



Slash Your Unemployment Taxes by 50%

Nonprofit Status Can Translate to Savings

Many for-profit companies experience higher turnover than nonprofits and have a greater number of unemployment claims filed against them. Yet, nonprofits pay just as much into the unemployment tax system as their for-profit counterparts.

If you're tired of subsidizing companies with poor hiring practices, there is another option. Federal law allows nonprofits to fund their own unemployment insurance, rather than participate in the state system.

The Unemployment Services Trust (UST), a CAN Insurance Services member benefit, is an unemployment tax savings program for 501(c)(3) organizations. To date, more than 670 California nonprofits and 2,100 organizations representing 180,000 employees nationwide participate in UST. Membership in the trust can dramatically reduce your tax burden, leaving you with extra money to fund valuable programs.

As a UST member, you can protect your organization against ineligible unemployment claims and lower your unemployment taxes. You are guaranteed a 50 percent reduction in your company's unemployment taxes during your first two years of membership. Last year alone, UST saved Minnesota participants more than \$23 million.

All 501(c)(3) organizations with sound hiring and employment practices are invited to join the UST. Joining is more important than ever this year, as long-term joblessness and stagnant wage growth in the for-profit and nonprofit sectors over the past three years has resulted in the exhaustion of state Unemployment Insurance (UI) funds.

Today's economic environment makes UST an even better option for most nonprofit employers. The unemployment fund in California is insolvent and is currently borrowing funds from the federal government—money that will have to be paid back with interest. In 2004, the average tax-rated employer in California experienced a 67% UI tax increase. In addition, the state imposed a 15% Emergency Solvency Surcharge. In contrast, participants in UST own their own unemployment account balance and therefore never pay surcharges or assessment fees charged by the state.

To learn more about UST and obtain a rate quote, call Bill Downey, (888) 249-4788, or visit www.chooseUST.org. In California, you may enroll anytime in order to become effective the first day of the quarter in which you elect to opt-out of the state UI system. ■