



**Unemployment Insurance Program
Rates for 2014**

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The rate schedule for each calendar year is based on the Unemployment Insurance Trust Fund balance as of October 31, divided by the total wages paid to all employees covered under Unemployment Insurance for the previous state fiscal year. The resulting ratio determines which of the eleven schedules will be in effect for the year. Schedule V, will be in effect for 2014.

Each employer is assigned a contribution rate based on their reserve ratio, which is contributions paid minus benefits charged since October 1, 1981, divided by average annual taxable payroll for the prior three fiscal years ending September 30. All employers are arranged from the highest positive reserve ratio to the highest negative reserve ratio. The highest positive reserve ratio is assigned the lowest contribution rate. The rate class that the reserve ratio falls into determines individual rates.

The 2014 Reserve Ratios assigned to each rate class are listed below. In addition to the contribution rate, an Administrative Fund Tax (AFT) of 0.18% is assigned to each employer. The total rate is the contribution rate plus the AFT rate.

Eligible Employers

Positive Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
0.151645 to 999.999999	Eligible 1	0.42%	+0.18%	= 0.60%
0.138309 to 0.151644	Eligible 2	0.62	+0.18	= 0.80
0.133350 to 0.138308	Eligible 3	0.82	+0.18	= 1.00
0.129211 to 0.133349	Eligible 4	1.02	+0.18	= 1.20
0.126124 to 0.129210	Eligible 5	1.22	+0.18	= 1.40
0.119262 to 0.126123	Eligible 6	1.42	+0.18	= 1.60
0.110690 to 0.119261	Eligible 7	1.62	+0.18	= 1.80
0.093785 to 0.110689	Eligible 8	1.82	+0.18	= 2.00
0.065507 to 0.093784	Eligible 9	2.02	+0.18	= 2.20
0.000000 to 0.065506	Eligible 10	2.22	+0.18	= 2.40

Deficit Employers

Negative Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
-0.000001 to -0.012896	Deficit 1	3.72%	+0.18%	= 3.90%
-0.012897 to -0.020751	Deficit 2	3.92	+0.18	= 4.10
-0.020752 to -0.045125	Deficit 3	4.12	+0.18	= 4.30
-0.045126 to -0.071157	Deficit 4	4.32	+0.18	= 4.50
-0.071158 to -0.116145	Deficit 5	4.52	+0.18	= 4.70
-0.116146 to -0.168978	Deficit 6	4.72	+0.18	= 4.90
-0.168979 to -0.237927	Deficit 7	4.92	+0.18	= 5.10
-0.237928 to -0.362177	Deficit 8	5.12	+0.18	= 5.30
-0.362178 to -0.692953	Deficit 9	5.32	+0.18	= 5.50
-0.692954 to -999.999999	Deficit 10	6.12	+0.18	= 6.30

2014 Taxable Wage Base is \$29,000

The taxable wage base for 2014 is \$29,000, which is 80% of the 2012 average annual wage in Montana. All experience rated employers have the same taxable wage base.

Frequently Asked Questions

The most commonly asked questions by employers after receiving an Unemployment Insurance Contribution Rate Notice are:

Q: *Why did my tax rate go up?*

There are several reasons why the rate may go up. The most common reasons are:

- An increase in benefit charges to your account will decrease your reserve ratio and cause your rate to increase;
- An increase in your taxable wages from one year to the next may cause your reserve ratio to go down; and a decrease in your reserve ratio will usually cause your rate to increase;
- Converting/changing from a new employer to an experience-rated employer;

The rate may go up as a result of one or a combination of the above.

Q: *How do the 2014 UI rates compare with 2013?*

In 2013 Montana was on rate schedule VI, for 2014 Montana is on rate schedule V. The trust fund balance on October 31, 2013 was nearly \$213 million whereas on the same date last year, it was \$171 million.

Q: *What is a Penalty Rate?*

Employers who have a balance due or have not filed all reports when rates are calculated in December will receive a “**penalty rate**”. A penalty rate is 50% higher than the computed rate. To avoid a penalty rate, an employer must pay all tax, penalty and interest due and file delinquent reports with payment of tax, late file penalties and interest by January 10, 2014.

For more information on 2014 UI rates, go to <http://uid.dli.mt.gov/> and under Employer Tax click on “2014 UI Employer Contribution Rates”.