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ADP® maintains a staff of dedicated professionals who carefully monitor federal and state legislative and regulatory measures affecting employment-related human resource, payroll, tax and benefits administration, and help ensure that ADP systems are updated as relevant laws evolve. For the latest on how federal and state tax law changes may impact your business, visit the ADP Eye on Washington Web page located at adp.com/regulatorynews.

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Professionally and personally, anniversaries are wonderful milestones, enabling us to measure success in the midst of a longer journey.

For ADP®, this issue of Human Capital Insights magazine marks a milestone as well – our one-year anniversary edition. Since our first issue, we’ve aspired to help leaders like you unlock top trends, address critical issues, and tap into perspectives from around the world and across the realm of Human Capital Management (HCM).

As we start to prepare our organizations (and ourselves!) for a new year, this latest edition highlights key opportunities we see lying ahead – opportunities gleaned from our work serving more than 610,000 clients in over 100 countries. Combined, these topics offer insights to help organizations optimize their most valuable investment – their people.

With this shared goal in mind, we’ve addressed the following trends and topics in this issue. We hope that they stimulate further dialogue within your organization and inspire new initiatives that will enable you to achieve your HCM objectives:

- **Going “global”** – Growth can certainly bring positive impact to your business, but it can also bring complexity to your HCM strategy. Ensuring you maintain a consistent corporate culture as you extend into new geographies is no small feat, especially as you balance the need to stay on top of local regulations, such as annual ACA reporting or new overtime rules proposed by the U.S. Department of Labor.

- **Putting employees first** – As the saying goes, the customer is always right. And when it comes to engaging your workforce, this remains true. Whether you’re looking to attract top candidates with your employment brand, prepare new hires to hit the ground running on day one, or introduce new benefits options, a customer-centric approach will help to ensure success.

- **Driving competitiveness through innovation** – As we set our New Year’s resolutions – professionally and personally – we’re always looking for ways to improve. When it comes to our workforce, access to up-to-date benchmarking can show us how we stack up against the competition. And new developments like HCM apps and APIs can deliver an even better, more streamlined experience for employees – helping to engage and empower the best and brightest to deliver competitive advantage.

I hope you find the insights in this issue valuable as you plan for an exciting year-end and look ahead to the future of your organization. As always, we welcome and appreciate your feedback at insights@adp.com.

Mark Benjamin
President, Global Enterprise Solutions

We want to hear from you

How are you transforming your business?

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The Connected Digital Economy

Helping Build a Culture of Employee Engagement through APIs and Applications
A top priority of HR leaders is to effectively manage the workforce and build a culture of engagement. But this can be challenging when over half of your team’s day is spent on administrative tasks like manually inputting data, managing multiple systems and handling concerns about information accuracy.

Applications and API-driven insights are changing these time-consuming practices for the better. These tools focus on creating a better customer experience, driving additional sales and streamlining processes. Through the use of application programming interfaces (APIs), the world has witnessed some significant success stories — most notably Uber, Netflix, Amazon and Expedia. These organizations succeed in large part because of their reliance on business intelligence gathered from these API-driven insights.

**How Do APIs Work?**

Simply put, an API is a piece of code that allows different applications and databases to communicate and share data. An API connects different types of software without the need for user intervention. Amazon is a well-known example of an organization that, through the use of an API, provides direct sales and links to their products on third-party websites. TripAdvisor is another example. Their APIs give customers the ability to instantly book accommodations through numerous sites — as well as directly from hotels.

However, APIs are no longer limited to improving customer interactions. They can now also enhance your HR protocols and procedures. These solutions can connect systems and information seamlessly into the business, providing the data to help you make more informed choices. For example, you can use an API to create a customizable organizational chart that allows you to experiment with different hiring scenarios and sharpen your decision making.

**Why APIs Are Important**

Organizations often find themselves allocating time and resources to managing multiple systems that are not integrated, addressing data entry errors and discrepancies, and developing reports to provide analytical management based on data that isn’t in real time.

According to a 2015 Deloitte survey, leaders now rate culture and engagement as their most important business issues. Compare that with the fact that 60 percent of workforce solutions do not integrate, and it seems obvious that APIs are a tool that could simplify complex HR metrics and utilize real-time data to gain insights into an organization’s health. As you tackle the challenges that a workforce made up of multiple generations brings, you also need to recognize cultural expectations and react with flexibility to your employee needs in areas such as talent, benefits, staffing and payroll.

