Test Your Knowledge: How to Minimize UI Taxes

1. **True or false?** Employers are not impacted by improper payment of UI benefits to former employees.
   False. Improper payment of benefits is a serious problem that has a direct financial impact on employers.

2. **True or false?** Employers can help reduce improper UI benefit payments, which generated $6.86 billion in overpayments during Fiscal Year 2010.
   True. Employers can take an active role in reducing improper UI benefit payments by providing important information to the state UI agency. Employers are required to:
   1. Report all new hires / re-hires to the State Directory of New Hires.
   2. Respond to requests for verification of employee earnings.
   3. Provide timely (by the due date) and accurate employee separation information.

3. **True or false?** Employers could experience higher costs for not providing employee information as required by law.
   True. Consequences for inaccurate, delinquent, or delayed reporting of information may include payment of benefits to an unqualified claimant that could result in higher taxes, and/or time off from work to attend an appeal hearing (in person or by phone) if benefits are contested.

4. **True or false?** Inaccurate, delinquent, or delayed reporting of information directly impacts your bottom line.
   True. Employers are taxed based on the amount of UI benefits paid to former employees. Benefits are paid, or not paid, based on information provided by unemployed individuals seeking benefits and information provided by the employer. If information from employers is not received in a timely manner, benefits may be paid to unqualified individuals.

5. **True or false?** Employer verification of earnings is needed to calculate the amount of UI benefits payable for a specific week.
   True. Accurate and timely verification of employee weekly earnings, when requested, ensures that the correct amount of UI benefits is paid.

6. **True or false?** Only the separation information and weekly earnings information provided by the UI claimant is used to determine eligibility for benefits.
   False. Separation information provided by an employer is used to verify the claimants' reason for being unemployed. Accurate and timely reporting of separation information by the employer ensures that a claimant does not receive UI benefits for which he/she is not qualified.

7. **True or false?** It is against the law for an employer to provide false or inaccurate employee information to the state UI agency. Failure to respond to a request for employee information is also against the law.
   True. Inaccurate, incomplete, delinquent, or failure to report employee information is against the law and could have serious consequences for the employer. These consequences could include: incorrect charges for improper payments of benefits to former employees; increases in UI taxes; and fines or penalties.

8. **True or false?** Reporting new hires / re-hires to the State Directory of New Hires, verifying employee earnings, and providing separation information to the state UI agency is voluntary.
   False. Reporting employee information is required by state and federal law.

9. **True or false?** Reporting to the Directory of New Hires is only required by employers at the state level.
   True. Employers must report new hires to the State Directory of New Hires. The state UI agency reports information to the National Directory of New Hires.

10. **True or false?** A UI claimant pays into the UI system from his/her paycheck and is entitled to these benefits.
    False. Employers, not employees, pay taxes to fund UI benefits.

11. **True or false?** Federal UI law states that individuals must be separated from employment through no fault of their own to be eligible for UI benefits.
    True. It is important for an employer to provide their accounting of the reason for separation of the former employee when it is requested by the UI agency.