

## EXPLANATION SHEET AND WORKSHEET FOR THE *VOLUNTARY UI CONTRIBUTION NOTICE (DE 2088A)*

Eligible employers may make a Voluntary Unemployment Insurance (VUI) contribution to their Unemployment Insurance (UI) reserve account for the purpose of reducing their UI contribution rate level for the year. This is a voluntary program which may not necessarily provide your company with a savings for the year. To determine if it will result in a savings for you, we have provided a worksheet on page 2. The instructions for using the worksheet are below. If you elect to make a VUI payment, complete the *Voluntary UI Contribution Notice (DE 2088A)* coupon and return it, along with your payment, to the address shown on the coupon. The coupon must accompany your payment to credit your account properly. If a VUI payment will not result in a savings or you feel it is not to your advantage, please disregard this form. If your rate is lowered by a VUI payment, you will receive a new *Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)* reflecting the lower rate.

### BEFORE MAKING A VOLUNTARY UI CONTRIBUTION, CONSIDER THE FOLLOWING:

- A Voluntary UI contribution is an additional payment which is added to your regular UI tax contributions and used to calculate your UI rate. **You cannot take credit** for Voluntary UI contributions on any Federal Unemployment Taxation Act (FUTA) tax return or *Quarterly Contribution Return and Report of Wages (DE 9)*.
- Voluntary UI contributions are not refundable.
- If you have an existing liability with the Employment Development Department (EDD) and subsequent to this notice you become ineligible to participate, we will apply your payment to the existing liability.
- If your payment is not for one of the exact amounts shown on the DE 2088A, it will either be applied to any outstanding liabilities or refunded to you.
- A Voluntary UI contribution might not reduce your annual UI costs.

### INSTRUCTIONS FOR COMPLETING THE WORKSHEET

1. Determine your projected UI taxable payroll for the next year (e.g., three employees times the UI taxable wage limit for the year \$7,000 equals \$21,000). Multiply your projected taxable payroll times your assigned UI rate shown on the enclosed DE 2088A ( $\$21,000 \times 3.0\% = \$630$ ). The resulting figure is your projected cost for UI contributions over the next year.
2. To determine if making a VUI payment will reduce your projected UI costs for the year, multiply your projected UI taxable payroll by the rate shown as Option 1 on the DE 2088A ( $\$21,000 \times 2.8\% = \$588$ ), then add the VUI figure shown on the DE 2088A needed to reduce the rate by one level (e.g.,  $\$588 + \$6.65 = \$594.65$ ). Subtract this figure from your previously calculated projected UI costs for the year ( $\$630 - \$594.65 = \$35.35$ ) to determine if you will realize a savings at the end of the year.
3. To determine if making the second level VUI payment will reduce your projected UI costs for the year, repeat the process using the rate shown as Option 2 on the DE 2088A (2.6%). In this example, it would not be a savings ( $\$21,000 \times 2.6\% = \$546 + \$144.32 = \$690.32$  versus \$630).
4. To determine if making the third level VUI payment will reduce your projected UI costs for the year, repeat the process using the rate shown as Option 3 on the DE 2088A (2.4%). In this example, it would not be a savings ( $\$21,000 \times 2.4\% = \$504 + \$281.98 = \$785.98$  versus \$630).

If you have any questions, please contact the Taxpayer Assistance Center at 888-745-3886.

## VOLUNTARY UI WORKSHEET EXAMPLE

- |    |   |   |  |   |   |                   |   |   |   |                           |
|----|---|---|--|---|---|-------------------|---|---|---|---------------------------|
| 1. | <u>\$21,000</u>                         | x | <u>3.0%</u>                                | = | <u>A. \$630</u>                             |                   |   |   |   |                           |
|    | Projected UI taxable wages for the year |   | Your assigned rate from the DE 2088A       |   | Projected UI contributions due for the year |                   |   |   |   |                           |
| 2. | <u>\$21,000</u>                         | x | <u>2.8%</u>                                | = | <u>\$588</u>                                | + <u>\$6.65</u>   | = | <u>B. \$594.65</u>                            | = | <u>\$35.35</u>            |
|    | Projected UI taxable wages for the year |   | The rate shown as Option 1 on the DE 2088A |   | Projected UI contributions due for the year | VUI payment       |   | Total projected UI contributions for the year |   | Projected savings (A - B) |
| 3. | <u>\$21,000</u>                         | x | <u>2.6%</u>                                | = | <u>\$546</u>                                | + <u>\$144.32</u> | = | <u>C. \$690.32</u>                            | = | <u>\$ 0</u>               |
|    | Projected UI taxable wages for the year |   | The rate shown as Option 2 on the DE 2088A |   | Projected UI contributions due for the year | VUI payment       |   | Total projected UI contributions for the year |   | Projected savings (A - C) |
| 4. | <u>\$21,000</u>                         | x | <u>2.4%</u>                                | = | <u>\$504</u>                                | + <u>\$281.98</u> | = | <u>D. \$785.98</u>                            | = | <u>\$ 0</u>               |
|    | Projected UI taxable wages for the year |   | The rate shown as Option 3 on the DE 2088A |   | Projected UI contributions due for the year | VUI payment       |   | Total projected UI contributions for the year |   | Projected savings (A - D) |

If B, C, or D is less than A, then a savings may be realized.

## VOLUNTARY UI WORKSHEET

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|----|---|---|--|---|---|-------------|---|---|---|---------------------------|
| 1. | <u>\$</u>                               | x | <u>%</u>                                   | = | <u>A. \$</u>                                |             |   |   |   |                           |
|    | Projected UI taxable wages for the year |   | Your assigned rate from the DE 2088A       |   | Projected UI contributions due for the year |             |   |   |   |                           |
| 2. | <u>\$</u>                               | x | <u>%</u>                                   | = | <u>\$</u>                                   | + <u>\$</u> | = | <u>B. \$</u>                                  | = | <u>\$</u>                 |
|    | Projected UI taxable wages for the year |   | The rate shown as Option 1 on the DE 2088A |   | Projected UI contributions due for the year | VUI payment |   | Total projected UI contributions for the year |   | Projected savings (A - B) |
| 3. | <u>\$</u>                               | x | <u>%</u>                                   | = | <u>\$</u>                                   | + <u>\$</u> | = | <u>C. \$</u>                                  | = | <u>\$</u>                 |
|    | Projected UI taxable wages for the year |   | The rate shown as Option 2 on the DE 2088A |   | Projected UI contributions due for the year | VUI payment |   | Total projected UI contributions for the year |   | Projected savings (A - C) |
| 4. | <u>\$</u>                               | x | <u>%</u>                                   | = | <u>\$</u>                                   | + <u>\$</u> | = | <u>D. \$</u>                                  | = | <u>\$</u>                 |
|    | Projected UI taxable wages for the year |   | The rate shown as Option 3 on the DE 2088A |   | Projected UI contributions due for the year | VUI payment |   | Total projected UI contributions for the year |   | Projected savings (A - D) |

If B, C, or D is less than A, then a savings may be realized.