One area where an API can quickly integrate with your existing systems is an application for a customized rewards program. This enables better recognition of outstanding employee achievements, leading to increased loyalty across the diverse population of your staff.

**The Pivotal Role of Integration**

Integration is vital for improving business efficiency — and APIs can support that assimilation — especially for optimizing HR systems. Attracting and retaining talent, employee recognition, training, payroll, and

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workforce management are all key HR functions. While traditional systems don’t include intuitive technology and potentially lack the ability to engage with employees, generally because of single-source measurements, an API will provide a user-friendly experience that unifies services, eliminates duplication and even tailors communication pieces.

Innovation, Not Reaction
While task-oriented applications may be the talk of the digital world, their greatest benefit is found when implemented through an API to share data as part of an integrated solution. Essentially you need your apps to communicate with each other, and your existing systems, in real time. The key advantages of interconnected applications include speed (both quick to deploy and to add value), simplicity and a design that is functional and easy to use. Through a selection of integrated apps, you then benefit from utilizing a common platform as opposed to accessing numerous solutions, each requiring a separate log-in (not to mention duplicate data entry), which can result in errors or faulty intelligence.

Imagine the advantage of creating an integrated platform, one that’s accessible through a single set of log-in credentials, regardless of location or device, which streamlines the workflow for your whole team. It becomes more about the business and your people and less about the administration and the frustration that is often felt when an employee has to duplicate information. Employing real-time data sharing and placing an emphasis on integration delivers efficiency, particularly when offering programs to a diverse workforce, contributing to a culture of employee engagement.

As important as APIs and any new technology are, the measure and potential success of any business paradigm is the impact and effectiveness that change delivers to your workforce. Embracing this widespread innovation, now available in the HR arena, can help your team and business deliver a more seamless and engaging experience for your most important resource: your employees.

APIs in Action: Minimizing Complexity

The Scenario
Robert works in the HR department of a large retail business. For most of his time at the company, he’s used two or three systems to complete his work.

The Sticking Point
In the last year, his company has grown so quickly and added so many systems that it seems like his entire workday is spent looking up passwords and typing in log-in credentials.

The Solution
Robert and his HR colleagues worked with the IT team to solve this problem by implementing APIs that integrate several systems. Now, he just has one password that grants him access to the software he needs each day. And, IT also used another API to build a custom application that’s saving Robert and his HR colleagues even more time so they can focus on recruiting, hiring, and building a great company culture.
The information explosion has created smart consumers across the globe, spanning every facet of our lives, including the workplace. Now, your employees and potential candidates have access to a wealth of data on the Internet about your organization and your industry. To stay ahead of your competition, it’s essential that your leadership team has accurate and up-to-date benchmarking information across the full spectrum of Human Capital Management (HCM).
Yet, with so much information available, you’ll want to be careful to consider your sources. There are potential pitfalls of utilizing online review sites and your competitors’ job postings to take stock and benchmark what others in your industry are offering. Salary surveys can provide insight, in theory — but in reality, they quickly become outdated because of the swiftly changing workforce and industry dynamics. A survey from six months ago will not serve as a proper barometer for the current landscape. These tools are too limited to truly provide effective information.

You want the most robust and reliable data to inform the right decisions for your workforce. The good news is that current and actionable benchmarking data is much more accessible than you might think.

**Intelligent Intelligence**

With traditional methods falling short, HR leaders have been challenged to understand exactly how their organization stacks up. Recent advances in technology have provided smarter and more sophisticated alternatives.

With the power of big data analytics, you can access up-to-date, aggregated and anonymized data from a variety of industries and geographical regions. Gaining visibility to the latest trends across similar industries, locations, and organizations of your size will empower your team to develop business strategies that go beyond HR strategies, to offer a competitive edge.

**Don’t Forget Your Long-Term Employees**

According to Josh Bersin, of Bersin by Deloitte, “tenured employees drive far greater value than those who are ‘cycling through’ the business.”1 With a large volume

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1 Employee Retention Now a Big Issue: Why the Tide Has Turned, John Bersin
of information available to you from benchmarking, and so many decisions to make, it’s easy to miss out on opportunities to enhance your organization from within. Even if you’re consistently doing things right, such as giving employees regular raises, other details, like the state of current salaries, can fall between the cracks.

The reality is that some jobs increase in value more quickly than others. If you only provide a two percent merit and/or cost-of-living increase, you may find that your employees are leaving at an alarming rate for a compensation package that they view as more in-line with their perceived worth on the open market.

