

Unemployment Compensation Tax Increases

Brought to you by www.CompCoverage.com.

We have programs that can save your company from the new higher state unemployment taxes.
Call Bryan Causey at (800) 316-7586 for details now!

Florida employers will face significant increases in their unemployment compensation taxes at a time when they can least afford it. The new unemployment compensation tax rates have been calculated by the Department of Revenue and will become effective January 1, 2010.

Florida's unemployment compensation tax rates range from 1.18 percent up to 5.4 percent, based on an employer's history of unemployment claims and state trust funds financial status. Florida employers are also required to pay unemployment compensation taxes to the federal government. Federal unemployment tax is 6.2 percent on employee's annual wages with a 5.4 percent tax credit if the state program meets federal requirements and does not have any outstanding federal loans. Currently, Florida employers pay 0.8 percent in federal unemployment taxes.

The rate that an employer pays in state unemployment compensation taxes is specific to the business and is based on a formula that also considers an employer's three year experience. In 2009, employers at the minimum rate paid **\$8.40 per employee**. This will increase to **\$100.30 per employee starting January 1, 2010**. The new rate will bring in \$2.5 billion in unemployment compensation taxes for FY 10-11 and represents a \$759 million tax increase on Florida employers. For example, a 50 employee business with the minimum experience rating paid **\$420** in state unemployment compensation taxes in 2009 and will now have to pay **\$5015 in 2010, representing a 1094 percent increase** in their unemployment compensation taxes.

Florida's Unemployment Compensation Trust Fund uses automatic triggers to increase or decrease an employer's unemployment compensation taxes based on the trust fund's balance. When it reaches a low of 4 percent of taxable payrolls it automatically triggers a tax increase and when it reaches 5 percent of taxable payrolls it automatically triggers a tax decrease on



**Bryan Causey is a
licensed Property
and Casualty
Agent.**

Bryan also has over six years of experience in
Employee Leasing and PEO programs.

**Bryan and his team are looking
forward to discussing your insurance
and business needs today.**

**Call Bryan now at
(800) 316-7586**

Florida employers. When a states' unemployment compensation trust fund runs out of money it borrows from the federal government to pay benefits.

Florida's October 2009 unemployment rate is 11.2 percent statewide. This is the highest level of unemployment in 34 years and with this significant increase in unemployment also comes a corresponding increase in unemployment compensation benefits paid from the trust fund, lowering the trust fund balance below 4% of the total taxable payroll and triggering an automatic tax increase.

On August 24, 2009 the trust fund balance was exhausted and Florida began borrowing from the federal government to pay benefits. Florida is currently borrowing roughly \$300 million a month from the federal government and has an outstanding advance balance totaling \$737,700,000.

In addition to this staggering state tax increase, it is estimated that by January 1, 2012, to the extent we have federal loans that have not been repaid, the federal tax will also increase on Florida employers by 0.3 percent each year until those outstanding federal loans are repaid.

(800) 316-7586

Call me now for more information!

Bryan