NEWSLETTER

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CONTENTS

pp. 1 Should I have a Financial Advisor on My Team?

pp. 2 What To Know About Pay Frequency

pp. 3 Rallying Employees

pp. 5 Get It Right on the Pay Stub

Should I Have a Financial Advisor on My Team?

Hiring a financial advisor is a big decision. One not to be taken lightly. If you are contemplating the possibility, consider the following scenarios.

People who are looking to simplify their lives need a Financial Advisor

Let's face it—you're busy! Work demands, family pressures, and social obligations are just a few of the items clamoring for your attention. As a result, setting up and maintaining financial order may require more time, effort, and expertise than you can spare! Enter the financial advisor. A trusted advisor can help consolidate financial accounts, automate cash flows, map out investment strategies, and assist with strategic tax planning.

People who lack a plan need a Financial Advisor

One of the most common answers I receive as an advisor to the question, "What brings you in today?" is, "I need a plan!" An effective plan will prioritize goals, personalize strategies, and customize solutions. A competent advisor can assist you in doing all three.

People who are facing life transitions need a Financial Advisor

Most people who decide to seek the help of an advisor do so when facing a significant life change such as buying a home, starting a family, changing careers, retiring from a job, inheriting money, or caring for elderly parents. The reason is because life transitions create financial uncertainty. An effective advisor will provide context, perspective, and creative solutions.

People who are getting ready to retire need a Financial Advisor

Retirement is not as easy as it looks, particularly from a financial perspective. Handling a 401(k), creating a sustainable income stream, making the right pension choices, and reducing investment tax liabilities are just a few of the many details that need to be worked out. Having a competent advisor on the financial team goes a long way towards getting the details right.

People who are seeking to increase their returns need a Financial Advisor

A study put out by Vanguard in 2019 entitled "Quantifying Your Value to Your Clients," estimated that working with an advisor adds about 3% net return per year. Likewise, Morningstar calculated a similar difference between a typical baseline investment and an advisor-optimized portfolio.

If one or more of these scenarios resonates with you, then you should consider giving our team a call to set up a time to talk with one of our in-house financial advisors at R&R Financial.

What To Know About Pay Frequency

It's important for businesses to have a clear and consistent payment schedule to ensure fairness and adherence to labor laws and employee expectations. Lack of structure around paychecks could throw off budgeting and financial planning processes or put a business at risk of legal issues for possible violations of labor laws.

Pay frequency influences each paycheck's wage and tax amounts but doesn't impact an employee's annual tax liability or net pay. What does it impact?

- Time commitment: The more frequently you pay employees, the more time you spend running payroll.
- Money: Some software companies charge based on the number of payrolls you run each month.

Let's look more closely at your pay frequency options:

- Weekly: An employee paid weekly receives 52 paychecks per year. The U.S. Bureau of Labor Statistics says 33.3% of employees receive weekly paychecks, making it the second most popular pay frequency.
- Biweekly: You pay employees every other week, so they receive 26 paychecks per year, or two each month — except for two months when they get three. Workers receive their pay on the same day of the week each pay period. BLS says biweekly is the most popular pay frequency, with 43% of employees receiving their wages biweekly.
- Semimonthly: Employees are paid twice per month, but the key difference is that they receive 24 paychecks per year. You pay employees on specific dates; those dates may differ. Usually, you'll pay workers on the 15th and the 30th of each month. Nineteen percent of employees receive their wages on a semimonthly basis.
- Monthly: Employees receive one paycheck per month — 12 per year. Monthly paychecks are for larger amounts but are paid less frequently. Only 4.7% of employees are paid monthly, making it the least common pay frequency.

How should you choose? Consider these factors:

- Consistency rules: You must maintain a consistent pay

frequency. You cannot change an employee's pay frequency when you feel like it. States determine what pay frequencies you can and can't use. Most states set a minimum frequency you must follow.
    - Arizona requires that employers pay employees two or more days per month, not more than 16 days apart.
    - In California, wages (with some exceptions) must be paid at least twice during each calendar month on the days designated in advance as regular paydays.
    - Texas employers must pay each employee who is exempt from overtime provisions of the Fair Labor Standards Act at least once a month; others must be paid at least twice a month. Semimonthly pay periods must contain, as nearly as possible, an equal number of days. Within those limitations, employers may designate any payday they choose.
- Your employees and payment approach: Employee-related factors may impact the pay frequency you go with.
    - Among businesses with 1,000-plus employees, 67% use biweekly. For businesses with one to nine employees, 39% choose biweekly.
    - You can establish different pay frequencies for salaried employees vs. hourly employees.
- Your industry: The industry in which you operate can determine your pay frequency. Certain industries tend to pay weekly, while others pay monthly.
    - The BLS says that 65% of construction employers pay on a weekly basis, while only 14% of employers in finance do.
- How you run payroll: If you run payroll by hand, shorter pay frequencies — weekly, for instance — require more payroll runs, taking more time and energy.
    - Some companies that service payrolls add charges per payroll run, making you pay more for weekly payrolls than biweekly ones.

Check how potential payroll vendors charge — per employee or per paycheck — because it matters. Aside from keeping consistency (the only requirement by federal law) uppermost in your mind, you must also abide by state rules. Provide clear information on when payments will be made to help employees manage their finances.

Rallying Employees

Motivating employees does not simply depend on magic or personal leadership charisma. More often, a few simple practices can boost morale and enhance your team's daily satisfaction.

