

RESPONDING TO TALENT TOPICS

Paving the Way to Payday

Timing is everything.

With instant pay apps, workers control when – and how much of their earned money – they’re paid. DailyPay, based in New York and established in 2015, is one of the first.

Among the features/feedback:

- Compliant in all 50 states
- Compatible with any bank account or payroll card
- Workers utilize the service an average of 1.5 times per week
- Businesses fill positions 52% quicker
- Reduces employee turnover by 41%

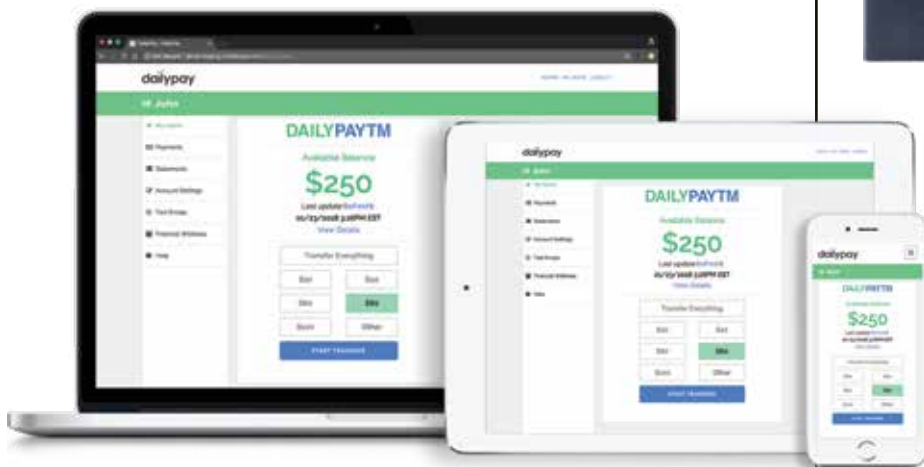
In addition, 73% of DailyPay users report a greater motivation to go to work.

According to a written response from DailyPay, “For the employee, the value comes in the form of financial security when they don’t have to worry about missing bills or waiting for the typical week or two-week paycheck to deal with unexpected expenses that may fall between pay periods. DailyPay benefits employers by providing a no-cost, quick and simple solution to reducing employee turnover and increasing employee engagement.

“The platform has been known to increase the bond between employee and employer.”

The technology provides an easy way for employees to track their estimated real-time earnings within each pay period. Those living paycheck to paycheck can access funds quickly, which helps them to pay bills on time and prevent late fees.

Among the customers are Burger King, Taco Bell, BrightSpring Health Services and more.



Employers can implement DailyPay without modifying their current payroll process.

DailyPay shares via email how the service positively impacted a person’s life, told through the eyes of one of its customers: Sprinkles Cupcakes. It was founded by Candace Nelson, a judge on the television show *Cupcake Wars*, and her husband. The company has 30-plus locations nationwide.

“An individual at one of our bakeries called in sick to work because their car broke down,” recounts the head of HR. “And I received a ‘thank you’ note from this individual about DailyPay because instead of having to wait until that next paycheck, they were able to immediately withdraw funds from the hours they had worked and they could get their car fixed that day.”

RESOURCE: DailyPay at www.dailypay.com

Blocking Visas for H-1B Spouses

A proposed federal rule will alter the lives of 200,000 foreign citizens living and working in the United States, their families ... and potentially the U.S. economy.

In 2015, certain eligible spouses of H-1B visa holders were granted work authorization under the Obama administration. That status is now in jeopardy as those spouses, who hold the H-4 visa, may soon be banned from seeking employment in the United States. Proponents argue that the H-4 visa holders take away jobs from Americans. Opponents contend that eliminating the permit will lead to talent going overseas.

“We’ve got record low unemployment. The EAD (employment authorization documents) we grant to these

limited visa holders – it’s not infinite,” remarks Jenifer Brown, partner at Ice Miller. “There are already a lot of restrictions in place. I am concerned about keeping the bigger picture in mind here with respect to what our national economic needs are and making sure we have an immigration policy that matches up with that.”

Each fiscal year, 85,000 H-1B visas are

awarded. While the fiscal year kicks off on October 1, the application process can start six months prior.

“All 85,000 are gone the first day of filing,” Brown comments. “Immigration has confirmed it has now completed its random lottery of selecting the 85,000 H-1B visas to be awarded from the more than 200,000 applications received.”

One group in particular will be impacted.

“This rule change will disproportionately affect Indian women – because most of the people who qualify for the H-4 EAD (based on the extensive backlogs and waiting times on green card allocation) are from India. The gender (im)balance of H-1B tends to be men.”

Brown also points to the financial and emotional stress created when there is only one working spouse.

“They’re both trying to assimilate to this country and there are tremendous personal and family pressures associated with navigating the immigration process. Work is such a tremendous way to assimilate people. I’m a little worried about what we’re doing to families with this proposed rule change.”

RESOURCE: Jenifer Brown, Ice Miller, at www.icemiller.com

Big Impact for Small 401(k) Amounts

What happens to an individual's 401(k) retirement account savings when he or she changes jobs?

People with small amounts often leave them behind or cash them out. The problem? Employers are responsible for inactive fees and employees incur early withdrawal penalties.

"There's a lot of people falling into this situation – whether it's an employer who's downsizing or it's just employees job hopping," observes Lisa Frazzetta-Manning, agent, owner and partner at Frazzetta Financial Strategies in Warsaw.

A proposed rule by the U.S. Department of Labor would help address these challenges.

The rule would allow Retirement Clearinghouse (RCH) to transfer small 401(k) balances (less than \$5,000) into individual retirement accounts when employees leave a job. Once they start their new position, the money is transferred to that employer's retirement plan.

RCH's web site also spotlights the dangers of unnecessary cash-outs.

"Even small-balance cash-outs matter – particularly when they occur early in a career. For example: When a 30-year old with a \$1,679 balance cashes out, they'll net \$1,175 in cash, after taxes and penalties. That same participant who avoids cashing out and consolidates their balance into a new 401(k) could end up with \$17,926 at retirement."

Frazzetta-Manning says the idea of automatic portability is a "win-win."

"The employer wins as far as it keeps their fees down that they're paying and then it looks like a really nice benefit that they're providing to their employees. The past employee wins too, as far as it keeps their retirement fund intact, if you will, if that's what they want. If they want to cash it out, that's up to them. But if they want to maintain that and slowly move it to their next place of employment, it's a good way to take care of that."

As of early June, the proposed bill had passed the House in Congress and was slated for a vote in the Senate.

RESOURCES: Lisa Frazzetta-Manning, Frazzetta Financial Strategies, at www.frazzettafinancial.com | Retirement Clearinghouse at www.rch1.com