



Employer ADVISOR

FALL 2024



DID YOU KNOW?

UNEMPLOYMENT INSURANCE (UI) is a program designed to provide temporary income to workers who lost their jobs through no fault of their own — such as a layoff, plant closure or lack of available work. Benefits are not available to all workers. For example, workers who were fired from their job for just cause cannot receive UI benefits.

Utah's UI program is funded through taxes paid by employers. As 2024 winds down your Unemployment Insurance team begins the process of calculating unemployment insurance tax rates for 2025.

WHEN WILL I FIND OUT MY UNEMPLOYMENT INSURANCE TAX RATE FOR 2025?

The UI team typically receives the final piece of necessary data from the Federal Bureau of Labor Statistics by the second week of November. Once received, then the rate calculations are finished and the 2025 rate notices are sent out before the end of November.

WHAT ABOUT NEW EMPLOYERS?

New employers in Utah have not yet earned a rate and are instead assigned a rate based on the two-year average benefit ratio of all Utah employers in their respective industry. An “earned” rate based upon their payroll and benefit experience is assigned January 1 of the year following their first full fiscal year (July 1 through June 30) of reporting.

WHAT ABOUT EXPERIENCED EMPLOYERS?

Experienced employers earn a rate based on the experience accumulated over previous years of coverage in the Unemployment Insurance program. Utah's law calls for a “benefit ratio” to be determined for each employer. This means that unemployment benefits paid to your former employees will be used as the primary factor in calculating your contribution rate. These payments are known as benefit costs.

Benefit costs for your former employees will be charged to you in the same proportion as the wages paid by you in the claimant's base period year when compared to the total wages of all employers. For example, if 50% of your

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former employee's earnings during the base period year were paid by you, then 50% of the unemployment benefits paid to your former employee would be charged to your account.

When an individual files a claim for unemployment benefits all base period employers are notified that a claim has been filed via Form 606, "Employer Notice of Claim Filed."

Employers are also informed of the potential benefit costs that may be charged to them. Any protest of a claimant's eligibility for benefits or request for relief of benefit cost charges must be made at this time. Relief will not be granted if you do not protest when first notified by Form 606.

As benefits are actually paid, you will receive a quarterly, Form 66, "Statement of Employment Benefit Costs." (This information can also be found on our web site under "Display Benefit Costs.") Your benefit costs for a minimum of one year and up to the last four fiscal years (July 1 through June 30), will be used in the computation of your contribution rate for the following calendar year.



HOW IS MY UNEMPLOYMENT INSURANCE RATE CALCULATED?

Your overall unemployment insurance tax rate will be determined for each year by the following four factors:

1. **Benefit ratio (basic tax rate):** This rate is determined by dividing total benefits paid to your former employees by the total taxable wages reported to DWS by you during the same period of time. The last four completed fiscal years will be used in determining the contribution (tax) rate. New employers are assigned a basic contribution rate equivalent to the two-year average benefit cost ratio of their major industry, but not less than 1%.
2. **Reserve factor:** This is an adjustment to the basic contribution rate (an increase or decrease) which is necessary to maintain an adequate reserve in the Utah Unemployment Compensation Fund.
3. **Social tax rate:** This rate is determined from the benefit costs which cannot be allocated to any particular employer. This rate is added to the contribution rate for all employers. Examples of benefit costs which are considered to be social costs include:
 - Benefit costs of employers who have gone out of business without having successors.
 - The state's share (50%) of benefit costs which result from the payment of federal extended benefits paid during periods of high unemployment.
 - An employer's benefit costs which exceed the maximum contribution (tax) rate plus the social costs.
 - Benefit costs from which employers have been granted relief.
 - Uncollectible benefit overpayments.
4. **Rate surcharge for delinquent payments:** The Utah Employment Security Act provides for a surcharge of 1% of taxable wages in addition to the overall contribution rate for employers who have not paid all contributions for the fiscal year (July 1 through June 30) prior to January 1.

The surcharge will be removed in the quarter in which all delinquent contributions for the prior fiscal year (July 1 through June 30) have been paid.

Overall Contribution Rate Calculation



Benefit Costs Total Taxable Wages	x	Reserve Factor	+	Social Tax	=	Overall Contribution Rate
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