

ENTERTAINMENT PAYROLL IS RUNNING A DISHONEST BUSINESS



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Intro: New Way

INTRODUCTION

Over the Spring and Summer of 2019, I published a series of blogs that asked the question: "Why are we using antiquated software and expensive payroll processing offered by the traditional entertainment Payroll Services in Hollywood?" In three of those blogs, I detail how the payroll services are hiding excessive fees in our fringes, unemployment caps and workers compensation insurance. I also asked the question: "Why are we paying any vendor a percentage of our labor spend to provide a service to our Productions?" This is essentially what we're doing when we use the traditional entertainment payroll processors.

In the 1980s when the payroll services were created, they really did provide technology, efficiency and a new way of processing payroll quickly across multiple states, multiple productions/episodes and multiple unions. 30 years later they are big bloated behemoths that shove antiquated software (that frustrates us every day) down our throats, and bury expensive fees that are hidden from the producers so they can increase their profits without the producers actually knowing that they're taking more money off the screen of their projects.

In the 21st century we should be using technology and software in a way that streamlines our work and delivers higher quality cost reporting. I am suggesting that production accounting should be able to have a handle on the total cost of a project within 24 hours - not the two weeks we currently accept. There is no reason, with real-time cash settlements, online credit card detail and daily payroll processing, that we can't provide more complete cost data to

“ How much is this picture actually going to cost based on what we have spent so far ”

our producers within a day of being asked the question - **" how much is this picture actually going to cost based on what we have spent so far?"**

Paying a flat fee per transaction when processing employee payroll and delivering a cost report will ultimately put more of the money spent in production on the screen and not in the pocket of a third party who is providing very little modern technology and service. We could hire more actors, employ richer production design, hire more crew hours and even have more shooting days if we processed payroll and cost accounting using the average vanilla online services that charge a flat fee.

Dishonest Business



May 6, 2019

“**How do
the payroll
services
make any
money**”

THE ENTERTAINMENT PAYROLL SERVICES ARE RUNNING A DISHONEST BUSINESS

The entertainment payroll services (you know the names in Hollywood) are running a dishonest business by not disclosing the fees they're collecting from State Unemployment Insurance (SUI), workers comp and other sources that are not entirely clear. Over the next three sections, I'm going to layout the details of how their business practices are, at best dishonest and at worst, taking money they don't deserve. And finally, I'll offer some examples of what we should expect if we're going to continue using the industry payroll services and how to extricate ourselves from their dishonest business practices entirely. I'll also provide an [example](#) of one small show where we processed cast and crew payroll without using an industry payroll service and ultimately saved the producer real money.

I saw my first bill from Entertainment Partners when I was a PA working on a show for Universal TV in the early nineties. Looking at the bill, I remember thinking “**How do the payroll services make any money?**”

They were charging a meager 0.8% on gross earnings for all the employees that we processed through DISC Payroll. This small fee also included software and workers compensation insurance while supporting their enormous staff and paying for an office that took up three floors, teeming with hundreds of employees.

When I thought about how they were able to accomplish all that with just 0.8% of service fee on payroll, something just didn't add up. I couldn't figure it out,

“ I noticed that the industry payroll services were marking up, or keeping, the fringes for FICA, FUI, SUI and workers comp ”

until a few years later when I was working on the top rated sit-com Home Improvement and started to see how the studio did their own in-house payroll.

The payroll for Home Improvement was processed in-house by Disney Studios. At the time Disney processed all backlot shows directly so I was able to see what the show actually got charged. Then I pulled out an old invoice from a similar sized project that I had worked on (and had been processed through an entertainment industry payroll service) then compared the two. That's when I started to see how the payroll services were dishonestly ripping us off.

By looking at the invoices that came every week from different studios, different places, and different payroll services over the years, **I noticed that the industry payroll services were marking up, or keeping, the fringes for FICA, FUI, SUI and workers comp.** The payroll services were running a dishonest business that allowed them to unknowingly rip off executives in entertainment and they continue to gouge us even today. Some of the dishonesty ended in 2014 when the US government won a case that charged a payroll service (Cencast Services) with inappropriately keeping FICA and FUI contributions and pocketing them in violation of IRS guidelines (read: Illegally).

The Cencast Case

The practice I've described above became illegal when, in 2014, the US Supreme Court intervened on the basis that, if payroll services were collecting money from employees or employers without remitting it to the federal government, then they were falsely representing contributions and they had to pay the money collected to the IRS.

