



In Partnership with
the Meals on Wheels
Association of America

What Every Nonprofit Should Know About Unemployment Insurance



What Do 1-in-4 Nonprofits Have in Common?

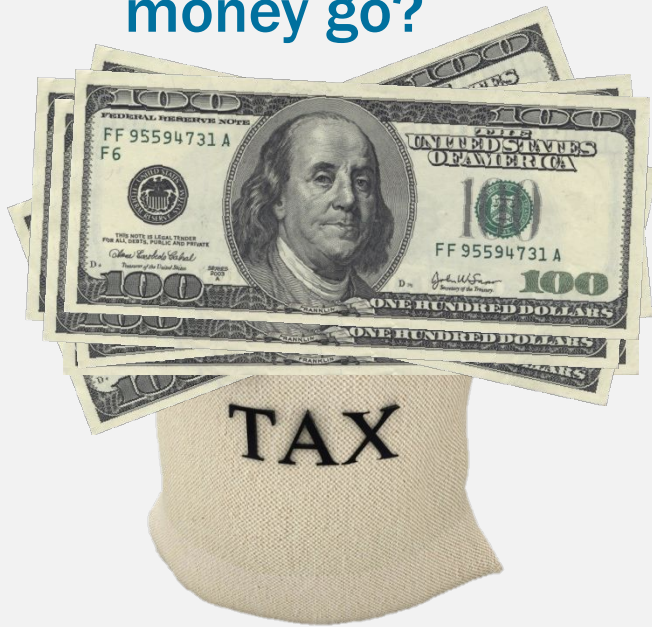
They don't know their unemployment tax alternative could be saving them money.



Source: April 2012 survey conducted by the Unemployment Services Trust

Tax Paying Employers

On average, employers pay \$2.00 in unemployment taxes for every \$1.00 paid out in unemployment benefits to their former employees. **Where does that money go?**



Claims from your former employees

Claims of for-profit companies

Claims for failed companies

Administration costs for the state

And now...toward paying down the debt & interest owed to the Federal government for Title XII loans

But Wait...

Unlike your for-profit counterparts, you don't actually have to keep paying state unemployment insurance taxes.

The Federal Unemployment Act Chapter 23, Section 3301 through 3311 of Title 26 says that 501(c)(3) organizations can “**elect whether (a) to contribute to the State program in accordance with State law or (b) to pay into the State program annually an amount equal to the actual unemployment benefits paid out by the State program...**”



