

Stop Your Dollars from Disappearing into Unemployment Taxes



Nonprofit Coordinating Committee of New York
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Overview

- Why state unemployment tax rates are rising for employers like you
- Cost savings options awarded to nonprofits
- How to minimize your unemployment costs by turning a tax into an asset



The Facts



- Unemployment was at highest point since the 1980s
- Benefits are lasting longer
- States have borrowed more than \$40 billion to pay unemployment benefits – soon with interest
- Nonprofits are feeling the effects

Managing Unemployment Costs

- Explore cost saving alternatives to the state UI system
- Utilize unemployment claims management to reduce costs and staff time
- Protect your assets
 - ✓ Create a reserve for unplanned layoffs



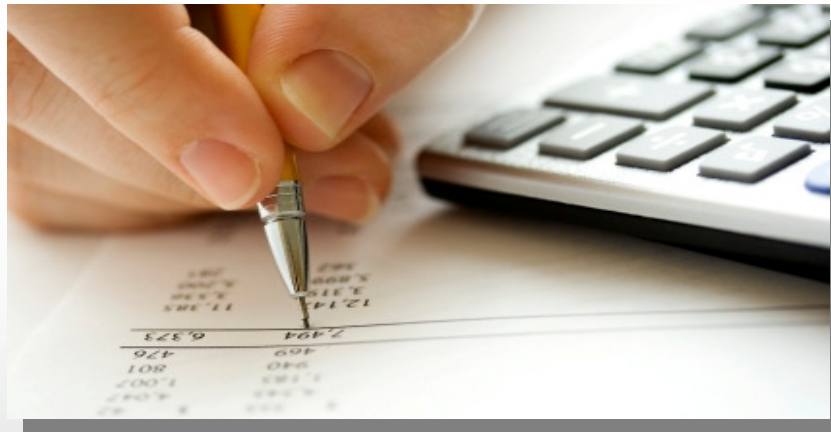
What is the UI Tax System?



- 1935 – Created as part of FDR’s Public Works Program
- 1972 – Most nonprofits now required to pay unemployment benefits
- Nonprofits can pay through state tax system or by becoming reimbursing employers

Options for Nonprofits

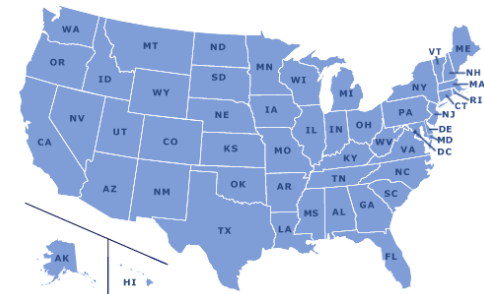
- Pay state UI taxes
- Self-Reimburse
- Unemployment Trust



Paying State UI Tax

- Benefits:

- ✓ State always pays all claims
- ✓ Best for small agencies



- Challenges:

- ✗ Tax rates and taxable wage bases rising
- ✗ 16% average rate hike for 2011 in U.S.
- ✗ You're helping to subsidize high claims employers

2011 NY UI Rates

- Minimum Rate 1.50% **1.425% (2008)**
- Maximum Rate 9.90% **9.825% (2008)**
- Taxable Wage Base \$8,500
- Max. Weekly Benefit \$405+25*
*Paid by the Feds
- Maximum Benefit in 26 weeks x \$405=\$10,530

Self Reimburse

- Benefit:
 - ✓ Only pay for actual claims
- Risks/Challenges
 - ✓ Unexpected claims
 - ✓ Budget planning
 - ✓ Managing and protesting claims can be time consuming
 - ✓ Costly professional assistance



Joining a Trust

- Benefits:
 - ✓ Works with you to determine the best option for your agency
 - ✓ Reduce your UI costs by 25% or more
 - ✓ Own your account balance
 - ✓ An asset instead of tax
 - ✓ Expert claims monitoring
 - ✓ 4 equal payments allow for budget allocation
 - ✓ Refunds for favorable claims history

What is UST?



- Nonprofit alliance of 501(c)(3) agencies
- Opt out of state system
- UST helps you save through lower rates and expert claims services
- Annual rate based on actual claims experience over time
- More than 65 Sponsors endorse UST

How UST Works

- Deposits are used:
 - ✓ To reimburse the state for claims
 - ✓ For stop-loss reserve protection
 - ✓ Bond premiums
 - ✓ For operating expenses
 - ✓ To establish a reserve for future claims
- Trust assets are fully invested:
 - ✓ Investment income offsets expenses and adds to reserves

