

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

Rate	The DIEC rate is 5.25 percent of the first \$122,909 reportable for 2020.	
Important Reminders	<ul style="list-style-type: none"> • The payment due by January 31, 2020, is for the last quarter of 2019 and must be computed using the rate in effect for 2019. • 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. • Participants who have been in the DIEC program for two complete calendar years may voluntarily cancel coverage by submitting a written request during the month of January. See page 2 for additional information. 	
What Your Premium Is Based Upon	Your 2020 DIEC premiums are based on the net profit reported on your 2018 Internal Revenue Service (IRS) Form 1040 Schedule SE (irs.gov/forms-pubs/about-schedule-se-form-1040). 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) (irs.gov/forms-pubs/about-schedule-c-form-1040) 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 2018 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 annual premium of \$241.50 during 2020. Your premium will be paid in four equal quarterly installments.
	\$4,601 to \$122,909:	Multiply your net profit by 5.25 percent to determine your 2020 annual premium. Your premium will be paid in four equal quarterly installments.
	\$122,910 to \$491,635:	Your annual premium for 2020 will be \$6,452.72 . Because premiums are based on the first \$122,909 of reported net profits, your quarterly installments may be higher at the beginning of the year than at the end of the year.
	\$491,636 or more:	Your entire 2020 premium of \$6,452.72 will be due at the end of the first quarter and becomes delinquent after April 30, 2020.

What Your Benefits Are Based Upon

Benefits are based on the income credits 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 \$122,909 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

Participants 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
PO 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) (leginfo.legislature.ca.gov/faces/codes) 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 the 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 1-888-745-3886, by writing to the address shown above, or by visiting the EDD State Disability Insurance Frequently Asked Questions (edd.ca.gov/Disability/faqs).

You can file, pay, and manage your DIEC account online with e-Services for Business (edd.ca.gov/e-Services_for_Business).

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 1-888-745-3886 (voice) or TTY 1-800-547-9565.