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8.0 million

Number of job openings on the last day of August 2024, down from 8.9 million open jobs at the beginning of the year. The number of open jobs reached an all-time high of 12.2 million in March 2022.

Source: U.S. Bureau of Labor Statistics, 2024

Say Hello Again to a So-So Job Market

In mid-2024, the ratio of job openings to job seekers — which represents the balance of supply and demand in the U.S. labor market — returned to pre-COVID levels. While the easing of the labor market might disappoint workers hoping to land a new job, it could also be seen as a positive sign for consumer prices. A severe labor shortage that drove up wages was a strong source of inflationary pressure in 2022.

Number of unfilled job openings per unemployed worker



Source: U.S. Bureau of Labor Statistics, 2024 (seasonally adjusted data)

Traditional or Roth Contributions? Think It Through for Future You

When deciding between traditional (pretax) and Roth contributions, the general rule is to think about whether you are likely to benefit more from a tax break today than you would from a tax break in retirement. Specifically, if you expect to be in a higher tax bracket in retirement, Roth contributions may be more beneficial in the long run.

If your employer-sponsored retirement saving plan allows traditional and/or Roth contributions, which type should you choose? It may help to compare the key features of these accounts and consider a couple of hypothetical examples.

Saving the traditional way

With traditional contributions, the money is deducted from your paycheck before taxes, which helps reduce your taxable income and the amount of taxes you pay now.

Example 1: Maddie earns \$3,000 every two weeks before taxes. If she was in the 22% federal tax bracket, she would pay \$660 in federal income taxes, reducing her take-home pay to \$2,340. On the other hand, if she contributes 10% of her income to the plan on a pretax basis — or \$300 — she would reduce the amount of her taxable pay to \$2,700 and reduce the amount of taxes

to \$594. After accounting for both federal tax and her contribution, Maddie's take-home pay would be \$2,106. The bottom line? Maddie would invest \$300 toward her future but reduce her take-home pay by just \$234.

In addition, any earnings made on pretax contributions grow on a tax-deferred basis. That means you don't have to pay taxes on any gains each year. However, those tax benefits won't go on forever. Any money withdrawn from a tax-deferred account is subject to ordinary income taxes, and if the withdrawal takes place prior to age 59½ (or in some cases, 55 or 50, depending on your plan's rules), you may be subject to an additional 10% penalty on the total amount of the distribution.

Taking the Roth route

Contributing to an employer-sponsored Roth account offers different benefits. Roth contributions are considered "after-tax," so you won't reduce the amount of current income subject to taxes. Earnings grow on a tax-deferred basis inside the account, and qualified distributions down the road will be tax-free (under current tax laws).

A Roth distribution is considered qualified if the account is held for five years and the account owner reaches age 59½, dies, or becomes disabled. (Other exceptions may apply.)

Nonqualified distributions are subject to regular income taxes and a possible 10% penalty tax. However, because Roth contributions are made with after-tax dollars, if at some point you need to take a nonqualified withdrawal from a Roth 401(k), only the portion that represents earnings will be taxable.

Example 2: When Ryan receives an \$8,000 medical bill after a trip to the emergency room, he decides to take a nonqualified hardship distribution from his Roth 401(k) account. Of the \$20,000 account balance, \$18,400 represents after-tax Roth contributions and \$1,600 is investment earnings. Because earnings represent 8% of the total account value ($\$1,600 \div \$20,000 = 0.08$), this same proportion of Ryan's \$8,000 distribution — or just \$640 ($\$8,000 \times 0.08$) — will be considered earnings subject to both income taxes and a 10% penalty tax.

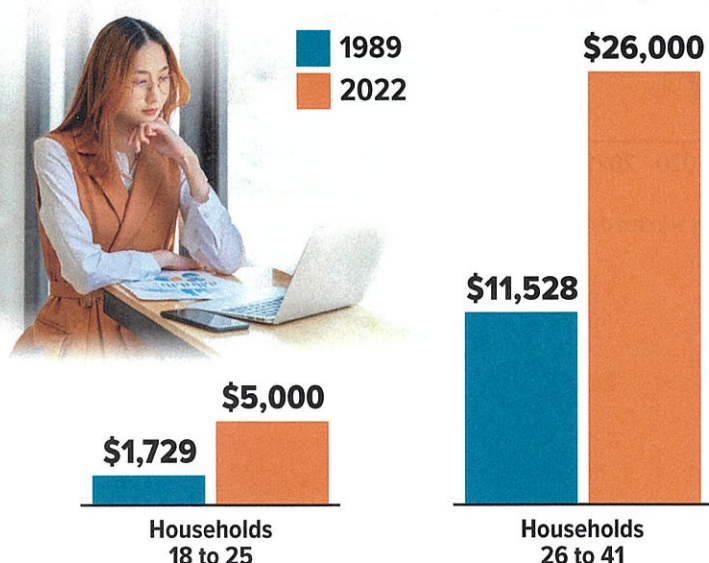
Keep in mind that tapping your account before retirement defeats its purpose. If you need money in a pinch, try to exhaust all other possibilities before taking a distribution. The most important benefit of a Roth account is the opportunity to build a nest egg of tax-free income for retirement.