This dishonest practice had gone on for about 25 years before the payroll services got busted and had to pay the feds huge sums of money. Some sources estimate that it was \$60 million from just one payroll service. The Cencast case eliminated a huge profit center for the payroll services, and as a result and in unison, they all raised their rate card rates from 0.8%, to 1.5% to 1.75%.

While the Cencast Case put an end to the practice of pocketing social security (FICA) and FUI (FUTA) and not remitting the funds to the federal government by making the practice illegal, it did not make the same practice of pocketing state unemployment insurance (SUI) illegal. It also did not make price gouging for SUI and workers compensation illegal either.

Take Away

I will explain in [more detail](#) (on [Page 9](#)) how SUI and workers comp are not honestly charged by the industry payroll services. In essence they are hiding their fees in SUI and workers comp and not disclosing the actual fees to the producer.

Bottom line, the fees we pay to a payroll service should be set at a flat rate for service and not the percentage that the industry players are hiding in their invoices. My guess is that the producers would blow a gasket if they actually knew how much the payroll services were charging for the service that they provide.

Why should a payroll service get paid a percentage (in some cases as much as 6%) of aggregate payroll processed through their service? We should demand a small fee for each transaction and pay for the added services they

“ No vendor should EVER be paid a percentage of our spend ”

offer in addition to payroll processing (ie: labor legal, ACA compliance, pension admin, incentives, etc).

No vendor should EVER be paid a percentage of our spend. We don't pay grip, electric or camera houses a percentage of our budget to use their equipment or expertise. That would be excessive – so why do we allow the payroll services to get compensated in a way that we regularly and openly consider excessive?

Some resources from the 2014 Cencast case that caused big change in our industry:

Variety - by Paul Bond (3/28/2014)

Findlaw Case - United States Court of Appeals, Federal Circuit

Overcharge: SUI & Cap



June 3, 2019

“ Why do we allow this vendor class to cheat us into paying a percentage of our spend - we should pay a small fee per transaction ”

ENTERTAINMENT PAYROLL IS HIDING THEIR FEES:

OVERCHARGING SUI AND CAPPING FRINGES BY PROJECT

The cornerstone of any vendor relationship is trust and a clear understanding of what your vendor is providing and what you're being charged. In the case of the entertainment industry payroll services, that relationship and trust is routinely, on a weekly basis, violated every time they process a time card and issue an invoice.

The payroll services, instead of being transparent, are hiding their fees in the SUI rate they are charging the producers compared to what they actually pay to the state. At best - this is dishonest. **Why do we allow this vendor class to essentially cheat us into paying a percentage of our spend when we should be paying a small fee per transaction?**

The SUI Shell Game

State Unemployment Insurance (SUI) is a tax, funded by employers, to provide short-term benefits to people who lose their jobs for any number of reasons. Every state in the US has a range for its own SUI rate but the entertainment industry payroll services are charging production companies an inflated rate and not the payroll company's actual rate that is set by the state. Not only are they profiting on the actual rate, but they are ALSO pocketing the SUI charged in excess of the state mandated annual cap.

In California, for example, the payroll services charge 6.2% for SUI when most businesses (including other production companies) carry an actual SUI rate around 3% for all crew. The industry payroll services pay a much lower SUI rate

to the state than what they charge the producer. They are able to pay a lower rate because the state defines a company's SUI rate based on how many people a company employed and how often that company has an unemployment claim filed against the firm. So it's not fixed and is reset each year based on the previous year's claim. In California, the state has set the max SUI rate at 6.2%.

In the end, they pocket the difference between the inflated rate they charged and the actual amount they paid instead of remitting it to the government or returning it to the employer. See a state notice (Figure 1, below) where they breakdown the SUI rate for California in a sample production company - you can see how their grift works (note: company names have been redacted).