It’s Not Just About Salary
Bersin also highlights that today’s organizations are going “through a ‘crew shift’ as boomer generation employees retire, and Millennials and young people enter management and high-value positions.” Candidates today, especially Millennials, may look beyond competitive salaries when they make their employment decisions.\(^2\) Consider other elements of the employee experience when creating overall compensation packages, including benefits, overtime and scheduling flexibility, as well as extra perks such as gym memberships, free coffee and snacks, and the opportunity to work from home.

To fully understand how employees across generations perceive the way your organization stacks up, it is vital for you to have access to current benchmarks across multiple dimensions, such as:

- **Workforce diversity**
  Average age, head count by generation, female percentage, etc.

- **Workforce trends**
  Average tenure, turnover rate, new hire turnover, etc.

- **Compensation**
  Average earnings, annual compensation, etc.

Today’s candidates — especially Millennials — may look beyond competitive salaries when making employment decisions.

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\(^2\) Millennials want more flexibility in workplace schedule, survey says, New York Times.com, 2015
Corporate Culture Matters
Outmaneuvering Competition in New Markets

Organizational culture has always been a vital C-suite issue, but the discussion of its true value has found recent traction. In a world of commoditization, automation and rapidly changing technology, sustaining corporate culture in new markets is a competitive advantage, according to Forbes.¹ HR leaders are engaging in conversations with executive teams about retaining culture ideology during periods of growth. It’s undeniable that culture matters, and executive teams are looking to it as a differentiator that competitors cannot duplicate.
Maintaining culture as your organization expands is achievable with deliberate action in the same way that an organization executes any initiative. According to Josh Bersin, founder and principal of Bersin by Deloitte, “Culture is driven by leadership,” offering advice to C-suites wrestling with this issue.

Lessons from successful organizations with strong cultures can offer insights into innovative actions that preserve corporate culture in new markets:

1. **Culture is About People, So Hire Right**

   In 2010, Tony Hsieh, founder of Zappos, released a book called “Delivering Happiness: A Path to Profits, Passion, and Purpose,” which relates the investment in culture to the success of Zappos. Hsieh describes two decisions that made it possible for Zappos to protect the organization’s culture as it grew from a startup to a billion dollar enterprise.

   First, Zappos deliberately hired people who fit the pre-existing culture. Interview questions were specifically designed to assess whether candidates would be able to assimilate into the culture of the organization, and hiring managers were trained to look for those traits as well. Zappos had made the choice to prioritize fit over skill. Second, Zappos paid new hires to quit. Unfit hires are inevitable, and Zappos wanted to make it easy for people to admit it wasn’t the right place for them. Managers were also empowered to correct mistakes in hiring when necessary.

2. **Focus on Values, Not Culture**

   Consider the U.S. as a fast-growing organization. The culture of the U.S. is different today than it was in 1787. So, how did the U.S. thrive as a united organization while growing so fast? It focused on its base tenets: the Bill of Rights. Accepting and adapting to unavoidable cultural changes that take place over time is critical. The Hewlett-Packard that was founded in 1939 obviously does not have the same culture as the HP of today, but the core values, or “HP Way,” established at its inception, such as innovation and integrity, are still embraced despite the massive growth experienced over the years.

   HP’s commitment to these values can be seen not only domestically, but in its global initiatives as well. HP has instituted the supply chain responsibility (SCR) program “to protect and empower workers, and to reduce global and community environmental impacts while simultaneously creating benefits for HP and our customers.” This program encompasses a number of global initiatives — everything from corporate social responsibility to social compliance and accountability on an international level. To fully engage their employees and embrace a culture of integrity, the organization had to prioritize the needs and safety of workers at every level and region, even those not directly employed by it.

   This emphasis on a nucleus of founding principles is not exclusive to the U.S. A consulting firm in the Netherlands, &samhoud, was recently recognized on the 13th Annual 100 Best Workplaces in Europe List for its “human-centered, serve-all-stakeholders culture.” The organization uses innovative, unorthodox methods to disseminate core beliefs, such as a hiking adventure for new employee orientation and a bonus to workers who resist checking their work emails during vacations. These practices may not be considered unconventional for long, however, as the report indicates that company revenue jumped 24% last year.

   As organizations grow and establish locations in new markets, new cultures will emerge; executives should be thinking about core values, because that is what will ultimately drive culture.

