedures for nonexempt workers, consider paying for time based on actual time punches instead of rounding. Even if it means having to pay overtime, it's better than an expensive legal battle.

Bottom line: It's key to maintain accurate and complete records of employee work hours and pay them according to federal and state minimum wage and overtime laws.

[Read more You Be The Judge in your Membership Dashboard](#)



Case Study

End-to-end A/P automation solved nagging inefficiencies in Finance

The communication between our accounts payable (A/P) department and other teams in the organization needed some improvement.

Of course we had different people working in the office on different days of the week, and there were a lot of email conversations that would begin with "Where is this invoice?" or "Did you attach this invoice?"

To complicate matters, procurement team members and the managers authorized to approve invoice payments were typically in a different building

from A/P. Tracking down invoices – we process between 250 and 750 a month – categorizing them and matching them with their purchase orders was taking too long.

Then our suppliers started to ask us why it was taking so long to get paid.

The delayed flow of information was negatively impacting vendor relationships, spending and cash flow visibility, and productivity – causing Finance staffers to put in costly overtime hours and raising the risk of burnout and turnover.



End-to-end A/P automation solved nagging inefficiencies in Finance

To prevent erosion of our bottom line, we needed to explore new ways to streamline processes in Finance.

A/P process efficiency

An assessment of our accounting practices and efficiency/accuracy KPIs revealed that part of what was slowing A/P down was outdated optical character recognition/data verification software that wasn't capable of comparing invoice data to purchase order data in our enterprise resource planning (ERP) system and required a manual template set-up.

In addition, our electronic document management software wasn't fully integrated with our ERP.

That's when we learned that it's possible to use AI-enabled tech to fully automate the process of invoice capture to approval to payment, so that invoice processing takes days instead of weeks.

As we looked at different all-in-one SaaS solutions on the market, our must-haves included:

- compatibility with our existing ERP
- capability to configure it to our specific business rules
- a cloud-based solution with bank-grade data security that flags fraud and compliance risks
- data and documents concentrated into a single processing channel with automatic data extraction

- instant, anytime, mobile access to documents
- high-volume data collection
- short implementation time, and
- versatile report-generating capabilities for financial analysis.

Saved time, money, stress

Because collaboration is key to generating revenue and business growth, any lingering lack of communication between A/P and stakeholders may need some coaching to resolve. But there's no denying that transitioning to an automated A/P system has changed life for the better:

- Administrative costs are down 50%
- Processing errors are minimal
- Status updates with enhanced analytics provide the visibility we were missing
- Payments are consistently on time, and
- Communication with vendors now includes real-time visibility into invoice status and payment timelines, opening the door to better terms and pricing negotiation.

(Subject matter adapted from the IOFM webinar "Reshape the Finance Function with Automation")

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AI experts are in demand but the talent pool is thin: What's the game plan for companies?

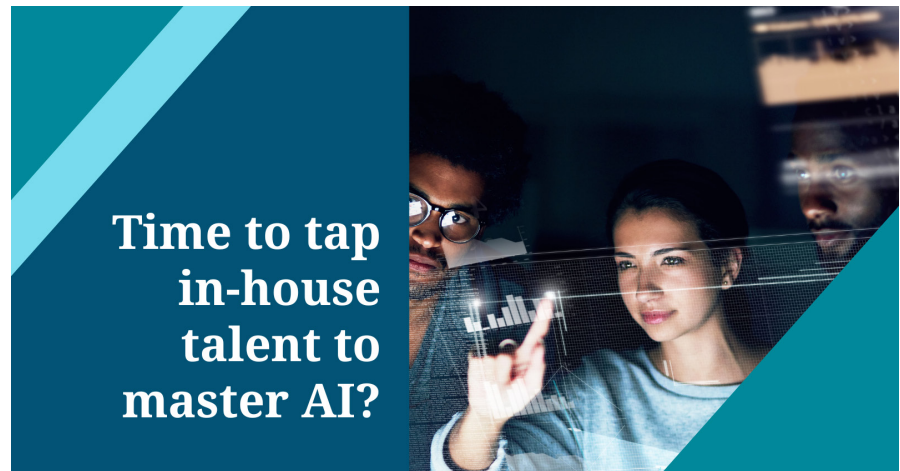
 by Scott Ball

The money- and time-saving benefits of artificial intelligence (AI), automation and other cutting-edge technologies are spurring companies to recruit and hire the best practitioners. For now the demand is greater than the supply.

