

# WE ARE YOUR DOL



Department  
of Labor

Unemployment Insurance Division  
Liability and Determination Section  
Harriman State Office Campus  
Albany, NY 12226  
(888) 899-8810  
[www.labor.ny.gov](http://www.labor.ny.gov)

## Benefit Reimbursement

The Benefit Reimbursement option allows employers to reimburse the Unemployment Insurance (UI) Fund for benefits paid to their former employees instead of paying on a contribution basis. The following types of employers may choose this option:

- Governmental entities
- Nonprofit organizations that have an exemption under Section 501 (c)(3) of the Internal Revenue Code **and** are organized and run for any of the following purposes:
  - Religious
  - Charitable
  - Scientific
  - Literary
  - Educational

Indian Tribes can also choose to elect the benefit reimbursement option. For more information, see our publication Unemployment Insurance Coverage for Indian Tribes (IA 318 IT) on our website at [www.labor.ny.gov](http://www.labor.ny.gov). You can download this publication.

### Election of Benefit Reimbursement Option

If you are a newly liable nonprofit organization or governmental entity, you may request benefit reimbursement on registration forms NYS 100N or NYS 100G. Another option is to submit the request within 30 days after the end of the quarter in which your UI liability begins. If you are a previously liable nonprofit organization or governmental entity, you may choose the reimbursement option by submitting a written request to the Unemployment Insurance Division. You must do this by December 31st of the year before you want it to take effect.

If you are a nonprofit organization, your request must include a copy of your exemption under Section 501(c)(3) of the Internal Revenue Code. We will inform you, in writing, when your request is either approved or denied.

### Charging of Benefits

We charge benefit reimbursement employers using the same general formula applied to employers who pay UI contributions.

If you choose the benefit reimbursement option, we send you a Notice of Benefit Reimbursement Charges. This notice will list charges made to your account for benefits paid to former employees. We urge you to review these charges and tell us if you believe benefits have been either improperly paid or charged to your account.

## Obligations

Employers who choose the benefit reimbursement option must reimburse the UI Trust Fund on a dollar for dollar basis for all benefits paid to their former employees and charged to their accounts. This applies to benefit payments that we calculate based on remuneration paid to employees on or after the date the option became effective.

If you choose the benefit reimbursement option, we will bill you at the end of each calendar quarter for the amount due. This quarterly bill is for the total amount of benefits charged to your account in that quarter.

Payment is due by **the last day of the month after the close of the calendar quarter or 15 days after the billing date**, whichever date is later.

If you do not pay on time, we charge interest at the rate of 12% per year. We may cancel the reimbursement option if you do not pay within 30 days after the notification by the Commissioner of Labor.

You must file a Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return (NYS-45). If applicable, you must also file Quarterly Combined Withholding, Wage Reporting and Unemployment Insurance Return- Attachment (NYS-45ATT).

Complete Part A, line 1, Part B if applicable, Part C (or NYS-45ATT) and sign the signature line. You must complete the form as instructed, even though you don't owe any contributions and may not owe a benefit reimbursement payment at that time.

## Sharing Benefit Reimbursement Costs

Nonprofit organizations or governmental entities can choose the benefit reimbursement option as a group to share the cost of benefits paid to former employees. The members of the group shall be "severally and jointly" liable for reimbursement. Write to the Liability and Determination Section at the address above if you want to set up such a plan.

## Ending the Benefit Reimbursement Option

You can end the benefit reimbursement option on the first day of any calendar year by filing a written notice with the Liability and Determination Section. You must do this before the start of that year. You are then liable for contributions. You remain liable for any benefits paid based on remuneration paid to employees up to the date of termination of the benefit reimbursement option.

The Commissioner may cancel the benefit reimbursement option if you fail to make any of your required payments. You remain liable for any benefits paid based on remuneration paid to employees up to the date of cancellation.

## Benefit Reimbursement versus Contribution Option

To decide which option to use, you must compare the costs of the two options.