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3. **Teach. Communicate. Reinforce. Repeat.**

Upholding a culture is about reinforcing values through repeated communication over time. Sam Hodges, co-founder and U.S. managing director of Funding Circle, says it this way: “Don’t worry about saying the same thing over and over. That’s a big part of the job.” Communicate frequently and in a variety of ways. Aside from visiting offices in person as often as possible, executives could write an internal blog or record video messages that can be shared throughout the organization.

One innovative approach finds executives facilitating an internal massive open online course (MOOC). The C-suite works with the learning and development team to create a four- to six-week self-guided course on culture, and all employees are invited to participate. This course could be run two to three times per year to give employees at every level and tenure a chance to learn about the culture directly from leadership.

The fact that your business is expanding is a direct testament to the success of all facets of your organization. Retention of the culture that has helped lead to this period of growth is, therefore, paramount to the continued prosperity of the organization.

It can be difficult to ensure these ideals are not weakened and ignored as the organization faces new challenges over this time. This potential loss of identity can most certainly be avoided by focusing on finding the right people, promoting core values, and continuing to educate both new and long-standing employees alike.
Onboarding Strategies Have a Longer-Lasting Impact Than You Think

A solid onboarding process benefits the business in terms of increased productivity, better retention and higher engagement levels for new hires. However, structured onboarding is too often overlooked and underutilized by organizations.

The creation of a comprehensive onboarding process is integral to helping organizations retain and engage new employees long after the first few weeks on the job.

Many organizational leaders think they are doing enough to onboard new hires, when they are actually just running them through an unstructured orientation process. According to a Bersin by Deloitte study from 2014,1 “79 percent of business leaders say (onboarding) is both an urgent and important priority.” Additionally, they find that “more than 50 percent of organizations either have no structured onboarding solution or use a home-grown solution that has not been built for the competitive digital age.”

Onboarding Makes a Long-Lasting Impact

The first few weeks and months on a job are critical to a new hire and to his or her future at a job. Turnover among new employees in a workplace where there isn’t a consistent onboarding process is an ongoing issue for many organizations. In fact, a survey by ADP® showed that only 9 percent of managers and 20 percent of HR professionals feel their organization executes onboarding extremely well today.² This indicates that employers often fall short in the early days of employee engagement, making it difficult to retain and inspire the workforce.

The SHRM Foundation found that, for one organization, “new employees who attended a well-structured onboarding program were 69 percent more likely to remain at the company up to three years.”³ Impact Instruction Group, an Ohio-based corporate training and development firm, advises that the 30 percent of our respondents who continually update their onboarding programs are likely better positioned to uncover and act upon industry indicators and employee trends in the organization.⁴ A smart onboarding program recognizes the importance of an employee’s ability to ramp up key skills quickly, setting the employee up for success and enhancing the overall competitiveness of the business.

Guidelines for Creating Effective Onboarding Strategies

It’s crucial to establish a consistent onboarding process for all new employees while ensuring that it’s also customizable for the needs of a particular new hire.

Designing employee onboarding strategies begins with a look at the short- and long-term needs of the business and the employee. Consider the benefits of both informal and formal processes, understanding that these two elements happen simultaneously:

- An informal orientation occurs when employees learn about the corporate culture, processes and values of the organization through personal experience. This is mainly peer led, so there isn’t always clearly identifiable structure.

- Formal orientation is a focused effort by the HR team to carry out a written set of step-by-step policies, procedures and goals that are introduced to help each employee adjust to their new role. In this case, management support is integral.

In essence, the best of both worlds is a comprehensive program that combines the formal with the informal in a structured and consistent way, to set employees up for long-term success on the job, greater engagement and increased retention.

² ADP® Onboarding Study, 2015.

Employees with a well-structured onboarding program were 69% more likely to remain at the company up to 3 years.
Onboarding Made Simple
Create a structured digital-onboarding process focused on human needs and outcomes using the “3 Cs.”

**Comfort.**
Help new hires assimilate quickly to ensure satisfaction with their new organization and role. The first impression made when starting a new job can greatly affect the sense of comfort and belonging an employee feels for months, and even years, to come. Make the onboarding process educational, fun and supportive to set the tone for success.

**Connection.**
Making a strong connection from day one with coworkers, managers, customers and the leaders of the organization can enable greater productivity. Give all new hires access to the tools and resources they’ll need to be successful right away. Assign new hires to a seasoned employee mentor so they have someone to lean on for ongoing questions and learning. Schedule regular touch-point meetings between new hires and managers to overcome obstacles and track progress.

