

# LET'S TALK

# MONEY<sup>®</sup>

July/August 2020

## Open Enrollment Strategy for a Changing Workforce

Each summer, businesses across the country plan for open enrollment. Often, they'll look at their employee benefit offerings to see how they may improve them to benefit both their firms and employees. This is becoming a more important exercise as Baby Boomers give way to Millennials and Gen Z staff who have different ideas about what they want in benefits. Here's a look at what benefits younger employees may value:

### Bright and Shiny

Millennials' concerns about student loan debt have given rise to a student loan repayment benefit. Depending on its design, this benefit can be linked to 401(k) saving, continuing education and more.

Two other newer benefits focus on health and financial wellness. The latter may counsel employees about how to pay for expenses and save for various goals. Wellness programs may offer discounts for weight loss, gym membership, medical monitoring and more.

Discount programs on everything from vacations to dry cleaning and benefits growing in popularity like pet insurance, flexible scheduling and family planning could also be part of your package. And don't forget about the staples. Employees of all ages look for health insurance. Add a Health Savings Account if you offer a high-deductible health plan. Also remember the universal needs for a retirement plan, disability income insurance and life insurance.

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### Creating a Strategy

Before choosing benefits, you'll need to create a benefit plan strategy to fully understand what your employees need. Start by surveying them on paper, online or in person. Ask them which benefits they value in order of importance.

Next, establish a communications plan that includes easy-to-understand information about each benefit and contact information for employees who have questions. Communications may involve in-person meetings, print collateral, online access and even smartphone apps. Start two or three months before open enrollment and keep the lines of communication open throughout the entire process.

Your benefits are only as good as employees and job prospects perceive them to be, so do what you can to ensure their value is fully recognized and understood. The right benefit package can be the difference between you or your competitors attracting and retaining the best talent.



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# How to Develop Healthy Spending Habits

Developing and maintaining healthy spending habits seems easy in theory, but prove harder in practice. From the time we earn that first paycheck to receipt of our first retirement check, financial goals change, but smart spending habits hold true. Consider practicing these habits through the times of your life:

## Young Adults

There is no better time to learn and practice healthy spending habits than in our early adult years. But today's Millennials are swamped with 24/7 sales messages on their electronic devices, television and in print. At any age, start by using your head and putting your heart in cold storage when shopping. When you hear "buy, buy, buy" answer the question "why, why, why?" before spending a dime.

Learn to curb your buying impulses. Ask questions. Do you really need to buy a new \$1,200 smartphone when your old one works just fine and is paid off? Do you know how those designer lattes add up each month, each year? Understand your total expenses and learn to differentiate between needs and wants.

Once you take the emotion out of buying, put your new spending plan in writing. Detail your income and expenses, and build an occasional indulgence into your budget. Ultimately, you'll appreciate the discipline you follow to a healthy financial lifestyle.



## Midlife Reset

**Even the most disciplined savers can fall back into poor spending habits and see their debt levels rise. If this sounds like you, consider the following:**

- 1** Forgive yourself. Everyone makes mistakes;
- 2** Review your budget and strategize for better spending health;
- 3** Pay your credit card balances with the highest rates until they're paid in full;
- 4** If you use your cards again, pay off balances in full each month;
- 5** Strive to buy with cash instead; and
- 6** Put the extra cash you saved toward long-term goals.

## Near Retirement

The younger you are, the easier it may be to correct poor spending habits. But no time is more important to nail this financial aspect than when you're near retirement. Because this time of your life may include less income than when you worked, it's important to start by lowering your expenses.

Healthy spending habits near and in retirement may start and end with reducing your major expenses. Downsizing your living arrangements could provide the biggest boost to your disposable income. Paying off credit card debt is a must and planning for unexpected expenses should be a priority.

Know, for example, that a home you own will need maintenance at some point, so plan for its costs. Carry the insurance needed to pay for health, disability and long-term care. Revisit your spending plan regularly to account for changes in your life.



# Back-to-School Shopping Tips

While summertime brings songs about sun, sand and fun, parents of students know this season includes an extra expense: back-to-school shopping. Here's how to survive this unavoidable annual ritual while keeping your expenses down.



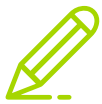
Textbooks are expensive, particularly those needed in college. Save lots of money by buying used, renting, borrowing or downloading e-books.



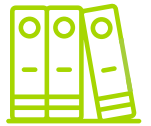
Kids lose things, including laptops and smartphones, so insure them against loss and other damage



Accept hand-me-downs. If your kids have to wear uniforms and they're the same as used ones in good shape, choose the less-costly used option.



Shop at dollar stores for everyday items including writing instruments, binders and paper.



Shop in bulk. Team up with family, friends and neighbors to buy common school supplies in bulk.



Buy computers with lower speed and storage. Higher levels of speed and space cost more and are more likely to be beneficial for gaming than for school research.