EDD  DE 2088
PO BOX 826880 MIC 4
SACRAMENTO, CA 94280-0001



Letter ID: L0872
Issued Date: April 2, 2015
Account ID: 044-2

[REDACTED]
SANTA MONICA CA 90404

**NOTICE OF CONTRIBUTION RATES AND
STATEMENT OF UI RESERVE ACCOUNT FOR
THE PERIOD OF JANUARY 1, 2015, TO
DECEMBER 31, 2015**

IMPORTANT NOTICE

This is not a bill, do not pay this amount. This is to inform you of your UI, ETT, and SDI contribution rates for the year shown above. The following is a breakdown of your UI reserve account balance and the factors used to calculate your UI contribution rate
YOUR UI RESERVE BALANCE IS NON-REFUNDABLE.

| | |
|---|--------------|
| Your Unemployment Insurance (UI) Contribution Rate is | 3.40% |
| UI Rate Schedule is | F+ |
| Your Employment Training Tax (ETT) rate is | 0.10% |
| Your SDI Rate is | 0.90% |
| The Annual Taxable Wage Limit Per Employee for: UI and ETT is | \$7,000.00 |
| SDI is | \$104,378.00 |

Figure 1

(see resources at end of book for two more SUI Examples)

Employer of Record

In a stroke of absolute dishonest genius, the industry payroll services make themselves the employer of record. What does this mean? When you work for a production company that processes payroll through one of the entertainment payroll services, you're not technically working for the

producer. Instead, you're working for the payroll service because the company has employed the payroll service to be the employer of record.

So, if Sony decides to make a movie and they pay crew through a payroll service, the payroll service will take care of everything including the fed/state filings, W2's, checks, remitting the employer fringes, remitting the employee withholding and contributing guild/union benefits. This technically makes the employees working on that project the employee of the payroll service and not Sony.

Payroll Services Charge SUI Per Project (Multiple Times) Instead of Once

SUI is charged to the employer for each employee on an annual basis, but the payroll services take advantage of their position as the employer of record to collect up to the cap that is allowed for SUI for every single project (don't confuse that with every company).

The payroll service, in the above example, says they employ hundreds of thousands of people across many studios and production companies. I have heard them say that they process as many as 300,000 to 400,000 W2's every year, which means they're employing people in entertainment to the tune of up to 400,000. That figure is relevant because; if they're employing hundreds of thousands of people across multiple projects, the payroll service is paying the SUI cap on each employee one time AND collecting (up to the cap) on EVERY project, not company - again, collecting up to the cap for every project. You do the math, that's a shit ton of money going into a vendor's pocket for a service that should be paid on a per transaction basis.

Using California as an example, the state only requires the employer to make SUI contributions on the first \$7,000 in gross compensation. Once an employee hits the \$7,000 cap, the employer is no longer required to pay into SUI for that employee's payroll.

This means that, if an employee works for a company over 50 weeks and that employee makes \$100,000, the employer is required to pay SUI to the state for the first \$7,000 paid. The employer is not required to pay any more SUI on the remaining \$93,000.

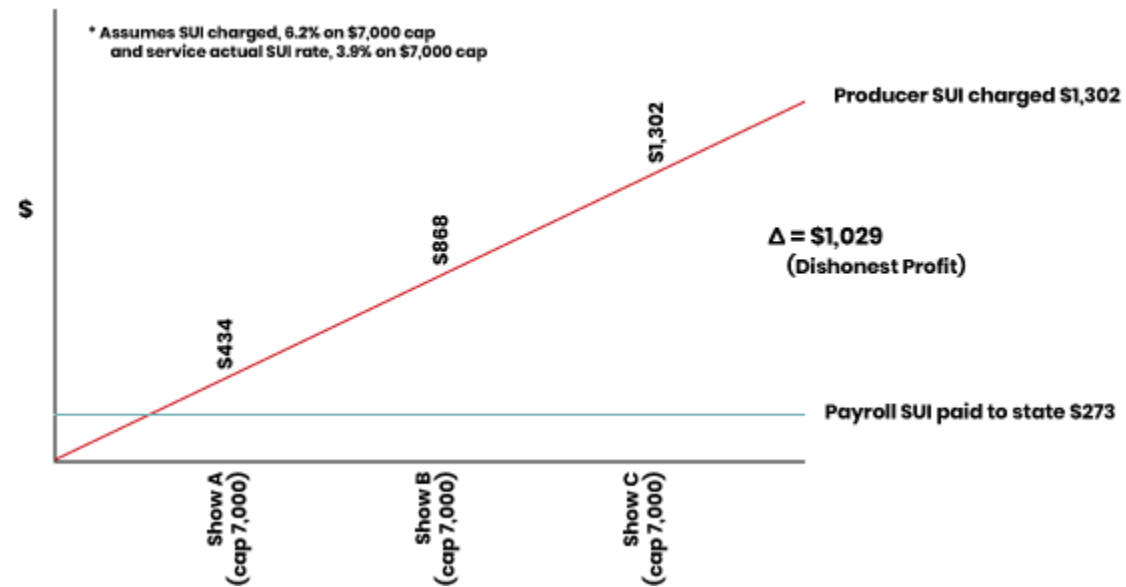
The payroll services, however, charge SUI at 6.2% and reset the cap for each project. They could essentially charge SUI on the entire \$100,000 in the example above if the employee worked on as many as 14 projects - not entirely likely, but some crew and cast day players could easily work on 14 projects in a single year. It is not uncommon for an average crew member to work on 8-10 projects in a year and the payroll services will collect up to the cap on EVERY single one.