Weekly job postings for generative AI positions jumped a whopping 450% since last year, according to tech headhunters Upwork. Close to 300 unique job titles related to AI are posted on Upwork's freelance gig website, including prompt engineers, content creators, machine learning engineers, deep learning engineers, data scientists and bot developers.

ComputerWorld notes that companies are willing to lean on one or more of the leading generative or conversational AI tools such as OpenAI's ChatGPT, Google's Bard, Cohere's Coral and Bing.ai. "The top skills [or programming languages] employers want include Python [easily the most preferred skill], machine learning, AWS, SQL and Java," reports ComputerWorld.

For the time being, tech workers can call the shots on salaries/ hourly wages and contracts until companies get up to speed. CFOs plan to utilize AI for tasks like financial planning and analysis, cybersecurity and financial reporting according to a survey by Hanover Research.



AI experts may already be in-house

To take advantage of all AI offers, CFOs need to be able to depend on IT directors. Of course, IT pros should already be learning how to use ChatGPT or other tools, and be able to suggest areas where AI and automation can help the company save time and money. (If not, it's past time to start looking for a new IT director.)

Employees in IT or other departments who seem eager to master AI tools may benefit from online training (paid for by their companies) and reshuffling of job duties to give them the time to learn. Various tech experts predict AI will allow some companies to slash tens of thousands of man hours per year, thereby allowing people to work on other more important duties.

For example: The McKinsey Global Institute predicts automation alone could replace 21% of hours worked by 2030. Add generative AI to the equation and instead we're looking at close to 30% of Americans' hours worked to be automated just seven years down the road.

For many CFOs, that's music to the ears. Consider how the average accounts payable department spends 16 hours getting vendor invoices approved each month or how 38% of businesses blame manual A/P processes for invoice errors.

[Read this Story Online](#) 

CFO Credit and Collections

Real-time credit risk management: Another way AI is revolutionizing Finance



by Brian Bingaman

Quick customer credit decisions can drive cash flow



Smart and efficient credit risk management is critical to the bottom line. It's especially important if you're like the many companies that are offering the convenience of B2B e-commerce to customers.

Consider these insightful industry research findings:

- In its 2021 B2B Pulse Report, the McKinsey & Company consulting firm found that 65% of B2B companies across all industries offer e-commerce capabilities.
- In its 2022 report, Statista predicted total B2B e-commerce

purchases will exceed \$4.6 trillion in 2025. With that kind of money changing hands, any high-dollar orders that can be made easier and quicker can supercharge a company's cash flow.

- But what about the risk of default? Reducing financial risk is the top enterprise risk management priority for leaders (followed by cyber risk), according to Dun & Bradstreet.

"Credit risk management is a key component within order-to-cash. ... So that includes the risk assessment that you do up front, the assignment of a credit limit, the

issuing of an invoice, the collections management ... to make sure that the customer does pay, (and) the cash that comes in to pay for those invoices," said Rob Harvey, Chief Product Officer of order-to-cash SaaS company Sidetrade.

Obstacles that have prevented B2B e-commerce from becoming as seamless as B2C e-commerce include a long credit approval decision-making process because of the high-dollar amounts, the process for deciding payment terms and payment dates and complex tech requirements. However, cutting edge, cloud-based, AI-powered technology has emerged that both effectively reduces financial risk and

Real-time credit risk management: Another way AI is revolutionizing Finance

performs credit risk assessments in less than a minute, instead of three or four days, Harvey said.

How real-time credit risk management works

Not having enough up-to-date data can lead to bad credit decisions. While your company's credit department may already have key pieces of credit data from your business customers, it's the credit agencies like Experian, Equifax and Creditsafe that hold the big-picture data for more accurate credit scoring and dynamic risk classification.