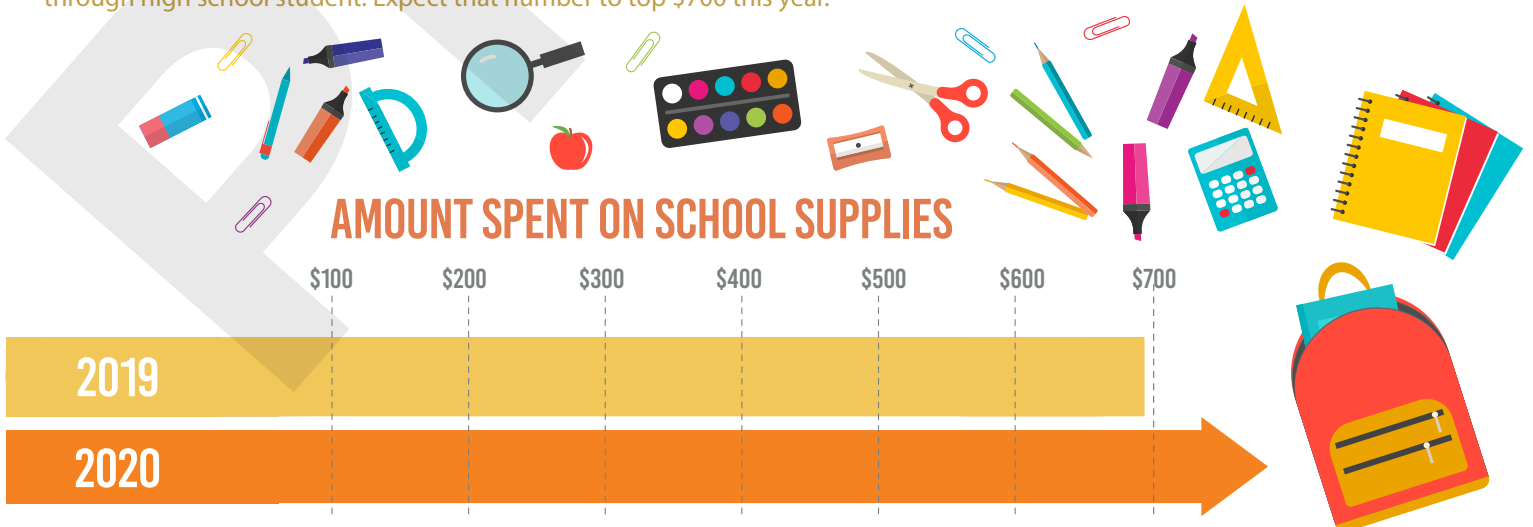


Wait for sales. If you can hold off, you may find better prices on electronics and clothing during the holidays than in the back-to-school sales season, when retailers figure they have you cornered.



## Back to School Spending Stats

School supplies comprise a healthy portion of back-to-school spending. In 2019, a survey by the National Retail Federation and Prosper Insights & Analytics found that families expected to spend an average \$696.70 on school supplies for each elementary through high school student. Expect that number to top \$700 this year.



# Combining Personal and Business Travel

If you run your own company and travel for business, you may be tempted to combine work with pleasure. That's okay, as long as you don't trip up on tax rules. Your tax professional can advise you as to what you can or cannot do.

## Tax-Smart Travel

Business owners know that travel expenses related to work can offer significant tax deductions. Generally, businesses can deduct the cost of airfare, lodging, car rentals and meals from taxable income when used for legitimate business purposes.

When you combine personal and business travel, it gets a little more complicated. You can still deduct transportation costs for you, but not for any family traveling with you who don't have a business reason to take the trip.

Also, you may only deduct the reasonable cost of lodging, which in this case would be single or double occupancy instead of a suite. You may also deduct the cost of shipping materials needed for business, your dry cleaning and even tips. You can't, however, deduct a family golf outing, tennis lessons or massage.



## Separate Expenses

It's important to keep detailed records, with the days, locations, time involved, names of people you meet and your purpose of business. Know that the IRS won't likely allow deductions for a day when you have a 15-minute meeting and spend the rest of the day with your family at a theme park.

You will have to allocate all of your expenses for tax purposes. For example, you may deduct the cost (including gas) of renting a car only during those days when conducting business. So, if you spend \$500 for a 10-day rental and you put in five days for business, you deduct half of that as a business expense.

Finally, you will have to recognize the personal expenses paid by the company as an owner's draw and part of your income.

## Be Prepared

As with any travel, hope for the best and prepare for the worst. If you have a small travel-date window and live in an area with frequent airline delays and cancellations, consider travel insurance, and make sure you have the appropriate health insurance if traveling overseas.

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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

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The communication submitted appears consistent with applicable standards.

Reviewed by,

Natlyn D. Murrain  
Associate Principal Analyst

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