Here is a very realistic example: if I'm producing Show A, for example, and the next producer is producing Show B, and another Show C; and there's an employee; a driver working on all three shows. If all three shows use the same payroll service, the payroll service will charge the full SUI cap on all three shows for that employee. That's SUI collected from three producers, on three projects, totaling \$1,302, but a payroll service's state obligation is only \$273 (based on 3.9% SUI rate).

The average crew member works an excess of 50 hours each week and they earn around \$40 per hour. They hit the \$7,000 cap within a week or two (three at the most) for the entire year. That happens pretty fast and offers plenty of

“ The payroll services take advantage of the fact that most studio / production executives who make decisions about how to process payroll have never been in the weeds and don't really understand how payroll works ”

opportunity for payroll to collect on more than one show for the same employee. The following graph illustrates the point for a single employee:



Graph 1

The payroll services take advantage of the fact that most studio/production executives who make decisions about how to process payroll have never been in the weeds and don't really understand how payroll works. The executives just know that if they run a budget, they have to put in a certain percentage for FICA, FUI, SUI, workers' compensation, handling fees, and a percentage or a flat fee for the guilds and unions. These executives know that those payments cap but they don't know that they cap only once for the employer of record per year so they are cheated into paying across multiple projects.

“ As far as we can tell, the industry payroll services are making anywhere from 4% to 6% of gross payroll from overcharging SUI, gouging on workers comp and handling fees ”

A producer will typically hire the same people over and over from one project to the next, especially those in the upper echelons. If you work with a particular employee on all three shows in the above example, the payroll service will charge fringes for that employee on each project. They will collect and reset the SUI cap for each project.

Take Away

As far as we can tell, the industry payroll services are making anywhere from 4% to 6% of gross payroll from overcharging SUI, gouging on workers comp and handling fees. Do you think a vendor, making mostly automated calculations for contributions and withholding, should be entitled to a percentage of your spend?

Even if my guess of how much the payroll services are pocketing is incorrect (4% to 6%), it is still dishonest (a la the Cencast Case) to say you are taking any amount of money destined for the state and keeping a portion of that money to run your business or profit from this kind of deception.

And if the producers knew that the 1% - 1.75% fee they think they're being charged was a gross under-exaggeration based on a deceptive practice, they would explode with an expletive laced tirade.

Price Gouging



July 8, 2019

“**The payroll services are overcharging for workers comp**”

THE PAYROLL SERVICES ARE PRICE GOUGING FOR WORKERS COMPENSATION

Workers Compensation Insurance is it necessary part of film production. People do get hurt in film production and in some cases even worse can happen. Providing a system for taking care of cast and crew who are injured while on the job is a benefit I fully support. It does, however, not need to be an excessive charge or become a hidden charge or huge profit center for the payroll services. I do not have a problem with any business offering a service making money, but where I draw the line is when that business is overcharging for a service you can get anywhere else for more than 50% less than what the payroll services charge on their rate card.

The payroll services are overcharging for workers compensation

Workers' compensation is another big profit center for payroll services. The rate card they charge for crew is 4.8%, but if a producer were to buy your average vanilla entertainment workers comp insurance package, the rate for crew is going to be about 1.2%. The difference between 4.8% and 1.2% is substantial; 4.8% versus 1.2% is 3.6% overage. So the payroll services are pocketing approximately 3.6% on aggregate payroll. That is the difference between the actual rate if you bought a policy directly from an insurer and what an industry payroll service is charging you.

Do The Payroll Services Actually Carry Workers' Compensation Insurance

To increase their profits, the payroll services are probably self-insuring and reinsuring to cover any big losses. What is reinsurance? So, by way of example,

if an employee dies or becomes paralyzed while working, a company that is self-insuring can buy a policy that covers only catastrophic instances to reduce some of the risk in self-insuring - that policy is classified as reinsurance. It is a smart business decision to make sure that any big losses are covered in the event of disability or death. The rates for these packages are really cheap. They're going to be somewhere around 0.125% or 0.25% to cover.