**Culture.**
Educate new hires about cultural norms, including the enterprise-wide values and expectations of the organization. A video orientation or online training module can facilitate this part of the onboarding. Make sure the work environment is focused on integrating new hires into the corporate culture.

The above guidelines give your organization a baseline to examine and improve onboarding strategies. These tenets directly address the increasing issues with new hire retention and can lead to improved productivity for recent hires as they work to establish themselves within the organization and understand their role. Developing a strong digital onboarding process can provide a better return on investment for your business, because of increased retention, productivity and employee engagement.

Starting a new job is a big milestone for your new employees. Instituting a structured and comprehensive approach to ensure they are ready to hit the ground running on day one will help solidify the success of your new talent and, ultimately, your business.
Attracting Talent Through Corporate Social Responsibility: 3 Myths Debunked

Corporate social responsibility (CSR) has become as much a part of the hiring process as offering great benefits and competitive salaries. Today’s new wave of recruits prioritizes social responsibility in their own lives and are determined to join organizations that care about their well-being, as well as that of the community.
Consider successful organizations such as Apple, Boeing, Google, Facebook and Zappos, which are known for offering endless perks. They promise work-life balance and provide corporate-sponsored initiatives to contribute to the betterment of the world around them. Are these organizations that expend such energy and effort attracting talent through corporate social responsibility really holding up their end of the bargain? Does it really lead to a better life for their employees and society as a whole?

As the idea of weaving CSR into the fabric of corporate culture becomes part of standard operating procedure for businesses in the United States and abroad, it’s increasingly critical to dispel outmoded notions about what “being socially responsible” really means. Organizations need to work on building a stronger CSR program that impacts the community every day and encourages employee engagement.

Here are some of the most common myths surrounding this movement and some tips for implementing CSR in a positive, proactive way.

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**Myth 1**

**CSR is Reserved for Behemoth Corporations Only**

When considering organizations that promote their CSR in recruitment efforts, mammoths like Target, with $875 million donated to charitable causes since 2010, and Google, with data centers that use 50 percent less energy than the typical business, come to mind first. But there’s no reason that these ideas and initiatives can’t be implemented on a smaller scale. Your organization may not be capable of offering nearly a billion dollars’ worth of charitable donations, but that doesn’t mean you can’t impact your community in similar ways.

Whether you’re starting green initiatives that reduce waste, making it a priority to conserve energy or interfacing with local groups to help your community, your CSR efforts are no less important than what Google has done to reduce its carbon footprint. Highlighting tangible avenues for your employees to get involved and giving prospective hires direct evidence of the influence of your organization can show that your business delivers on its promises.

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**Myth 2**

**Corporate Philanthropy = CSR**

Although it’s impressive that Target could donate such a large sum of money to charity over such a short period, this type of donation isn’t really what CSR programs should be designed to accomplish. CSR programs are as much about engaging your employees as they are about impacting your community. Learning that your organization donates considerable money to charity, although inspiring, doesn’t necessarily make employees feel included in the process.

CSR needs to be regarded as a big part of the corporate culture and values. Accomplishments and future project ideas should be featured heavily on your website and promoted in job advertisements. Various marketing efforts should be set up to reflect this CSR strategy and promote the overall importance of the initiatives.

This ideology can’t merely be a smoke screen to get consumers and talent in the building; it should be cemented into the very foundation of your organization.
Myth 3
Employees Care About Benefits, not CSR

According to Crain’s Chicago Business, seven in 10 young adults consider themselves social activists,¹ a staggering statistic that’s nearly double that of 2010. Gone are the days when an extra week of vacation or a liberal work-from-home policy would stand alone to entice prospective employees. There will always be a need to offer competitive benefits and salaries, but increasingly it’s the intangible corporate values that inspire prospective hires.

Millennials want to be heard and want their employer to mirror their own ideals. According to a survey by Cone Communications, 78 percent of Millennials indicated that CSR directly influences whether they would work at an organization.² These young employees will eventually be the leadership of your organization, and you’ll want to secure their loyalty by hearing and supporting their interests.

Publicize and Prioritize for Maximum Recruitment Success

Although institutionally embracing CSR is a vital tool to captivate and engage prospective employees, equally important is ensuring your message is delivered loud and clear. There are three key tactics you can use to showcase CSR throughout your organization:

1. Advertise from within.
   It’s not enough to simply have a comprehensive CSR program. Your talent needs to know about it. Your website’s career page is the perfect avenue for cross promotion. Job seekers should find details about initiatives, articles about the impact of your CSR program, and first-hand accounts from current employees touting your CSR prowess right on your job page.

