



Alaska Employer Unemployment Insurance



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2012 UI CONTRIBUTION RATES AND WAGE BASE

The 2012 contribution rate notice will be mailed during the first week of December. The notice will include the new rate and the amount of the 2012 wage base. If you have questions regarding your rate, contact the Employer Account Unit in Juneau at esd_tax@alaska.gov, 888.448.3527 or 907.465.2757.

REDUCE YOUR UI CONTRIBUTION RATE

Alaska Unemployment Insurance contribution rates are based on quarterly wage declines. A decline in quarterly wages exists when the amount of total wages reported in one quarter decreases in the next quarter. The larger the decline in wages, the higher your contribution rate may be.

Several factors that may create artificial quarterly declines include the following:

- Bonus payments
- Bi-weekly payroll systems
- Issuance of lump-sum payments
- Paying a labor dispute settlement
- Changes in your accounting or payroll methods

“Employer Option Forms” will be enclosed with your Annual Rate Notice and may be used to help equalize any quarterly declines caused by these anomalies. Employer Options may help stabilize your payroll from one quarter to the next, thus obtaining a more favorable rate.

Employers have until June 30 each year to submit the form to reduce the previous year’s contribution rate. It’s important to note that submitted Option Forms must include all quarters in the rating period. The applicable quarters can be found on the annual rate notice.

Questions should be directed to the UI Employer Account Unit at 888.448.3527. Employer Option Forms, in addition to a variety of other UI forms, are available online at:

Labor.Alaska.Gov/estax

KEEP IT SIMPLE WITH ONLINE SERVICES

Employment Security Online Services are easy and convenient. Using these services, employers can:

- Register a business or update an account
- File quarterly reports online
- Make payments electronically through EFT
- View your balance and payment history

Check it out at Labor.Alaska.Gov/estax.



HOW YOUR CONTRIBUTION RATE IS CALCULATED

The mission of UI is to keep the Alaska UI Trust Fund solvent in order to pay benefits to eligible claimants. Due to the recent economic recession, states across the nation have been depleting their trust fund accounts to pay for the enormous increase in benefit claims.

Alaska maintains a reserve rate between 3.0 and 3.2 percent. At this level, the fund is able to meet the benefit demands of a severe economic recession while also keeping the system from being over funded.



To maintain solvency, the contribution system must cover the cost of the benefits being paid. The level of employer and employee contributions are based on the Average Benefit Cost Rate, the relationship between benefit costs and the

total payroll of contributory employers. Data for multiple years is used in the calculation of the Benefit Cost Rate, thereby "smoothing out" sudden changes to the system and making the rate somewhat counter-cyclical. Counter-cyclical financing allows the fund to weather an economic slump while resisting sudden changes in contribution rates during a period of high benefit demands thus helping with the stabilization of the economy.