

Unemployment Insurance Program Rates for 2012

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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 VII, will be in effect for 2012.

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 2012 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
0.129961 to 999.999999	Eligible 1	0.82%	+0.18%	= 1.00%
0.120516 to 0.129960	Eligible 2	1.02	+0.18	= 1.20
0.115477 to 0.120515	Eligible 3	1.22	+0.18	= 1.40
0.110015 to 0.115476	Eligible 4	1.42	+0.18	= 1.60
0.104743 to 0.110014	Eligible 5	1.62	+0.18	= 1.80
0.100005 to 0.104742	Eligible 6	1.82	+0.18	= 2.00
0.089365 to 0.100004	Eligible 7	2.02	+0.18	= 2.20
0.073082 to 0.089364	Eligible 8	2.22	+0.18	= 2.40
0.049760 to 0.073081	Eligible 9	2.42	+0.18	= 2.60
0.000000 to 0.049759	Eligible 10	2.62	+0.18	= 2.80

Deficit Employers

Negative Reserve Ratio of:	Rate Class	Contribution Rate	AFT Rate	Total Rate
-0.000001 to -0.007887	Deficit 1	4.12%	+0.18%	= 4.30%
-0.007888 to -0.023180	Deficit 2	4.32	+0.18	= 4.50
-0.023181 to -0.044775	Deficit 3	4.52	+0.18	= 4.70
-0.044776 to -0.068857	Deficit 4	4.72	+0.18	= 4.90
-0.068858 to -0.099636	Deficit 5	4.92	+0.18	= 5.10
-0.099637 to -0.138619	Deficit 6	5.12	+0.18	= 5.30
-0.138620 to -0.204953	Deficit 7	5.32	+0.18	= 5.50
-0.204954 to -0.321848	Deficit 8	5.52	+0.18	= 5.70
-0.321849 to -0.590027	Deficit 9	5.72	+0.18	= 5.90
-0.590028 to -999.999999	Deficit 10	6.12	+0.18	= 6.30

2012 Taxable Wage Base is \$27,000

The taxable wage base for 2012 is \$27,000, which is 80% of the 2010 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 2012 UI rates compare with 2011?

In 2011, Montana was also on rate schedule VII that allowed our trust fund balance to make some moderate gains from the prior year. The trust fund balance on October 31, 2011 was nearly \$129 million whereas on the same date last year, it was \$123 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.

For more information on 2012 UI rates, go to <http://uid.dli.mt.gov/> and under Employer Tax click on “2012 UI Employer Contribution Rates”.