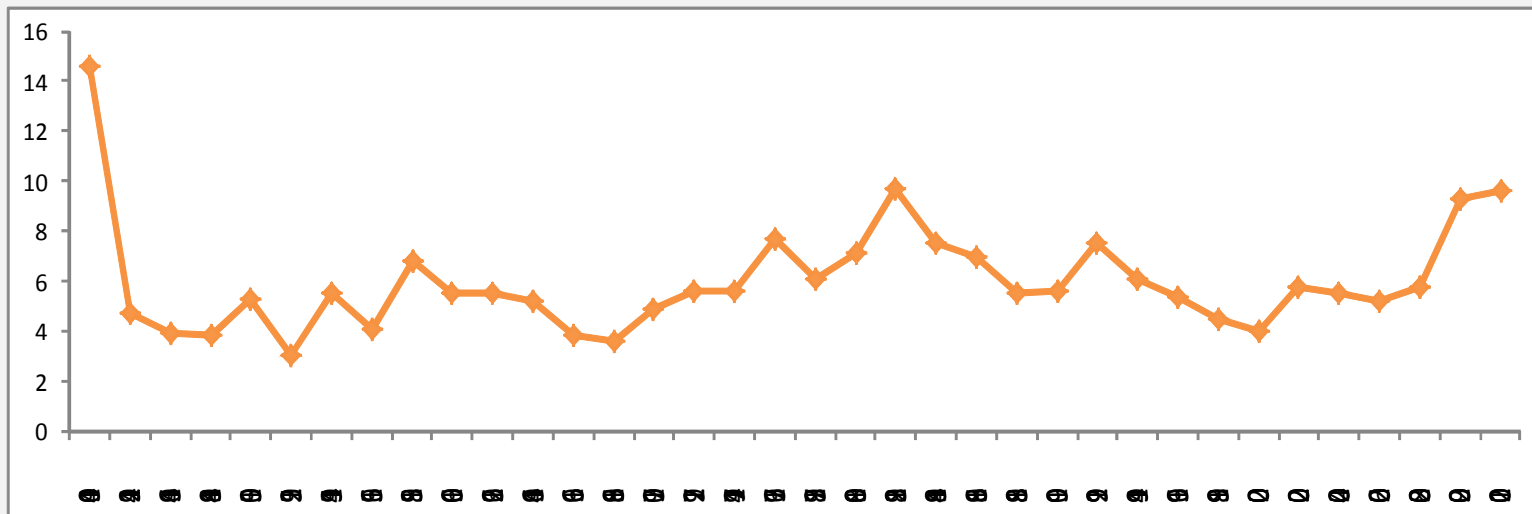
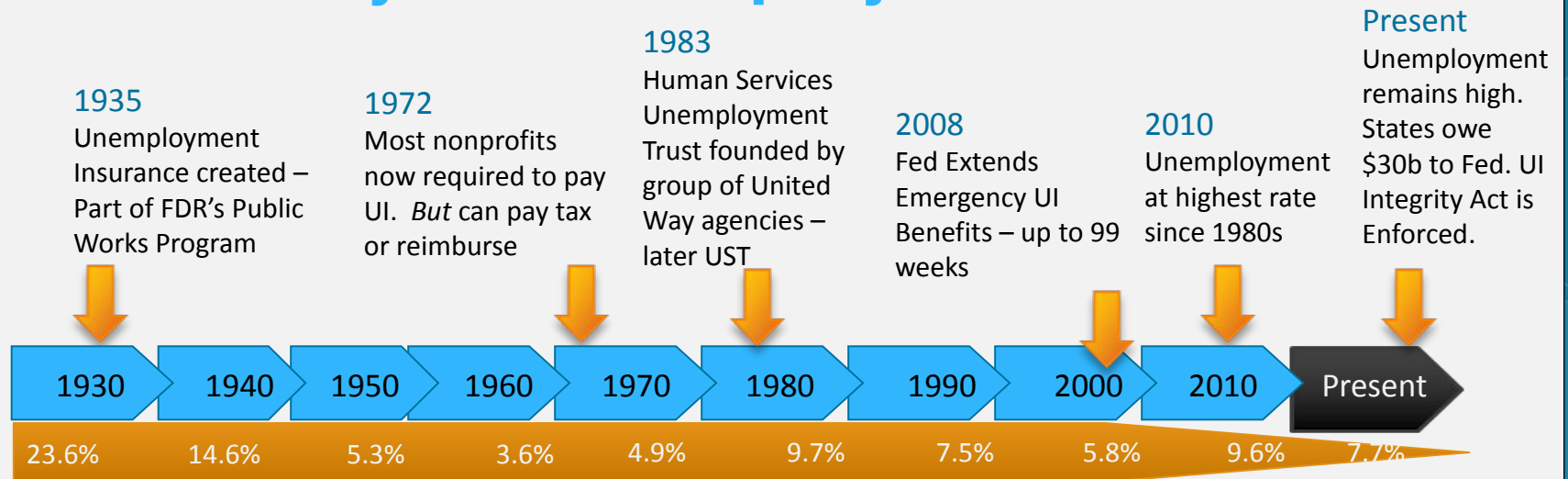
*So what does this mean
for all of us who aren't
lawyers?*

You can “pay as you go” AKA Reimburse the state only for your Unemployment Claims

- It's been 40 years since this law was put into place. Let's look at what's happened since then....



A History of Unemployment

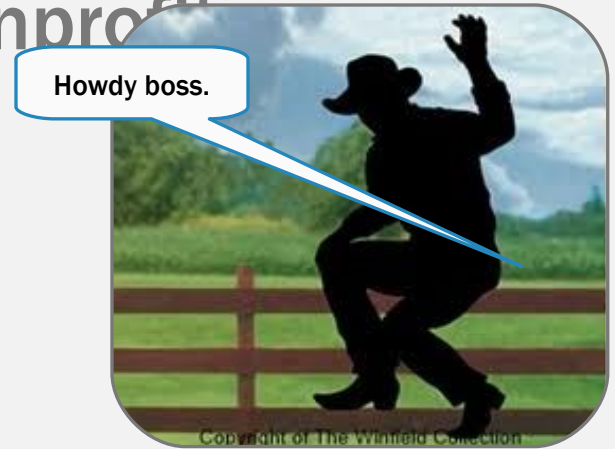


Why Should You Care?