The industry payroll services are essentially rolling up a whole bunch of retail insurance, sold to the producer, into an insurance product that they can earn a bigger profit from. So payroll services are essentially collecting piles of insurance money without having to pay anything near 1.25%, which is the actual retail rate for a producer to buy workers compensation in a separate policy.

To be clear and fair: finding your own insurance package for employees in the category of dancers, stunt performers, marine and aircraft circumstances costs more than 1.2% and sometimes those will have to be insured by a state required policy because private insurers won't take them. So, we can't insure those people through the average workers' compensation package we'd get from a AAA rated workers' compensation carrier. But, we don't all employ dancers, stunt people or boats and marine events.

Is It Possible To Process Crew Payroll Without Being Gouged For Workers Comp

I was, in fact, curious about whether I could process payroll for the show we were working on without using an entertainment payroll services. The show had roughly \$600,000 in aggregate payroll and I was curious to see if I could do it with our own workers' comp package, using our own software and using an average payroll service like ADP or Paychex (a non-industry service anyone

could find online or pretty much anywhere) that processes payroll for any business in America.

And we pulled it off (very simply) and the difference between what we were paid by that studio for fringes, labor, and workers comp was basically \$30,000. The producer billed the studio as if we were using any of the entertainment payroll services. But instead of processing it through an entertainment payroll service, I processed through Paychex and made the contributions to the unions and everything else manually. At the end of the show, I was able to save \$30,000 on \$600,000 aggregate payroll and put that money in the producer's pocket even though I was just testing that approach and didn't grind the pennies.

Take Away

We are required to carry Workers Compensation Insurance (and that is a good thing), but we are not required to be ripped off by the payroll services who are charging us two and three times more than we would to pay if we bought an insurance policy through a AAA rated carrier.

Obtain: **Freedom**



June 3, 2019

“ I have shown you how I tested the possibility and it saved the producer a ton of cash on a relatively small show ”

HOW CAN WE PROCESS PRODUCTION PAYROLL WITHOUT PAYING THE INDUSTRY SERVICES' HIGH FEES?

What do we get from using an Industry Payroll Service? The main features they provide are; 1) remittances to the state & fed; 2) PH&W contributions to the guilds and unions; 3) labor legal; 4) accounting software; 5) state & local payroll processing. None of that is rocket science.

The industry payroll services, however, are hell-bent on keeping us chained to their drug of choice - price gouging for workers comp, overcharging for SUI and multi-project fringe capping. We have already discussed how they accomplish this by hiding their fees. Even worse is that they push software that is antiquated, broken and built decades ago.

If they were running a transparent and honest business: 1) we would know when an individual hits the SUI cap in a year (across all production companies employed by a payroll service); 2) we would pay the payroll service's actual SUI rate and; 3) they would offer a workers comp package that is competitive with the AAA carriers or allow us to bring our own workers comp and leave theirs out of the cost equation. If they won't disclose these items or make a change as described we have no choice but to abandon the services. **I have shown you how I tested the possibility and it saved the producer a ton of cash on a relatively small show.**

Accounting Software

All the things the entertainment payroll services provide are accessible through any vanilla payroll service. The only service they offer that is specific

to entertainment is the very specific software – it produces a Cost Report. But the software is buggy and outdated compared to high-end software in the modern financial industry. So on balance their software is crap that can be had from any other resource and it will be much better and a lot more modern. Imagine a world where you never cut a check and use a service like Bill.com to automate check cutting and payments after a production accountant and UPM approve and digitally sign the checks.

Remittance To State & Fed

If we were to use any of the traditional payroll services like ADP or Paychex, they are going to charge us a flat fee on the order of \$4 per month for each employee. They are NOT going to charge us a percentage of payroll like the entertainment payroll services do.

Entertainment payroll services essentially offer the same services that traditional payroll services offer. So, why should they charge us a percentage of aggregate payroll? We really should be paying them a flat fee instead. At the end of the day, total production payroll spend runs into the billions of dollars (let's say the estimate of \$15 billion to \$20 billion per year is correct) and the payroll services are collecting anywhere from 4% to 6% of that for themselves.

