



# Department of Workforce Services

DWS Employment Advisory Council Oct. 15, 2009

## Unemployment Compensation Social Security Offset

### Utah's History with Social Security Offset

- When a person receives Social Security retirement benefits these benefits are counted against (offset) that person's unemployment insurance (UI) benefit amount. This is referred to as the Social Security Offset.
- HB 8, enacted in the 2004 General Session, provided that only 50 percent of a person's Social Security retirement benefit would be used to offset the UI benefit amount. HB 8 had a 3-year sunset provision
- The 3-year sunset provision was extended another four years by HB 18 of the 2006 General Session. HB 18 also codified that all benefit costs attributable to this provision will be charged to federal Reed Act Funds.
- In May 2006 DWS was notified by the U.S. Department of Labor that all benefit costs must be charged back to the employer, not to federal Reed Act Funds. Senate Bill 11 of the 2007 General Session made this correction.
- HB 8 will sunset in 2010 if no legislation is enacted in the 2010 General Session; UI claims effective after June 27, 2010 will be offset or reduced by 100 percent of the claimants Social Security Retirement benefits.
- Net Impact on Claimants, Employers, and Benefit Costs with current 50% Offset:
  - FY 2006: 539 Claimants, 553 Employers, \$291, 337
  - FY 2007: 511 Claimants, 606 Employers, \$340,395
  - FY 2008: 652 Claimants, 789 Employers, \$531,404
  - FY 2009: 1,124 Claimants, 1,178 Employers, \$1,623,167
- Net Impact on Claimants, Employers, and Benefit Costs with a 0% Offset:
  - FY 2006: 539 Claimants, 553 Employers, \$609,248
  - FY 2007: 511 Claimants, 606 Employers, \$733,948
  - FY 2008: 652 Claimants, 789 Employers, \$1,134,362
  - FY 2009: 1,124 Claimants, 1,178 Employers, \$4,223,121

### Social Security Offset Nationally

- Puerto Rico and the Virgin Islands have a 100 percent offset
- Seven states have a 50 percent social security offset. However, two of these states have no reduction provided their UI Trust Fund balance is adequate. One state has no reduction if base period wages were earned while the claimant was already qualified to receive social security retirement benefits.
- 43 states currently have no social security offset provision