But that data's siloed and not easy to access – unless you have a software solution with a layer of credit agency connectivity built in.

Harvey described Sidetrade's process of determining creditworthiness on the cloud:

1. A secure digital online application is filled out by the customer. Oftentimes, it's either embedded into the supplier's website or customer relationship management system. Key data is gathered for risk review.
2. The application gets processed by AI-powered decision-making software.
3. At the same time, more than 20 credit agencies and bureaus are contacted by the software to obtain financial information and contextual data, such as number of years in business and payment history.
4. That data gets factored together with the AI engine's payment term and payment date recommendations and machine learning predictions

on the likelihood of default or payment delays. And in the case of Sidetrade, additional information from a proprietary "data lake" informs the decision.

5. A payment score is determined.

"An instant decision is kicked out – either instant approval and 'Here's your credit line,' or 'An analyst needs to look at this,'" he said.

If the latter is the case, an exceptions process would be triggered to check if there's data missing, or if a referral, balance sheet or bank statement is needed.

Either way, the customer knows where they stand.

AI and machine learning can also be leveraged to decide whether or not to raise a customer's credit limit.

"This is a big win for companies. Because if you've got a company that's paying regularly ... and they're growing and they want to start ordering more (goods and/ or services) from you, should you be saying, 'Whoa, whoa, whoa, we need to go back and do a credit assessment and we need to check everything,' or should you just be auto-increasing them?" Harvey said.

What do early adopters of AI credit risk management say?

Judging by Gartner's May 2023 Magic Quadrant for Integrated Invoice-to-Cash Applications, there are just a small handful of fintech platforms that are equipped with credit risk management capabilities.

When asked what feedback companies were giving on having rapid credit risk management capability in

their invoice-to-cash tech stack, Harvey said results include:

- Shorter onboarding time for new customers
- Noticeably improved customer experience, and
- Better internal communications between Sales and Finance.

Harvey added that having an AI assistant, such as Sidetrade's "Aimie," on your side can also be valuable when credit risk management decisions have to be made amid sudden market changes, interest rate changes, supply chain challenges or employment problems. He gave the "non-essential" business shutdowns of COVID-19 as an example.

Next steps for CFOs

If your organization's pain points include any of these, it may be time to take a look into either a credit risk management technology module or an invoice-to-cash platform with that capability:

- Credit applications that involve paper or manual data entry, which can be a turn-off for potential customers
- Same-level pricing regardless of credit risk, which can get in the way of business growth, or
- A lack of understanding of what credit risk exposure looks like and what your customer profile should look like.

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What's the purpose of 'Wrap Text' and 'Merge & Center' in Excel?

Excel's uniform-sized cells can be adjusted to suit your needs. For instance, if text spills over into adjacent cells in a row, you can hover your mouse at the dividing line of the affected column letters until a black cross appears and double click. That re-sets all column widths in a table to be slightly wider, making it easier to read the text and giving your table a more appealing look.

But one reason why you might not want to do that is if changing the column widths forces important data to the right in the sheet and becomes non-visible unless you scroll left-to-right. If you need to print that sheet, it increases the odds of data being cut off on the printout.

Wrap Text saves the day

If text spills over into adjacent cells in a row, highlighting the cells and clicking on Wrap Text in the Alignment functions section of the ribbon allows text to expand vertically onto multiple lines within a single cell. The Wrap Text "button" turns a darker shade of gray to remind you that the function is enabled.

If you need to rein in the horizontal range of a table, keep Wrap Text in mind.

Use Merge & Center sparingly

Let's say you've added a fairly long heading to a table in Excel and you want to center the text. Center alignment might

not work because it's only for centering data within a single cell.

Highlight the text in the range that you want to center and click Merge & Center in the Alignment functions section of the ribbon. It not only centers the text, it merges the cell range into a single larger cell.

As presenter Mike Thomas pointed out in a LearnExcelNow workshop, Merge & Center can also cause data to accidentally disappear so its use should be limited to creating headings.

