

UNEMPLOYMENT COVERAGE FOR NON-PROFITS

38% - that is how much state unemployment taxes (SUTA) per employee have increased since 2008. **Now is the time to review your options.** Non-profits, tribal nations, and governmental entities are required to pay unemployment claims in one of two ways:

STATE UNEMPLOYMENT INSURANCE TAX (SUI)

This tax is paid in advance, at a set rate, based on employer wages and unemployment record. The funds go to the state unemployment compensation fund to pay benefits on all state-wide employees. Rates are based on a combination of the overall risk of the employment pool and the individual employer's experience. Any balance remaining in an employer's account participating in the state unemployment pool is nonrefundable and owned by the state.

REIMBURSEMENT FINANCING

This option is available only to 501C3 nonprofit, Tribal Nations and governmental entities. It began in 1972 when a federal law recognized that these organizations, on average pay more than their employees claim in benefits and thus subsidize higher turnover industries such as retail and manufacturing. With this alternative, an employer is only liable for the actual amount of the unemployment claims paid to former employees. Opting out of the state tax pool usually saves employers a lot, often 30 to 50%, but this choice does subject employers to potential risk. The largest risks are unexpected loss of funding, program closures or difficult economic times. In effect, the law allows organizations to self-insure unemployment claims.

Unemployment Savings Program:

- Lower cost than the SUI tax
- Fixed annual cost
- An interest-bearing, proprietary reserve account owned by the nonprofit
- Stop loss insurance for each individual member account
- No pooling or shared risk
- Professional claims management
- Representation at all hearings

Bonded service program:

- Lower cost than the SUI tax
- Fully insured, guaranteed cost coverage
- Fee set at a percentage of gross payroll
- Experience credits for positive claim performance
- Multi-year coverage options
- Professional claims management
- Representation at all hearings

A SAFE ALTERNATIVE

There is a safe alternative to paying UI tax and self-insurance. There are carriers available that offer different unemployment programs that allow you to redirect unnecessary unemployment costs back into your organization.

**TO LEARN MORE ABOUT HOW WE CAN
PARTNER TOGETHER, PLEASE CONTACT:**