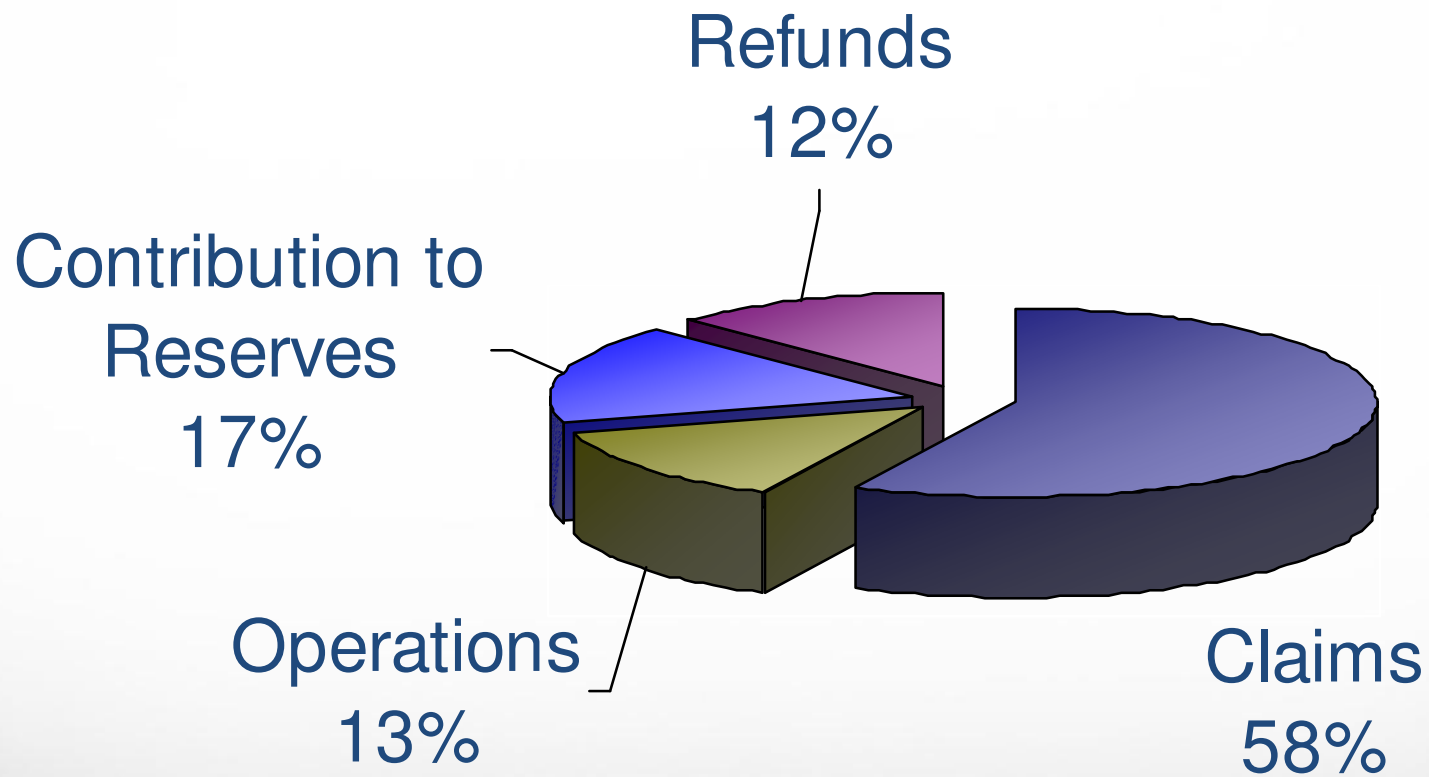


Savings

- Year 1: 25% off your current state rate
- Year 2: 25% off your current state rate
- Year 3+: Actuarial rate based on claim experience, size, and overall trust performance



Allocation of Deposits



Claims Monitor

- Audits of claims
- Protests and appeals
- Online training for supervisors
- Dedicated Representative
- Telephone consultation
- Online access to your account and reports

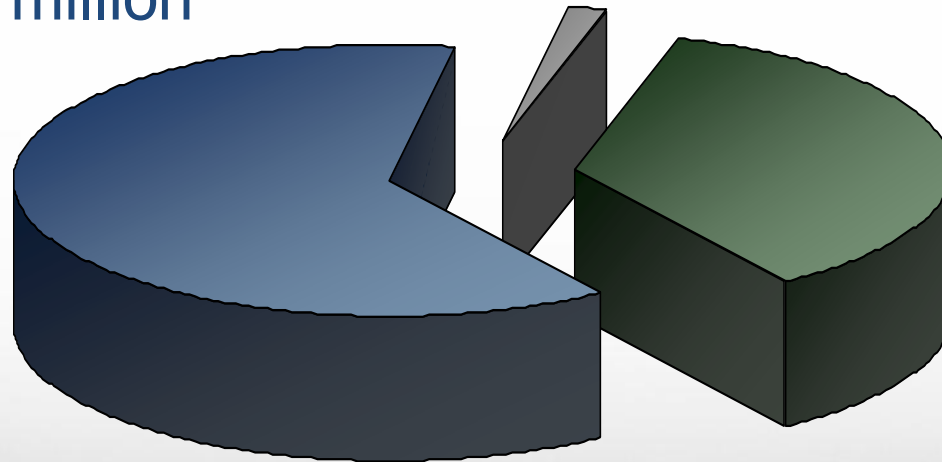
TALX
Employer Services

2010 Claims Activity & Savings

\$38.5M Saved

Credits found in audits:
\$1.9 million

Paid Claims:
\$71.6 million



Liability
Removed:
\$36.3 million

Trust Investments

Total Assets: \$116M



70% Fixed Income

30% Stocks

Balanced portfolio
divided among
Investment Managers

Strength



- \$116 million in assets
- Experienced trustees
- Nationwide strategic partner representation
- 2,000+ member agencies representing 200,000 FTEs
- Singular focus on reducing unemployment cost for 501(c)(3) organizations

Savings

- Guaranteed first 2 years
- Long term rate/claim savings
- Agency ownership
- Refunds
- Investment earnings offset expenses and increase agency account values
- Consistent proven long-term savings history



Is UST Right for You?

Factors to consider:

- 10+ FTEs
- Unemployment claims history
- Your current position on the state tax rate scale
- Any planned staff growth/reductions
- Whether currently a reimbursing employer



Want to Learn More?

- Request a Savings Evaluation
- Call 888-249-4668
- E-mail: info@ChooseUST.org
- Marcia Brown – NPCCCNY
mbrown@npccny.org

(212) 502-4191

- www.ChooseUST.org
- Deadline to opt out of state – Dec 31st