2. It starts with your recruiters.
   Those responsible for selling your brand to talent must understand the importance of CSR as a recruitment tool and be ready to send that message to candidates. Recruitment specialists should be constantly looped in to adaptations, advancements and achievements so they’re prepared to answer any and all questions that come their way.

3. Meld your CSR to your brand.
   Your CSR program needs to be touted not as an addendum to your overall corporate culture, but as an integral component of your organization. This will serve to both attract talent now and enhance impressions of your brand going forward.

Attracting top talent will always be one of the most crucial elements of a successful business. By integrating social responsibility into the very framework of your organization, you’ll be positioned to stay well ahead of the recruitment and retention curve. ■

¹ Corporate Social Responsibility is Millennials’ New Religion, Andrew Swinand, Crain’s Communication Inc., 2014.
² Perceptions, Millennials and CSR: How to Engage the New Leaders of Tomorrow, Cone Communications, Inc., 2013.
Advancing Employee-Centric Benefits through Consumerism

Health Care Reform has provided Americans with access to a wider range of health insurance options and eliminated barriers to care, such as pre-existing condition limitations. It has also created a center for access to publicly available consumer information on their health care options through healthcare.gov, including basic information on plan types, covered services and programs available to support consumers with their increasing financial responsibilities. This rapidly changing landscape has given way to health care costs that continue to rise faster than inflation, making consumer-driven health plans (CDHPs) a necessity for many employers.
Focusing on Your Customer

While there may be critical business drivers for offering CDHPs, it’s important to recognize that, at the same time, an even greater and more-lasting impact can be delivered when you empower employees to take advantage of these plans. By educating your workforce to be smart consumers, they can take control of their health care choices and costs. In fact, an employer-sponsored benefits environment can create even more customer-centric choices for your employees, including:

• **Health Savings Account (HSA):** Employers and employees that offer and enroll in a qualified high deductible health care plan can contribute pretax dollars that can be used now or in the future to pay for Qualified Medical Expenses (QME). The money is owned by the employee, similar to a 401(k).

• **Health Reimbursement Arrangement (HRA):** Employers provide funding to offset participants’ health care expenses. This can be a great way to introduce consumerism to employees. These funds are owned by the employer.

• **Flexible Savings Account (FSA):** Useful for consumers who want to contribute pretax dollars for out-of-pocket QME.

• **Limited-Purpose Flexible Spending Account (LFSA):** Used in conjunction with an HSA, providing limited pretax money for specific health purposes that are not covered by a health plan but are still considered a QME, like dental work.

• **Dependent Care Account (DCA):** Employees contribute pretax dollars that are used to pay for dependent care expenses.

• **Transit:** Pretax dollars that employees can use to pay for qualified commuter expenses, including things like train fare and parking, to reduce the cost of traveling to work.

By educating your workforce to be smart consumers, they can take control of their health care choices and costs.
Winds of Change
Although many of these programs were created to help consumers handle their increasing responsibilities, there is still a lot of confusion around how to best use them. On the surface, they might appear to be an attempt to simply pass on more costs to employees. HR’s role is to empower their workforce to understand how these changes actually benefit them and to clearly lay out options so employees can take charge of shopping for their own benefits, while feeling valued and supported by the organization.

Deciphering the Lingo
Often, employees don’t know the right questions to ask, where to turn for information or how to derive the best value from the spending account programs offered. It’s incumbent upon employers to introduce and facilitate tools that can provide assistance along with educational resources. This way, employees have the opportunity to become more engaged in their choices and fully comprehend what is available to them.

Rising Tide
Taking a holistic view of ADP’s “4C’s of Benefits Management,” this focus on consumerism can create a wave of additional benefits, including:

Culture
Developing a corporate culture that’s clearly focused on the well-being of all employees, who are empowered to make the best decisions for themselves and their families, can lead to stronger employee satisfaction and loyalty.

Compliance
Ensuring your employees are “in the know” and able to support ACA and other compliance requirements will help your organization reduce risk and potential penalties. Additionally, HR must be available to clarify false perceptions concerning “use-it-or-lose-it,” Qualified Medical Expenses or other coded language that governs health care plans.

Costs
You may need to review whether your strategy is ingrained in old practices and if you’re doing enough to enable employees to be better consumers of health care. Providing ways for employees to understand what they may be responsible for, so that they can offset their out-of-pocket spending and save money on health care premiums, helps everyone control costs.