If this still seems like a difficult decision, consider building savings in both traditional and Roth accounts. Doing so would create financial flexibility that might prove useful while you are working and after you retire.

Younger Households Are Getting a Jump on Retirement Savings

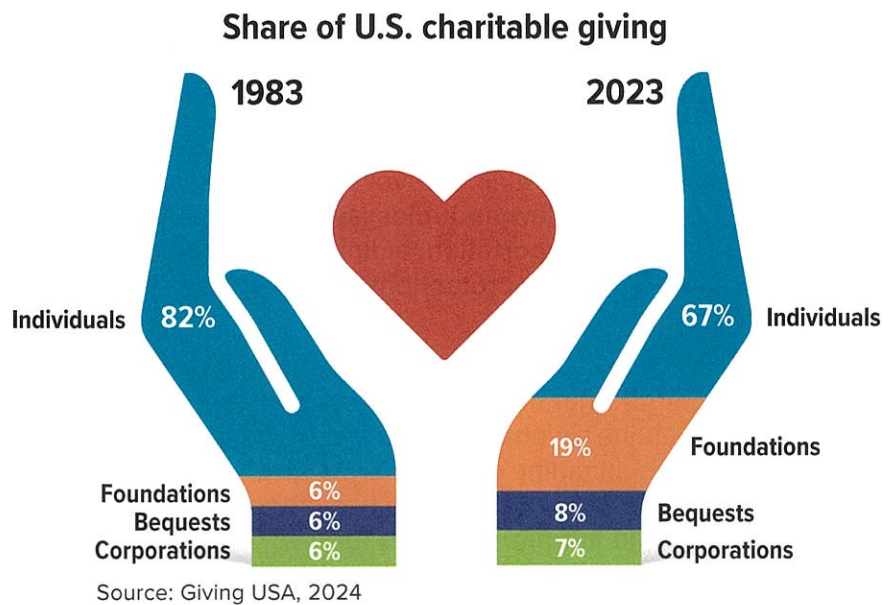
Despite heavier student debt burdens and tougher economic conditions, today's younger workers have more money saved in workplace defined contribution (DC) plans than previous generations had at the same stage of life (adjusted for inflation).

Median DC plan assets, in 2022 U.S. dollars
(for households with DC plans)



Charitable Giving Trends and the Economy

In 2023, total U.S. charitable giving declined 2.1% (adjusted for inflation) to about \$557 billion, while giving by individuals declined 2.4%. Americans' willingness and ability to donate was impacted by economic uncertainty and high inflation. Over the past 40 years, the share of total giving attributed to individual donors has shrunk, while the use of foundations — a vehicle for supporting charities that is popular among the wealthy — has grown significantly.



The Four-Day Workweek: Is It Destiny or a Distant Dream?

Since the startling capabilities of generative artificial intelligence (GenAI) first shook the world in 2023, more of us are wondering: could the four-day workweek come sooner than we thought, or is that just wishful thinking?

Once considered a far-fetched notion, the prospect of a four-day workweek (with no loss in pay) is now being taken seriously by companies around the world. This is largely due to changing attitudes towards work-life balance and surging optimism over AI.

Experiments in progress

It's easy to imagine how a four-day workweek could improve the quality of life for stressed-out full-time workers. With an extra day off each week, there's more time for rest, family, exercise, hobbies, or just kicking back and relaxing. This not only enhances the mental and physical well-being of employees but also fosters a more engaged workforce and less turnover. Experiments conducted in Iceland, New Zealand, Sweden, Japan, the United Kingdom, and even the United States — all countries where companies have tried out a four-day workweek — suggest that employees and employers could see benefits.