A Cowboy Walks Into a Nonprofit

Meet Bob.

He used to work for your organization,
and he's a really great guy. But his horse,
Whiskey, always lagged in the morning, so
**Bob was always late, which violated your
attendance policy.**



It's Not Only About Bob...

2012: \$10B (11%) of unemployment benefits paid in *error*

Fed says: **Employers who are failing to respond** are driving many of these errors

Trade Adjustment Assistance Extension Act (TAAEA): Added

UI Integrity Act – affecting all employers by October 21, 2014
Requires employers to respond to state's first request for claim information

- Penalties include losing your right to protest claims and monetary penalties



4 Ways To Keep Your UI Costs Low (and avoid penalties)

- 1) Be prepared for claims before they ever happen
- 2) Make sure that all UI claims requests are timely and correctly completed to avoid penalties
- 3) Appeal all undeserved benefit determinations
- 4) Attend unemployment hearings, if needed, and provide proper documentation early



As cute as he may be, are you **sure** he should be collecting unemployment benefits?

And...Consider Your Options Carefully

501(c)(3)s have three options:

Tax Payers

Tax-rated Employers that pay a rate determined by the state



Pay As You Go

Employers that have opted out of state UI taxes and reimburse as claims occur



Supported Reimbursing

Employers that have opted out & joined a program to manage their claims experience



Paying State Taxes

◦ Benefits

- State pays all claims
- Rate cap means that you can be subsidized by other employers in the tax system

Best for:

◦ Challenges

- You can be subsidizing other employers with higher claims
- You help cover the state's high rate of error on benefits paid out
- There are no refunds on overpayments into the state tax system
- Tax rates may rise

Reimbursing for Unemployment

◦ Benefits

- Pay only for your own claims, dollar-for-dollar
- Can significantly lower costs by managing claims properly

Best for:

◦ Challenges

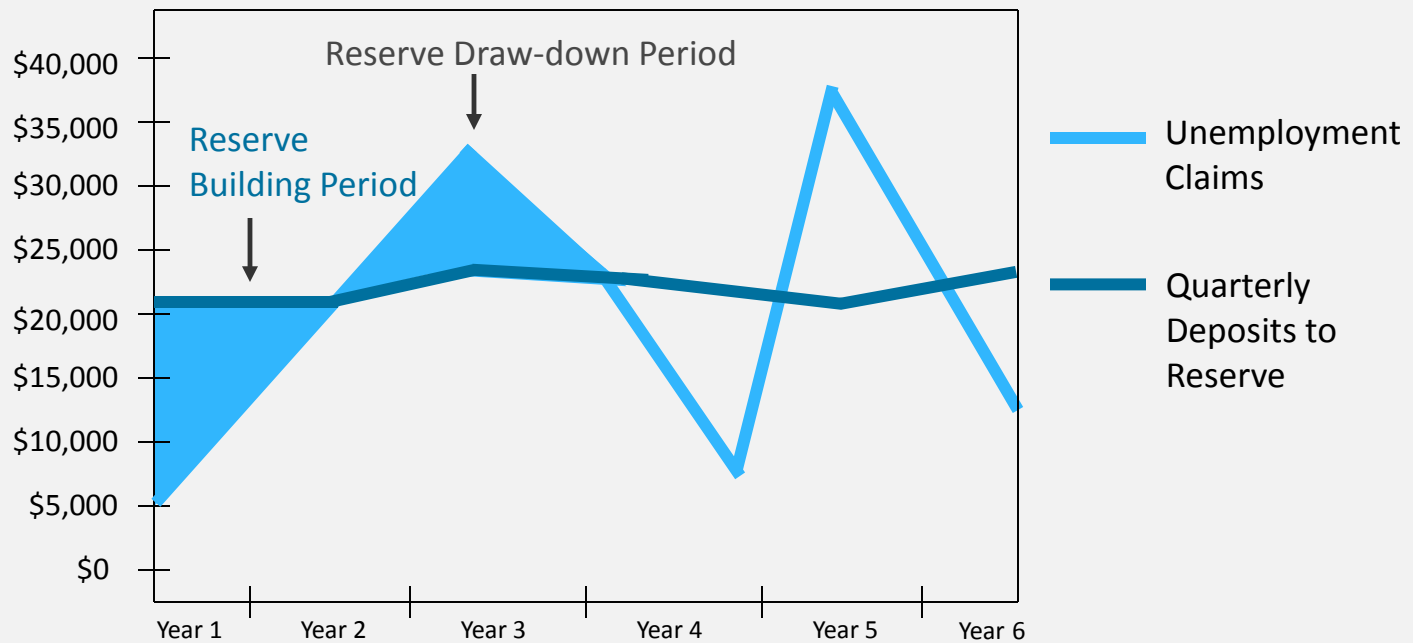
- The ups and downs of claims can put cash flow at risk
- Sudden unanticipated losses could mean you exceed the state rate cap
- Managing and protesting improper claims is time-consuming

