

let's make \$ense

Issue 3 | February 2013

A Newsletter by S&A Financial Strategies & Services, LLC

Is Today's Employee Getting the Short End of the Stick?

by Steven Tambone



Remember the 40 hour work week? How about pay raises and job security – or pension plans and comprehensive medical benefits? Times have changed, and so has the employer-employee relationship. Right now we're grappling with some serious economic challenges; still trying to adjust to the rippling effects of globalization – but have employers gone a little too far?

If you're fortunate enough to have a stable job, you're probably being asked to do more with less – put in those extra hours. They use to call this *strong work ethic* – now it's expected – the new norm. So employers are rewarding people for carrying larger work-loads, putting in that extra time – right? Not so much. According to the United States Census Bureau, median household income (adjusted for inflation) dropped 1.5 percent – from \$50,831 (in 2010) to \$50,054 (in 2011). Even worse, it's roughly where it was during the mid 90's. Many employees also find themselves paying a larger portion of their health benefit premium - but still have substantial out-of-pocket medical expenses. Am I missing something here?

What about employer sponsored retirement programs? Not too long ago, there was a sense of loyalty implicit in pension plans. If you worked

hard, stayed with your employer for x number of years, you were rewarded with annual pension payments when you retired. The message was pretty clear – *thanks for contributing to our success*. Somewhere along the way these plans were scrapped for the more cost-effective 401(k) plan. In this plan, the employer allows the employee to contribute part of their own salary to a taxed advantaged investment plan – the employer is not obligated to make a contribution. The message here is clear as well – *you're on your own*.

I'm not suggesting that employers should not find ways to cut costs. Nor am I suggesting that they shouldn't continue to "raise the bar," drive productivity or expect excellence from their employees. In the past some of the most successful corporations accomplished this through empowering their employees – not driving them into the ground. They recognized the importance of building strong corporate cultures – and knew how and when to invest back into their people. You have to wonder what (perhaps) this says about the people "at the top" – the ones setting corporate policy. From a business perspective, an unwillingness to reinvest in the people that have made you successful is truly perplexing – it's also short-sighted and a poor way



Remember – it's your money, so make sure your advisor is taking care of your interests first – not their own.

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to conduct business – just my opinion. Maybe it's about being more competitive, about becoming global – or just maybe it's the times we live in.



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