

Unemployment Insurance Program Rates for 2013

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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 VI, will be in effect for 2013.

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 2013 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
0.140423 to 999.999999	Eligible 1	0.62%	+0.18%	= 0.80%
0.130416 to 0.140422	Eligible 2	0.82	+0.18	= 1.00
0.125428 to 0.130415	Eligible 3	1.02	+0.18	= 1.20
0.121188 to 0.125427	Eligible 4	1.22	+0.18	= 1.40
0.116721 to 0.121187	Eligible 5	1.42	+0.18	= 1.60
0.111051 to 0.116720	Eligible 6	1.62	+0.18	= 1.80
0.101445 to 0.111050	Eligible 7	1.82	+0.18	= 2.00
0.085765 to 0.101444	Eligible 8	2.02	+0.18	= 2.20
0.059352 to 0.085764	Eligible 9	2.22	+0.18	= 2.40
0.000000 to 0.059351	Eligible 10	2.42	+0.18	= 2.60

Deficit Employers

Negative Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
-0.000001 to -0.012472	Deficit 1	3.92%	+0.18%	= 4.10%
-0.012473 to -0.027774	Deficit 2	4.12	+0.18	= 4.30
-0.027775 to -0.042707	Deficit 3	4.32	+0.18	= 4.50
-0.042708 to -0.070646	Deficit 4	4.52	+0.18	= 4.70
-0.070647 to -0.116446	Deficit 5	4.72	+0.18	= 4.90
-0.116447 to -0.162374	Deficit 6	4.92	+0.18	= 5.10
-0.162375 to -0.222355	Deficit 7	5.12	+0.18	= 5.30
-0.222356 to -0.377787	Deficit 8	5.32	+0.18	= 5.50
-0.377788 to -0.636397	Deficit 9	5.52	+0.18	= 5.70
-0.636398 to -999.999999	Deficit 10	6.12	+0.18	= 6.30

2013 Taxable Wage Base is \$27,900

The taxable wage base for 2013 is \$27,900, which is 80% of the 2011 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 2013 UI rates compare with 2012?

In 2012 Montana was on rate schedule VII, for 2013 Montana is on rate schedule VI. The trust fund balance on October 31, 2011 was nearly \$129 million whereas on the same date this 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 11, 2013.

For more information on 2013 UI rates, go to <http://uid.dli.mt.gov/> and under Employer Tax click on “2013 UI Employer Contribution Rates”.