Let's consider that for a moment. If a company like Entertainment Partners processes \$11 billion in payroll (a number I once heard the CEO bragging about in 2014ish) and let's assume they collect 4% in fees, markup and charges, that's over \$400 million and they are not doing anything exceptional that cannot be automated using technology that has existed for over 2 decades. If we break it down, they make payments, issue W2's, provide software, remit fringes to the

State, the Fed, the unions or the guilds when appropriate. That's not extraordinary and not something that isn't available using other service providers or systems.

PH&W Contributions

For years, I have made contributions directly to SAG and WGA for writers and actors on projects. We manually fill out their forms, because it's not complicated, and we've built Excel spreadsheets to automate most of those processes. This is not brain surgery; the requirement is simply contractual and can be automated with an excel sheet like the one the WGA provides.

Labor Legal

Payroll services also provide legal support for a show when the account is initiated. In some cases, you may never use any additional labor legal because you've done it enough to know the standard processes and systems. Legal should be billed on an hourly rate. Issues like how much labor legal to budget when reviewing a contract from any of the guilds or unions can be an unknown, but that doesn't have to be the case. Find a lawyer who specializes in labor legal and spend two or three hours getting advice on how to solve a problem, a conflict, or an edge case that you're experiencing. Spending \$5,000 to \$8,000 (that is a very comfortable estimate for labor legal) in addition to what you would normally budget on a show to deal with these edge case problems is a far cry from the thousands or hundreds of thousands of dollars you would spend paying 4% to 6% of your gross payroll to a payroll service that comes with labor legal you might never need.

“ The excess SUI collected by the payroll service and the expensive workers comp should be a practice that we PUT TO AN END ”

Multi State and payroll at the flip of a switch

Production companies often don't know that they can get set up in a state, anywhere in the Union, within 24 hours or less. When the entertainment payroll services started in the eighties, it took weeks to get payroll set up when shooting a new show and especially in another state. Things took time, sometimes weeks, to set up with a state and the alternative that saved a ton of time was picking up the phone and calling an entertainment payroll service to be shooting in a day or two. Now with technology and the internet, we can get set up independently with a traditional payroll service and in a day or two be shooting, in any part of the country, in a matter of hours - not weeks. It's all online and it can be setup in a matter of hours.

The notion that it takes a long time to set up payroll in another state is not true anymore. Getting on the phone with an entertainment payroll service, in order to start shooting in a new state by tomorrow, is no longer a selling point of the industry payroll services. These methods made sense before the Internet became ubiquitous and before the Secretaries of State, in every state of the union, allowed us to set up and start processing payroll in a state within a matter of hours. The production and finance executives in the industry, however, continue to use this outdated system even though it's ripping off the producers.

Take Away

The excess SUI collected by the payroll service and the expensive workers comp should be a practice that we put to an end. Payroll ought to tell us, and by extension bill us, based on their actual federal and state unemployment insurance rates. Telling us their actual SUI rates and selling workers comp that

**“ Call me. I
can show you
a new more
competitive
way ”**

is competitive is not dishonest and totally transparent. Burying margin, markup and fees into products where they are skimming a percentage of labor spend is, at its core, dishonest.

The ridiculous thing about what we producers choose to do - no one questions what the payroll services are doing. Everybody just blindly follows what people who came before them were doing without realizing they can use payroll services like ADP or Paychex, buy separate AAA Rated workers comp and make PH&W contributions directly and work outside of the industry payroll services.

We can beat up the payroll services for a lower rate and tinker around the margins, but I would simply abandon the thieves. It's expensive, antiquated and dishonest. Look for a way of working outside of the entertainment payroll services and I guarantee that you will save a lot of money and have a lot less aggravation.

If you are looking for a consultant who can guide you through the process of working outside the dishonest practices of the industry payroll services. Feel free to [schedule a time](#) to talk to us.

SET A CALL

Take Away

SUMMARY

The long-standing practice of processing Production payroll using a third-party payroll service should probably come to an end. The industry Payroll Services have provided a valuable service over the past 30 years, but with the introduction of new technology and streamlined payment methods there is no reason we should settle for dishonest SUI rates, extreme employee fringe caps, excessively expensive workman's comp, and crappy antiquated software that we all complain about on a daily basis.

I have figured out a way to process production payroll, deliver cost reports and hot costs, make payments to the guilds and unions, process accounts payable using digital platforms (read: stop cutting and signing a pile of checks each week), collect start and time card data from crew digitally, and store all the paper that we receive, from a variety of sources, into a digital document storage system. All using online software that is accessible and inexpensive.