So How Do Reimbursing Employers *Address* these Challenges?

Challenge accepted!




Working with UST Can Help Even Out Volatility



Your Claims Rep Helps Manage Claims

- Expert claim administrators help you decide when to protest improper claims
- A hearing representative advocates for you if you should go to court and helps prepare documentation



Will my claims representative do my laundry too?

Little known fact:

On average, employers who use a claim administrator reduce their unemployment claim costs by **15%**

A Claims Rep helps you
Follow These Best Practices



By Nonprofits. For Nonprofits.

Ways To Keep Your UI Costs

Low

A UST Claims Rep Helps You:

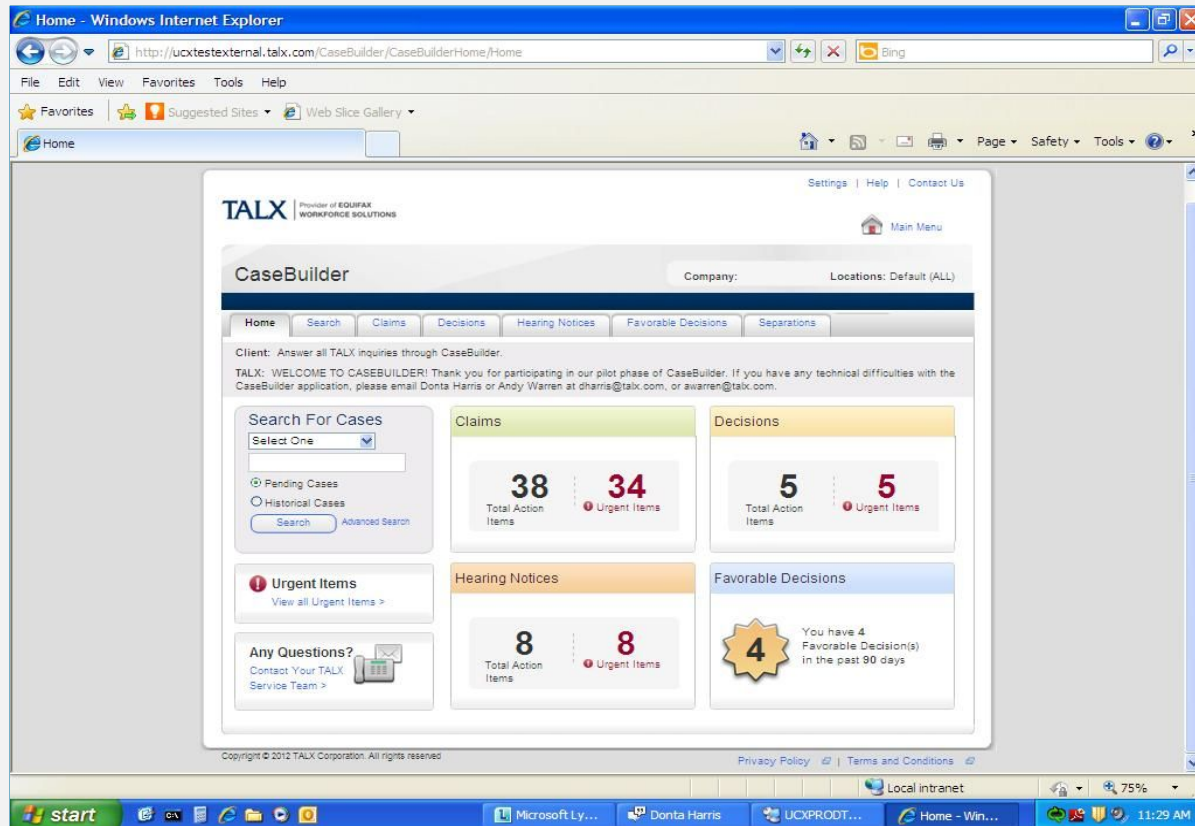
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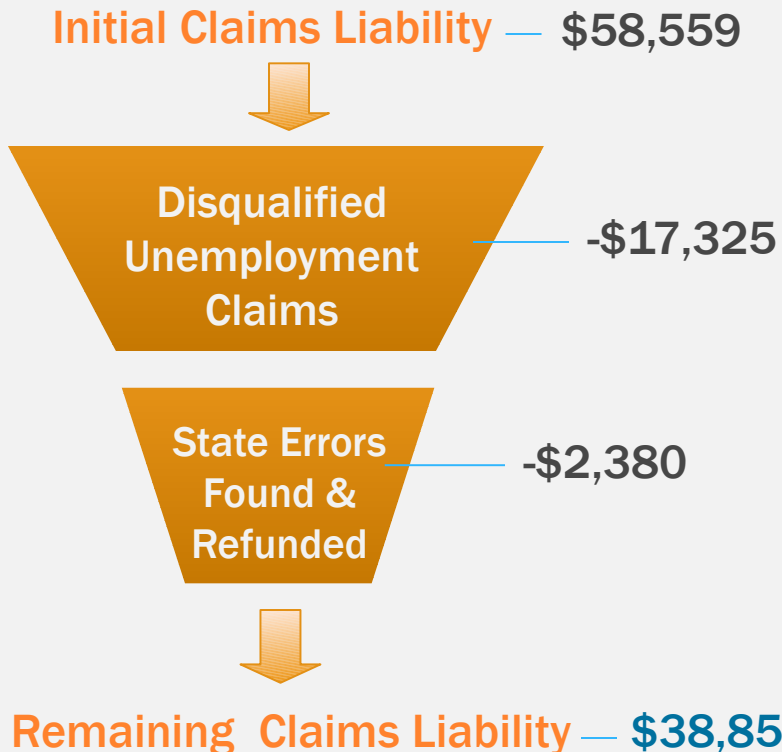
You Can View Claims Activity