Using Excel's Conditional Formatting for visual impact

In addition, Thomas gave a practical example of how using Conditional Formatting under the Styles functions section of the ribbon can make a table of unpaid invoices data quicker to absorb.

Colors, fonts and more can be applied to table data based on "rules" that you set. So if you wanted to highlight all invoices in a table that are overdue by 30 days or more in red, with the number of days overdue bolded:

1. Highlight the "days overdue" column
2. Click Conditional Formatting
3. Under the rule options menu, click "New Rule"
4. In the New Formatting Rule menu that appears, select "format only cells that contain"



What's the purpose of 'Wrap Text' and 'Merge & Center' in Excel?

5. In the second "Edit the Rule Description" drop-down menu, select "greater than or equal to" the Fill tab to get to the color menu and the Font tab to give you the font style menu, and
6. In the third "Edit the Rule Description" field, enter "30"
7. Click the "Format" button, then select
8. Click "OK."

[Read more Excel Tips in your Membership Dashboard](#) 



Ask the Auditor

What payroll data does the DOL ask for and how long do we have to keep those records?

Q: We want to be prepared if the Dept. of Labor (DOL) Wage and Hour Division ever wants to see our records. What payroll data files must we be able to produce? Also, what records does the Fair Labor Standards Act (FLSA) say we have to keep for two years and three years?

A: The DOL isn't fussy about what format you use for your payroll data, however an auditing agent has to be able to read certain key pieces of data because they're going to be attempting to recreate a paycheck. If the feds ask for it, employers must be able to provide their employees':

- names and Social Security Numbers
- home addresses, including ZIP code
- date of birth if they are younger than 19 years old
- sex and occupation
- time and day of the week when the employee's actual work begins
- hours worked each day
- total hours worked each workweek
- basis on which they're paid (e.g., hourly, weekly, piece work, etc.)
- total wages paid each pay period
- total daily or weekly straight-time earnings
- date of payments and the pay period covered
- total premium pay for overtime hours
- hourly rate of pay for any work week in which overtime compensation is due. Vicki Lambert, President and Academic Director of The Payroll



What payroll data does the DOL ask for and how long do we have to keep those records?

Advisor, stated in a Premier Learning Solutions on-demand workshop that the data must identify any amounts excluded from the regular rate of pay, the basis of the computations and why anything was excluded, and

- additions to, or deductions from, wages.

The DOL requires records retention for three years, plus the current year, for all payroll/other records that contain this information. “If you produce a payroll in May of 2020, they’re going to count from May of 2020 for those three years – not from the beginning of 2020. ... I have to go all the way through 2023, and technically I could destroy that record,” said Lambert, who personally prefers to hang onto payroll records for at least 10 years.

The three-year rule also applies to collective bargaining agreements, such as union contracts or memorandums of understanding, as well as certificates authorizing the employment of industrial home workers, minors, students, apprentices or handicapped workers.

FLSA mandates preserving these records for two years, plus the current year:


- Basic employment and earnings records, including time and earning cards or sheets, that determine earnings or wages
- Wage rate tables, and

- Order, shipping and billing records that directly affect an employee’s pay (not including cash register tapes or individual sales slips). “If I get paid commissions, then you’re going to have to keep all those billing records to show how my commissions were calculated,” Lambert said.

[Read more Ask the Auditor in your Membership Dashboard](#)

CFO Benefits

The solution to ESG's unpopularity? Call it something else and hope no one notices

 by Scott Ball

Environmental, social and governance (ESG) ratings of companies was never as popular as many in the media made it out to be. And the more the public and investors come to learn about ESG, the less they like it. CEOs and CFOs are taking note.

Perhaps the No. 1 proponent of ESG is Larry Fink, CEO of Black Rock. In his most recent letter to shareholders, Fink mentioned ESG, "sustainability" and "purpose" just four times. Quite a change from 2020 when those words appeared 32 times in his shareholder letter. Fink's strategy going forward is to stop using the term ESG altogether because the term's now "weaponized."

