

DISABILITY INSURANCE ELECTIVE COVERAGE (DIEC) RATE NOTICE AND INSTRUCTIONS FOR COMPUTING ANNUAL PREMIUMS

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| Rate | The DIEC rate is 3.05 percent of the first \$95,585 reportable for 2012. | |
| Important Reminders | <ul style="list-style-type: none">• The payment due by January 31, 2012, is for the last quarter of 2011 and must be computed using the rate in effect for 2011.• A <i>Quarterly Premium Notice for DIEC</i> (DE 3DI) must be signed and returned every quarter - even when no premium is due. Your eligibility for disability insurance benefits may be affected if you fail to file a return each quarter. | |
| What Your Premium Is Based Upon | Your 2012 DIEC premiums are based on the net profit reported on your 2010 Internal Revenue Service (IRS) Form 1040 Schedule SE. Life insurance salespersons who are not required to file a Schedule SE should use the net income from IRS Form 1040 Schedule C (line 31) in place of Schedule SE net profit to compute their annual premium. | |
| Your Premium Determined by Net Profit | If the net profit shown on line 3 of your 2010 IRS Schedule SE is: | |
| | \$4,600 or less (or you did not earn enough to require you to file a Schedule SE): | You will pay an <u>annual</u> premium of \$161.00 during 2012. Your premium will be paid in four equal quarterly installments. |
| | \$4,601 to \$95,585: | Multiply your net profit by 3.05 percent to determine your 2012 <u>annual</u> premium. Your premium will be paid in four equal quarterly installments. |
| | \$95,585 to \$373,264: | Your <u>annual</u> premium for 2012 will be \$3,345.48 . Because premiums are based on the first \$95,585 of reported net profits, your quarterly installments may be higher at the beginning of the year than at the end of the year. |
| | \$373,265 or more: | Your <u>entire 2012 premium</u> of \$3,345.48 will be due at the end of the first quarter and becomes delinquent after April 30, 2012. |

What Your Benefits Are Based Upon

Benefits are based on the premiums paid during the four quarters of the base period of your claim, not on your actual earnings during those quarters. For additional information on eligibility or benefit amounts, please contact your local Disability Insurance Office.

Disabled

You do not pay premiums for periods when you are disabled. You are, however, required to pay premiums on the first \$95,585 in reported net profits. Therefore, a decreased premium in one quarter may result in an increased premium later in the same calendar year. For additional information, please refer to your DE 3DI.

How to Cancel

Members who have been in the DIEC program for two complete calendar years and wish to voluntarily cancel their elective coverage agreement may do so by filing a written request. **The request must be postmarked during the month of January** and will be effective on January 1. Requests postmarked after January 31 must show good cause for failure to meet this cut off date or they will be rejected.

Please send correspondence to:

**Employment Development Department
DIEC Unit, MIC 5
P.O. Box 826880
Sacramento, CA 94280-0001**

Remember, your premium notice and payment for the quarter ended December 31 are still due by the following January 31, even if you request cancellation of your coverage.

Involuntary Termination

Section 704.1 of the California Unemployment Insurance Code (CUIC) allows the Employment Development Department (EDD) to terminate an elective coverage agreement if it is discovered that:

- (1) The individual is an employee and not self-employed.
- (2) The individual is no longer self-employed.
- (3) The individual's self-employment is seasonal.
- (4) The major portion of the individual's work-related income does not come from self-employment activities.
- (5) The individual's net profit from self-employment is less than \$4,600 for three consecutive years.
- (6) The individual fails to file returns or pay premiums within the time required by EDD.
- (7) The individual filed a false statement in order to be considered eligible for elective coverage.
- (8) The individual has been convicted of any violation for filing a false claim for benefits pursuant to Chapter 10 (commencing with Section 2101) of the CUIC.

Additional Information

Additional information regarding the DIEC program may be obtained by calling 916-654-6288 or by writing to the address shown above. **Information may also be obtained by visiting our website at www.edd.ca.gov/Disability/faqs.htm or contacting our Taxpayer Assistance Center at 888-745-3886. For TTY (nonverbal) access, call 800-547-9565.**

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 888-745-3886 (voice) or TTY 800-547-9565.