The big picture: By taking a consumer-centric approach to your benefits program, you can create a win-win for your employees and your business – creating a stronger culture, ensuring peace of mind and compliance, and helping reduce costs for all.
New Year Presents New Strategies for communicating with your employees

Employers and employees alike had many questions about the Affordable Care Act (ACA). Now that the dust has settled, most organizations have a process in place for meeting the mandates that apply to companies of their size, and are feeling pretty confident that they have a handle on Health Care Reform.

But what about the new reporting requirements? Certain large employers must submit Forms 1094/1095-C by February 1st, 2016. These forms are used to assess if minimal essential coverage was offered, and to determine if a play or pay penalty is applicable.

First, map out your messaging for your employees.

Think ahead. If we offer you health care coverage that meets ACA requirements and you choose to go to an Exchange, you may need to pay back any subsidy you receive.

Provide required information. We need specific information on everyone enrolled in our plan to provide you with a completed Form 1095-C for your taxes.

Why you should care. You may need information on the form for your 2015 tax return.

Take action. Watch for your Form 1095-C in your mailbox in January.

Second, be prepared to answer questions like these:

What is this form I received in the mail?

What do I do with this? Do I really need it? I was only insured for part of last year.

What do I do?

My tax preparer said I was supposed to get a Form 1095-C. What do I do?

I didn’t receive my Form 1095-C. How can I get a copy?

When can I expect this new form?
ACA Opportunity: your employees

Employees may need 1095-C to file their 2015 taxes. When they receive the form you issue, chances are they’ll have questions — and they’ll turn to you for answers.

57% of large employers don’t think their employees clearly understand the new 1095-C forms and how it may be related to their 2015 tax filing.¹

Just 32% report they’ve already shared information about the new form with their employees.

Next, create a communication plan.

Put together an employee communications toolkit that takes a multi-channel approach to getting the word out about the new Form 1095-C. Consider creating components like these:

- Fact sheet
- Infographic
- FAQs
- Email campaign
- Newsletter articles
- Breakroom posters and table tents
- Postcards mailed to employees’ homes
- A short video on your intranet

Finally, think about timing.

Employees will receive Form 1095-C by February 1, so start your education efforts ASAP. Use the following as a guide:

<table>
<thead>
<tr>
<th>NOVEMBER</th>
<th>DECEMBER</th>
<th>JANUARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newsletter article, email blast, inclusion in open enrollment materials</td>
<td>Postcards, follow-up email, fact sheet, posters and table tents</td>
<td>Reminder email to be on the lookout for Form 1095-C in the mail</td>
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The ACA is complex, there’s no doubt about it. By sharing information with your employees early and often, you not only help minimize call volume to your HR team. You also reassure your employees that you’ve got their backs when it comes to Health Care Reform.

Need more information on ACA reporting requirements?

Visit adp.com/health-care-reform for tools, insights on best practices, and much more.

¹ ACA Employer Confidence Study, 2015.
Prepare for New Overtime Rules Proposed by the Department of Labor

Preparing for fluctuations in overtime to meet your peak season can be a challenge, and now you may have new rules to take into consideration. The U.S. Department of Labor (DOL) is proposing rule changes that could have a big impact on the way you do business when you’re the busiest.¹

¹ ADP, LLC is not a law firm, and the information contained in this article is not legal advice. Any discussion of issues are factors you may or may not use in your decision making process. If legal advice is desired or required, the services of legal counsel are recommended.
Proposed changes to the Fair Labor Standards Act (FLSA) would increase the number of employees who are eligible for overtime by raising the threshold of overtime exemption from $23,660 to $50,440 per year. These proposed regulations were issued on July 6, 2015 and the DOL accepted comments this past September 4th.

To date, the final regulations have not been issued and no effective date is known. If the proposed regulations are finalized as currently written, it would mean that anyone paid below the $50,440 threshold would not be exempt from overtime on any work over 40 hours per week.

You’ll want to consider what these proposed rule changes mean when planning your labor costs and compliance efforts. Here are some initial considerations for mitigating the repercussions of these FLSA changes once enacted:

- Start by classifying your employees by salary. Anyone making over the threshold amount ($50,440 or other amount if changed in final regulations) may be exempt from overtime if their job duties primarily involve executive, administrative or professional duties as defined under the regulations.

- Make note of anyone whose salary does not exceed the threshold, as these employees may be entitled to receive overtime now. This could greatly change the landscape of your costs.

