

## 2010 and 2011 Unemployment Rates

*November 23, 2010*

To fund continued high unemployment and benefit claims, unemployment taxes are on the rise. This FlashPoint covers:

1. Three states - Indiana, Michigan and South Carolina - that recently announced federal unemployment rate increases *retroactive* to January 1, 2010.
2. States that expect higher federal unemployment rates starting January 1, 2011.
3. States have begun to mail state unemployment rates for 2011. It is important that you report these rates to WorkLife HR® as soon as you receive them.

### 1. Federal Unemployment Tax Increase Effective January 1, 2010

Earlier this month, three states announced that they are retroactively increasing their Federal Unemployment Rate by .3%. The increase is due to high unemployment and benefit claims. **The increases are effective back to January 1, 2010.**

- Indiana – From .8% to 1.1%
- Michigan – From 1.1% to 1.4%
- South Carolina – From .8% to 1.1%

**What this means to you:** Employers with employees in the states of Indiana, Michigan and South Carolina will have to pay up to an additional \$21 (\$7,000 limit X .3%) in unemployment tax for each employee. The additional tax must be paid with your fourth quarter 2010 payment. As a result, you will be notified within the next few weeks of the additional taxes you owe for payrolls going back to January 1, 2010.

*WorkLife HR began collecting the higher unemployment tax rate for only Michigan at the start of 2010, knowing it was likely to rise, and thus, many clients should not have additional Michigan tax due at this time.*

### 2. Federal Unemployment Tax Increase Effective January 1, 2011

Several states are expected to increase their federal unemployment rate by .3% in 2011.

**What this means to you:** Beginning January 1, 2011, we will be increasing the federal unemployment rate by .3% for the following states:

Alabama	Georgia	Michigan	New York	South Carolina
Arkansas	Idaho	Minnesota	North Carolina	South Dakota
California	Illinois	Missouri	Ohio	Texas
Connecticut	Indiana	Nevada	Pennsylvania	Virginia
Florida	Kentucky	New Jersey	Rhode Island	Wisconsin

### 3. State Unemployment Rates for 2011

States have begun notifying employers of their 2011 state unemployment tax rates, which will be effective January 1, 2011. **All** ASO clients and **many** of our PEO clients will receive rate notices in the coming weeks. PEO clients receive these notices because several states require each employer to have a unique account number.

**What you need to do:** It is *very* important that you report these rates to us as soon as you receive the state notice so the rates can be effective with your first payroll in 2011. This will avoid the need to collect differences later in the year. You can email the rates (with read receipt requested) to: [sutarate@worklifehr.com](mailto:sutarate@worklifehr.com). (Include the rate or attach the rate notice in your email).

If you do not have access to email, you may send a copy of your notice via Certified U.S. Mail (with return receipt requested) to:

WorkLife HR  
Attention: Tax Department  
700 Tower Dr. Suite 220  
Troy, MI 48098

If you have any questions, please feel free to contact our Tax Department. Thank you for your cooperation, and we appreciate your business.