In a survey of 100 large-company leaders, nearly one-third of U.S. CEOs said they were exploring this idea.¹

Moreover, a four-day workweek can help increase productivity. One explanation for this is called Parkinson's Law, which contends that work will expand to fit the time available for completion. In other words, when time is limited, people tend to focus better and cut out the fluff. Given the opportunity, employees may be able to "work smarter, not harder." In 2019, when Microsoft tested a four-day workweek in Japan, it reportedly resulted in a 40% jump in productivity.²

For the four-day workweek to really take off, there's still a lot that would need to change, including new laws, the expansion and success of pilot programs, and major adjustments in corporate culture.

Enter the game changer — artificial intelligence

AI is poised to boost workplace productivity, which could speed up the shift to a four-day workweek. Think about how much time workers spend on repetitive tasks — things that AI could handle in seconds. Tools powered by AI can help manage projects, perform research,



produce content, and even take over customer service roles with chatbots. For people using AI tools, this could mean less time stuck in mundane routines and more time for meaningful and creative work — or eventually some extra time off each week.

Of course, a four-day workweek may never work for every industry and all jobs. For some types of roles, squeezing five days of work into four could lead to burnout for employees, especially if employers have unrealistic expectations.

Bolstered by AI advancements, experiments with the four-day workweek are gaining momentum, but widespread adoption could still be many years away. Evidence-based strategies, thoughtful implementation, and a willingness to rethink how we work will be essential.

1) *Bloomberg Businessweek*, June 21, 2024
2) *CNBC*, November 3, 2019

Playing Fair: New Consumer Protections for Airline Passengers

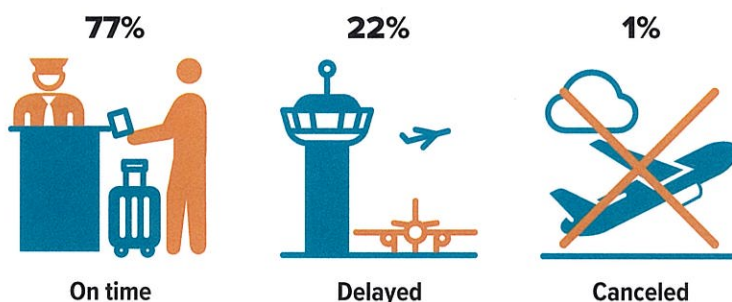
There's no doubt about it, airline travel can be stressful. Thanks to a new federal law and rules issued by the U.S. Department of Transportation, airline passengers could have extra consumer protections, some in time for the holiday travel season.

Hassle-free refunds. In the past, airline passengers were forced to figure out how to obtain a refund by researching an airline's website or waiting for hours on the phone with an airline's customer service department. As of October 28, airline passengers will be entitled to an automatic refund for:

- Canceled or significantly changed flights (e.g., arrivals at destination airport delayed by three or more hours for domestic flights and six or more hours for international flights), regardless of the reason
- Significantly delayed baggage return
- Extra services (e.g., Wi-Fi, seat selection, or inflight entertainment) that were paid for but not provided

Airlines must issue refunds of the full amount of the ticket purchased within seven business days of refunds becoming due for credit card purchases and 20 days for other payment methods. Passengers who accept a ticket for a significantly delayed flight or are rebooked on a different flight to their destination will not receive refunds. The refunds must be in the form of cash or whatever original payment method was used to make the purchase (e.g., credit card or airline miles). Finally, airlines are not allowed to substitute other forms of compensation (e.g., vouchers or travel credits) unless a passenger affirmatively chooses to accept an alternate form of compensation.

Airline performance for flights in 2024



Source: U.S. Department of Transportation, 2024 (year to date through June, percentages are rounded to the nearest whole number)

Protection against surprise fees. Many airlines advertise cheap “teaser” fares that don’t take into account additional fees — all of which can significantly increase the cost of a ticket. Airlines are required to disclose various ancillary fees upfront, such as charges for checked bags, carry-on bags, and changing or canceling a reservation. They must also provide a detailed explanation of each fee before a ticket can be purchased. The compliance period for this rule was scheduled to begin in 2025 but was temporarily blocked by a U.S. appeals court this past August.

Free family seating. Under a proposed rule, airlines will be prohibited from charging families an extra fee to guarantee a child will sit next to a parent or adult travel companion, assuming adjacent seating is available when the tickets are booked.

Visit the U.S. Department of Transportation’s website at [transportation.gov/airconsumer](https://www.transportation.gov/airconsumer) for more information.

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