### Contributions Option

The UI wage base is the portion of remuneration paid to each employee during the calendar year that is subject to contributions. On January 1, 2014, several provisions of the recent UI reform legislation went into effect. These provisions affect the UI wage base. The UI wage base will adjust January 1 of each year as follows:

- Year 2013 and prior \$ 8,500
- Year 2014 \$10,300
- Year 2015 \$10,500
- Year 2016 \$10,700
- Year 2017 \$10,900
- Year 2018 \$11,100
- Year 2019 \$11,400
- Year 2020 \$11,600
- Year 2021 \$11,800
- Year 2022 \$12,000
- Year 2023 \$12,300
- Year 2024 \$12,500
- Year 2025 \$12,800
- Year 2026 \$13,000

After 2026, the wage base will be adjusted on January 1 of each year to 16% of the state's average annual wage, rounded up to the nearest \$100. The state's average annual wage is established no later than May 31 of each year. The average annual wage cannot be reduced from the prior year's level.

Contributions due from those employers electing the contribution option equal the employer's annual total UI rate multiplied by the UI wage base for each employee. The total UI rate is made up of the normal rate and, under certain circumstances, a subsidiary rate (both reflect the employer's experience in the unemployment insurance system) plus a Re-employment Service Fund rate of 0.075%.

Newly liable employers are assigned a UI rate of 4.1% (the sum of a 3.4% normal rate, a 0.625% subsidiary rate and a 0.075% Re-employment Service Fund rate). When an employer qualifies for a normal UI rate based on experience, the total rate ranges from 2.1% to 9.9%.

An account is set up for each employer's UI contributions as a bookkeeping method to measure the employer's account balance. This is used in calculating the normal rate and the subsidiary rate. The account balance is the sum of all UI contributions credited to the employer account minus all benefits paid to former employees and charged to the account. It does not represent a cash amount available to the employer, nor can it be used to offset benefit payments if an employer changes from the contribution option to the benefit reimbursement option. If an employer changes to the benefit reimbursement option, any account balance in the contribution account is retained to be used if the employer returns to the contribution option.

### Benefit Reimbursement Option

Employers electing the benefit reimbursement option must reimburse the UI Trust Fund, dollar-for-dollar, for benefits paid to their former employees and charged to their accounts. The weekly benefit rate equals 1/26 of a claimant's highest quarter earnings in all covered employment during the base period used to establish the claim unless the claimant's highest quarter earnings are \$3,575 or less. Then, the weekly benefit rate will be 1/25 of these earnings. The base period is the first four of the last five completed calendar quarters prior to when a claim is filed.

Beginning January 1, 2014, if the claimant has earnings in all 4 base period (or alternative base period) quarters, the benefit rate will continue to be calculated in the same way. However, if the claimant has earnings in only 2 or 3 base period (or alternative base period) quarters, the benefit rate will be calculated as follows:

- If high quarter is > \$4,000, benefit rate is 1/26 of the average of the two highest quarters
- If high quarter is > \$3,575 and <= \$4,000, benefit rate is 1/26 of the high quarter (with a minimum weekly benefit rate of \$143)
- If high quarter <= \$3,575, benefit rate is 1/25 of the high quarter

Also, beginning October 6, 2014, the minimum weekly benefit rate increased from \$68 to \$100. Currently the minimum benefit rate is \$108. The maximum weekly benefit rate will increase annually, the first Monday of October in each year as shown below:

- 2019 36% of the average weekly wage
- 2020 38% of the average weekly wage
- 2021 40% of the average weekly wage
- 2022 42% of the average weekly wage
- 2023 44% of the average weekly wage
- 2024 46% of the average weekly wage
- 2025 48% of the average weekly wage
- 2026 and each year thereafter, 50% of the average weekly wage, but in no event, will the maximum benefit amount be reduced from the previous year

For further information about charges to employer accounts, request pamphlet IA 318.2, Unemployment Insurance Benefits – An Employer’s Guide. Currently, a claimant is entitled to up to 26 full weeks of benefit payments, of which the first seven are chargeable to the employer who last employed the claimant prior to the filing of the claim. The remaining nineteen are prorated, based on remuneration paid, among all the claimant’s base period employers. An additional 13 weeks of Extended Benefits may be payable during periods of high unemployment. Only one-half of each Extended Benefit payment is charged to the employer’s account (except that governmental entities are charged the entire amount).

## **Other Factors to Consider**

Other factors that must be considered include:

- The potential number of employees who can be expected to qualify for UI benefits using their employment with the employer
- The length of time these workers are likely to be out of work before finding other employment
- The weekly benefit rates of these employees (This depends on their quarterly earnings in all covered employment during the base period used to establish their claims.)
- Benefits are charged to the employer’s account that was active at the time the wages were earned

Direct any questions about this program to the address and telephone number supplied in the letterhead of this form.