Keep in mind that each state may enact regulations that differ from federal regulations. You’ll need to follow whichever set of directives is more generous to the employee.

**Know Your Employees’ Hours**

It’s crucial to identify exactly how many hours per week each of your employees works. If a previously exempt employee made $26,000 annually under the old rules, and actually worked 40 hours per week, then you can convert that salary into an hourly rate equal to their pay, or $12.50 per hour.

You would then need to monitor those employees’ work hours proactively with threshold reports and/or scheduling tools to manage overtime costs and to ensure that any work exceeding 40 hours per week is paid at the appropriate overtime rate. This is a great first step, but not all situations will be this straightforward.
Consider Changes to Salaries
A different strategy may make sense for employees who make less than the proposed salary threshold, were previously exempt from overtime, and who typically work more than 40 hours per week. In this situation, you could consider raising employees’ base salaries to at least the exemption threshold. To determine if this is a more cost-efficient approach, you will need to calculate the increased salary and compare it to the estimated overtime costs that would otherwise apply.

Examine these averages across your whole workforce. For example, if the average employee works eight hours of overtime per week at an hourly overtime rate of about $24 per hour, the average overtime paid would be around $10k per year. So you could consider whether any employees with a base salary of at least $40,000 per year who works the average or more should have their base salary increased. You should also extend this analysis to anyone with a lower base salary but higher than average historical overtime.

Monitoring Overtime
When preparing for seasonal overtime or your organization’s busy season, you’ll need to take a hard look at your budget. It might be prudent to consider whether hiring additional employees (full time, part time, or temporary) would be a more cost-effective strategy.

When making these decisions, it is important to keep in mind long-term goals and consider possible automation and technology possibilities as a way to control labor costs. For example, global organizations that automate leave and absence management had 33 percent less unplanned overtime, according to a report by the Aberdeen Group. Automation related to scheduling can be an important tool in managing overtime.

Think of having an automatic summary of hours so you can see who is approaching the maximum number of hours and select the best person for any open shift.

You may find that some overtime is avoidable. Take a realistic look at your processes and workforce to determine whether you’ll need to plan to permit overtime in your busy season. If you can identify it early, based on past years, you’ll be able to set aside funds in your budget for overtime to occur as planned.

There obviously isn’t a one-size-fits-all approach for your business to best respond to the proposed changes in FLSA overtime requirements. You may need to pick and choose from a variety of alternatives. With a peak season arriving soon for many industries, take steps now to make sure your organization is prepared to be profitable.

Remember:
Individual state regulations may differ from federal ones. Companies must follow whichever favors the employee.

2 Aberdeen, Productivity: Managing and Measuring a Workforce, January 2015
Shoe Carnival, Inc.
An All-Encompassing HCM Approach to Drive Better Business Decisions

Challenges:
• Supporting business growth
• Providing real-time data, reporting capabilities, and mobile access
• Attracting and retaining Millennials

Shoe Carnival, Inc., headquartered in Evansville, IN, with over 6,000 employees, is one of the nation’s largest family footwear retailers. The 20-year-old company struggled with modernizing their business in order to accommodate their growth. Many of the processes were paper-based and implementing easy-to-use technology and mobile applications was a key to driving future success. Looking to the future, they also wanted to combine store sales, budget, and scheduled projected hours with human capital data elements. To address their critical business issues, Shoe Carnival took an integrated approach to HCM.

Watch Shoe Carnival’s story at adp.com/shoecarnival and hear from Sean Georges, Senior VP Human Resources, and Leanna Peters, Manager, Corporate Payroll.

Boudin Bakery
Integrating HCM Processes into a Single Solution for Rapid Growth

Challenges:
• Managing employee growth
• Automating time and labor management
• Ensuring compliance

Boudin Bakery, established in 1849, is the oldest continuously operating business in San Francisco. Boudin was rapidly expanding but had many siloed processes in their payroll HRS systems that were inhibitors of growth. The company sought out a single Human Capital Management partner who could deliver an integrated HR, Payroll and Benefits solution. It was critical that the solution was implemented on time and across multiple locations, leveraging expertise and technology to help Boudin Bakery develop and deliver a holistic HCM strategy.

Watch Boudin’s story at adp.com/boudinbakery and hear directly from James Matsuda, Vice President of Accounting & Administration.
When work is something you look forward to, the alarm clock gets a whole lot friendlier. Because when your employees look forward to their jobs, what they produce can be truly inspiring. ADP’s workforce solutions help you craft a more engaged and efficient workplace.

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