

UNEMPLOYMENT INSURANCE SERVICES

Michigan's unemployment insurance (UI) system is among the most experience-rated in the nation. This means that employers with few layoffs pay very low unemployment tax rates while those with large or seasonal layoffs pay higher rates. Those with no benefit payouts over five (5) years or more will receive reductions in the tax rate.

The unemployment tax rate for new employers is 2.7% (based on the first \$9,000 of each employee's wages) for the first two years. The rates in the third and fourth years of liability are partly based on the employer's own history of benefit charges and taxable payroll. Beginning in the fifth year of liability, the tax rate is made up of three (3) components that are computed separately and then added together to figure the yearly tax rate. The lowest possible rate is .06%. The maximum weekly benefit amount is \$362.

The federal government also levies a federal unemployment insurance tax of 0.8% on the first \$7,000 of wages, known as FUTA, with the exception of governmental entities and nonprofit organizations.

HELP PROVIDE GUIDANCE ON UI

The Michigan Business Ombudsman Office can help provide guidance to employers on disputing invalid claims, getting the right information regarding an employer's UI tax rate and how it is calculated.

For more information, employers can contact the Michigan Business Ombudsman Office at 877.766.1779. Also, the Unemployment Insurance Agency (UIA) has a helpful Web site at www.michigan.gov/uia or call the Employer Customer hotline at 800.638.3994. To access an order form for a copy of the Employers UIA Handbook, click this link: http://www.michigan.gov/documents/uia_emphndbkorder_76079_7.pdf.