There is nothing stopping you from doing the same thing and in the process put more production value on the screen and/or increase profit margins. Blindly operating as we have in the past and expecting nothing to change in our future just seems like the definition of hiding from progress.

I want to see the updated, remote and modern system that we implemented in our office in yours as well.

Thank you for reading.



Resources - additional SUI examples:

CA SUI (example 2) - Actual = 2.9%

EDD  DE 2088
PO BOX 826880 MIC 4
SACRAMENTO, CA 94280-0001



[Redacted]
BEVERLY HILLS CA 90212


Letter ID: [Redacted]
Issued Date: December 31, 2018
Account ID: 280 [Redacted]
1 [Redacted]

NOTICE OF CONTRIBUTION RATES AND STATEMENT OF UI RESERVE ACCOUNT FOR THE PERIOD OF JANUARY 1, 2019, TO DECEMBER 31, 2019

IMPORTANT INFORMATION
This is the notice of your **UI, ETT, and SDI** contribution rates for the period shown above. The information below is the itemized statement of your UI reserve account including your UI reserve balance. **NOTE:** See the reverse of this form for additional information and protest rights.

| | |
|---|--------------|
| Your Unemployment Insurance (UI) Contribution Rate is | 2.90% |
| UI Rate Schedule is | F+ |
| Your Employment Training Tax (ETT) rate is | 0.10% |
| Your SDI Rate is | 1.00% |
| The Annual Taxable Wage Limit Per Employee for: UI and ETT is | \$7,000.00 |
| SDI is | \$118,371.00 |

NJ SUI - Actual = 2.8%



STATE OF NEW JERSEY
DEPARTMENT OF LABOR AND
WORKFORCE DEVELOPMENT
EMPLOYMENT SECURITY AGENCY
**NOTICE OF EMPLOYER
CONTRIBUTION RATES**

This determination shall be final
if not protested in writing within
30 days (N.J.A.C 12:16-22.2)

EMPLOYER NAME: [REDACTED]
 EMPLOYER ACCOUNT NO: [REDACTED]
 NOTIFICATION DATE: 07/28/2017
 FISCAL YEAR: 07/01/2017 - 06/30/2018

THIS IS NOT A BILL

UNEMPLOYMENT INSURANCE CONTRIBUTION RATE CALCULATION

| | |
|---|---------------|
| A. EMPLOYER CONTRIBUTIONS PAID FOR ALL PAST YEARS..... | 874.48 |
| B. BENEFITS CHARGED FOR ALL PAST YEARS..... | 0.00 |
| C. RESERVE BALANCE AS OF JANUARY 31, 2017..... | 874.48 |
| D. AVERAGE OF WAGES UPON WHICH EMPLOYER CONTRIBUTIONS FOR UNEMPLOYMENT INSURANCE HAVE BEEN PAID: | |
| LAST 3 YEARS..... | 10,866.48 |
| LAST 5 YEARS..... | 6,519.89 |
| E. UNEMPLOYMENT TRUST FUND RATIO..... | 2.953% |
| F. IF THERE IS A NUMBER SHOWN IN THE BOX TO THE RIGHT, YOUR <u>RATE IS NOT BASED</u> UPON A RESERVE RATIO (SEE NOTE BELOW) | 1 |
| 1. THE BASIC RATE HAS BEEN ASSIGNED BECAUSE YOU HAVE NOT BEEN SUBJECT TO THE LAW DURING SOME PERIOD OF THE LAST THREE (3) CALENDAR YEARS. | |
| 2. YOUR RATE HAS BEEN ASSIGNED BECAUSE, DURING THE PAST THREE (3) CALENDAR YEARS, THERE HAS BEEN AT LEAST ONE (1) CALENDER YEAR WITH RESPECT TO WHICH NO CONTRIBUTIONS WERE PAID. | |
| G. RESERVE RATIO | 8.048% |
| <i>FINAL UNEMPLOYMENT EXPERIENCE RATE</i> | 2.800% |

Your Experience Rate is allocated to the Unemployment and Workforce Funds as follows:

| | UI | WF/SWF |
|--------------------------|---------|---------|
| 07-01-2017 to 06-30-2018 | 2.6825% | 0.1175% |



Full Force Financial | www.fullforcefinancial.com
tim@fullforcefinancial.com | 323 203-0911