Execs from 125 companies recently shared their views on ESG with the Conference Board. Nearly half of the companies generate annual revenues of \$10 billion or more. About half of the execs surveyed say they've gotten backlash from shareholders on ESG.

Even more (61%) expect the opposition to remain as intense or get worse. They expect the opposition to ESG to be "driven by emotionally-charged topics, such as hot-button social issues and the transition to more sustainable forms of energy that raises fear of job losses." (No wonder there: ESG funds underperform the broader market.)

Financial pros are bearing the brunt of the outrage: 37% of execs who



**FINANCE PROS
ARE HEARING
COMPLAINTS
FROM
INVESTORS,
CUSTOMERS**

are dealing with shareholders' ESG fatigue are in the financial and insurance sector. Business and professional services (8%) came in a distant second.

Most companies determined to soldier on

Despite the backlash, most companies are sticking to their guns, according to a different ESG survey by the Conference Board in January. Just 17% of CEOs said they'd be scaling back or suspending their companies' sustainability initiatives.

The big dogs will be able to weather the storm a lot longer than their smaller competitors. For example,

Black Rock has lost tens of billions of dollars as several states moved retirement pension funds to other fiduciaries. But fund giants like Black Rock and Vanguard are handling trillions of dollars in assets so they can afford to be patient.

Smaller fund managers are the ones caught in the crosshairs and may be forced to tap the brakes to avoid losing customers. Selling the benefits of ESG to average investors is tough and getting tougher.

For example, try explaining to the average investor how credit rating agencies gave ExxonMobil a higher ESG score than Tesla. Good luck.

[Read this Story Online](#) 

Employer health insurance plans will cost up to 10% more in 2024

 by Scott Ball

EMPLOYEES CAN TAKE STEPS TO REDUCE RISING HEALTHCARE COSTS



Employer health insurance plan costs are set to spike for next year. All the experts are in agreement on that point. The only question is just how much higher coverage will cost.

Employee benefits consulting firms Mercer and Willis Towers Watson expect companies' plans will surge by 6.5% in 2024. Health insurance costs last increased by that much in 2013.

Looking for a better outlook? Professional services firm Aon says an 8.5% increase is on the horizon. In dollars and cents terms, that's about \$15,000 per year to cover an employee in 2024, about \$400 more than the current average.

Petersen-KFF Health Tracker predicts the median increase will be 6%. But employers that only see a 6% spike in plan costs should breathe a sigh of relief: HealthTracker also says some employers will be paying as much as 10% more to insure workers.

Employers aren't the only ones getting squeezed by inflation. Individuals covered under Obamacare will also see 6% average increases.

The Wall Street Journal says the factors driving up costs are "hospitals' higher labor costs and heavy demand for new and expensive diabetes and obesity drugs. The employer-plan increases are expected to strike businesses of all sizes, and regardless of whether they rely on an insurer to handle their health coverage or are self-insured."

Proactive steps employees can take now

Most employers will be sizing up health plans and costs before open enrollment begins in early fall. Minimizing the bottom-line cost will be priority No. 1 for businesses already squeezed tight by inflation and high interest rates.

Employees will be sure to grumble about changes to their plans, and they definitely won't like having to pay more for health insurance. But at the very least, they'll appreciate an early heads-up from their companies' benefits or finance departments.

And there are a few steps employees can take now to alleviate costs for 2024:

- Get in shape (or "even better" shape). Employees can take advantage of weight loss and gym attendance rebates that pretty much every health plan sponsor is offering now. Those dollars saved by getting in shape can help alleviate out-of-pocket costs for co-pays and medications.
- Move co-dependents to other plans (if possible). Spouses and dependents under age 26 who are working may be eligible for coverage from their employers. Now's a perfect time for employees to review other health coverage that may be available and calculate potential savings.
- Put more money into health savings accounts (HSAs). Remind employees that income directed toward an HSA account is all pre-tax. So for every dollar spent on health and wellness, the actual value is \$1.33 (give or take a few cents).

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Meet Our Editors



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