At both the office and in everyday life, two main types of motivation encourage people to perform. Intrinsic motivation means doing a task for its own sake, out of interest, curiosity, enjoyment or for psychological reward. Extrinsic drivers are more tangible incentives, such as money, status, promotions, perks or flexible work arrangements. Both types of gratification can work powerfully, ideally in tandem. Consider some examples in a workplace setting:

Intrinsic motivation

- Work/life balance.
- Opportunities for continued learning and development.
- Deriving meaning and purpose from work that impacts the lives of customers and the community.
- Recognition from peers and management.
- Authority and responsibility to execute with self-sufficiency.
- Trust.
- Beating boredom through new challenges beyond one's comfort zone.

Extrinsic motivation

- Salaries, stock options and bonuses.
- Clean, well-lit, comfortable workspaces.
- Safe environment, especially post-COVID-19.
- Vouchers, travel and extra vacation days.
- On-site services like gyms, child care and dry cleaning.

- Free food, including snacks, subsidized meals and parties.

Even where resources are limited, employers can establish a framework to show they care by providing a setting for their employees to flourish.

Managing graciously

A dollar in salary is still a dollar, but successful motivators know that it is not only the reward itself that matters. The presentation counts too. It may require extra effort and sensitivity, but you will achieve more impact by treating employees as individuals rather than by automatically lumping them together as teams or departments. In other words, try to engage with your direct reports one-on-one. You need to understand their personal concerns and elicit regular feedback, perhaps through surveys or face-to-face conversations. When you get that feedback, above all, don't just file and forget it. Act on it as soon as possible to demonstrate that the questions are not an empty exercise, particularly if your employees have made an effort to respond.

When interacting with your team members, try to be authentic and transparent, even in straightforward situations like when sharing sales reports. There will inevitably be bad news at times, and unwelcome, unpopular tasks sometimes do arise. You will earn more respect by addressing them frankly without any sugarcoating. Clarity is key. It is helpful to start with small, measurable goals that provide a sense of accomplishment.

Employees are quick to perceive and judge unfairness, so be consistent in how you treat your staff and resist any urge to play favorites. The goal is to never demotivate. Once managerial trust and respect are eroded, they are nearly impossible to restore. If it is within your control, which will depend on individual company circumstances, there are benefits to promoting from within rather than seeking outside talent. Current employees will be keenly aware and follow the process.

A business, even a small one, is like an army. For motivation, soldiers look to their commanding officer. When you want to motivate your own troops, remember at all times to set an example. Whether you are showing the way with behaviors like punctuality or maintaining an appropriate appearance, co-workers will take note. When it comes to going the extra mile, like staying late or pitching in for a deadline, they will notice, and some are bound to remember.

Get It Right on the Pay Stub

Pay stubs can be referred to as pay or wage statements and may be considered the decoder ring of payroll. Pay statements summarize employees' gross pay, taxes and deductions, and net pay. They can be in printed format or made available electronically.

Pay stubs help employees confirm what was withheld from their gross pay so they can understand how the final net pay amount was arrived at. Pay stubs are useful to employers as well, especially when they need to solve wage and hour disputes or tax discrepancies.

While no federal law requires pay stubs, most states do — you can view pay stubs as part of payroll compliance. For example, some states need employees to consent to receive electronic pay statements. State mandates can pose potential complications for businesses with employees in multiple states, as each state has its own set of rules.

What's on a pay stub?

Pay stubs should have these basic elements:

- Amount per pay period.
- Year-to-date pay.
- Basic identifying information: name and address of the employer, name and address of the employee, and the employee's Social Security number.
- Pay period and total hours worked.
- Gross wages, or the total amount earned for the pay period before taxes. If an employee worked 15 hours at $20 per hour, gross wages are $300. Pay stubs should note hours worked, what the pay rate is and any additional earnings or accrued time off.
- Tax deductions, including federal tax withholding, state tax withholding, unemployment taxes, Social Security tax and Medicare withholding.
- Employee benefits deductions often include health insurance, health savings accounts, life insurance payments and retirement contributions.
- Voluntary deductions, which include the amount an employee chooses to withhold monthly and may include a regular charitable contribution.
- Involuntary deductions such as wage garnishments, past taxes owed and court-ordered child support payments.
- Net pay, the amount of money employees take home after all deductions are made.

Pay stubs offer employees transparency in how they're getting paid, noting gross income, deductions and net income. Workers get year-to-date information and can verify that compensation is accurate. Lenders often ask to see pay statements as proof of income or employment before approving a loan. Pay stubs help prevent pay-related conflicts.

If you miscalculate, the withholding amounts for taxes may include errors that may cost you penalties. Pay statements that are inaccurate or improperly delivered can confuse employees and increase the risk of legal liability. It's in your best interest to:

- Know all state and local requirements.
- Include the necessary information.
- Make pay stubs easy to access.

Many companies opt to work with a payroll service provider, which will typically include pay stub delivery as part of their service and can assist with state and local pay statement requirements. It's generally a good practice to save pay statements for at least one year so you can verify the accuracy of your annual Form W-2, Wage and Tax Statement for employees to prepare their individual tax returns.

Pay statements contain personal information that can be subject to identity theft. Retain them in a safe place and securely dispose of them. If employees report losing a stub, advise them to monitor their credit reports and alert their bank and credit reporting agencies so they can flag any suspicious activity. If a copy of a lost pay statement is needed, employees may request another from your payroll department.

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