A simplified online claims dashboard helps you stay on top of claims, minimizing the liability of UI Integrity penalties



Working with UST Preserves Assets

- Conservative investment helps offset admin costs
- Your trust account = Asset you own



You can also receive refunds if you keep claims low over time



You Have Protection

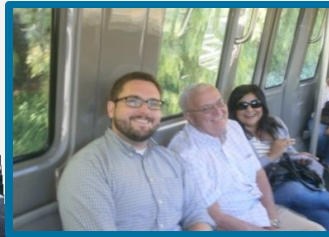
- UST protects your cash flow when claims exceed your account balance (*Be careful though! Not all programs will allow you to exceed it*)
- Stop-loss protection provides extra security



Going it alone can be
“ruff.” Don’t worry -
I’ve got your back!

Here's Where We Tell You About Us

- Lowest administrative costs
- Largest unemployment trust in the nation
- Founded in 1983 by a group of nonprofits
- Work with 80+ Associations to educate NPOs
- 93% of members would recommend another agency



Benchmark Your UI Costs for Maximum Savings



**Benchmarking your unemployment costs is easy.
Simply ask yourself:**

- How many part-time & full-time employees do I have?
- How often do former employees collect benefits?
- Is there any planned staff growth or reduction?
- Where are we on the state tax rate scale?
- Would we benefit from having dedicated support for claims to reduce HR burden?

Need Help Benchmarking UI

UST offers complimentary Savings Evaluations to agencies with 10+ employees.

Request one today at www.ChooseUST.org.

State Deadline: November 30

Start lowering your claims immediately with a Free Preview of claims services when you enroll with UST now.



Questions?



**Type your questions in the chat box
or contact us at:**

info@ChooseUST.org

888-249-4788

Facebook.com/ChooseUST | Twitter.com/USTtrust | LinkedIn.com/ChooseUST