



# Reimburse Benefits in Lieu of Paying Contributions

33 South State Street, Chicago, Illinois 60603

Phone: 800-247-4984



Fax: 217-557-1948

Illinois UI Account Number (if known):

Fed ID Number:

Legal name of organization:

Other names under which you operate if any

Address (actual physical location/number & street):

(City or Town)

(County)

(State)

(Zip Code)

(Telephone Number)

The undersigned nonprofit organization does hereby elect, pursuant to the provisions of Section 1404 of the Illinois Unemployment Insurance Act, to pay when due, in lieu of contributions, an amount equal to the amount of regular benefits and one-half the amount of extended benefits paid to its workers or former workers for any weeks beginning on and after the effective date of this election, on the basis of wages for insured work paid to them by it during the period this election is in effect.

The undersigned nonprofit organization represents that it is exempt from income tax under the provisions of Section 501(c)(3) of the Federal Internal Revenue Code and, in support of its representation, a copy of the Federal exemption is:

Attached

Previously submitted

Applied for, as per attached copy of Federal application (See note below)

NOTE: IF YOU HAVE NOT PREVIOUSLY SUBMITTED A FEDERAL EXEMPTION LETTER, AND IF YOU DO NOT HAVE ONE NOW, YOU CAN OBTAIN A FORM OF APPLICATION FOR SUCH A LETTER FROM THE FEDERAL INTERNAL REVENUE SERVICE. PLEASE COMPLETE THE FEDERAL APPLICATION AND FILE IT WITH THE FEDERAL INTERNAL REVENUE SERVICE. ATTACH A COPY OF THE APPLICATION TO THIS FORM. WHEN, AT A LATER DATE, YOU RECEIVE THE EXEMPTION LETTER, TRANSMIT A COPY TO US.

The undersigned nonprofit organization makes its election with the understanding that:

The election becomes binding upon its approval by the Director of Employment Security, and the duration of the election period cannot be less than one calendar year from the date the undersigned has first become subject to the Unemployment Insurance Act. and cannot be less than two calendar years if the undersigned has previously incurred liability for the payment of contributions;

The undersigned nonprofit organization as a self-insurer, shall be liable for reimbursement of any sum erroneously paid as benefits to any of its workers, unless such sum has been recovered by the State;

At the close of each calendar quarter, the undersigned nonprofit organization will receive a Statement of the Amount Due For Benefits Paid to its workers or former workers during the calendar quarter, and will pay the amount due to the Director within 30 days after the date of mailing of the Statement; in the event that it fails to make any payment when due, or fails to file, when due, any quarterly report of the wages paid to its workers, it shall be subject to the interest or penalty provisions of the law, as the case may be;

In the event, at any future time, the undersigned nonprofit organization cancels its election, it shall, thereafter, continue to remain liable for payments in lieu of contributions in amounts equal to the amounts of regular benefits and one-half the amounts extended benefits paid to its workers or former workers, for any weeks which begin after the effective date of the cancellation, on the basis of the wages for Insured work paid to them by it during the period the election was in effect, whether or not, following the cancellation of the election, the undersigned incurs liability for the payment of contributions.

This report MUST be signed by owner, partner, officer or authorized agent within the employing enterprise. If signed by any other person, a Power of Attorney must be on file.

Signed by: \_\_\_\_\_

Official Title:

Date Signed:

## **Liability for the Payments of Contributions and Liability for Reimbursement of Benefits - General Information**

The Department of Employment Security cannot offer specific advice to a nonprofit organization faced with a choice between paying contributions or electing, in lieu thereof, to be a self-insurer by reimbursing the State for the amount of benefits paid to its workers or former workers. The following general information is offered on the subject.

A nonprofit organization which does not elect to be reimbursable usually will be required to pay contributions at the standard new employer rate on the taxable payroll for the first three years of its coverage. A nonprofit organization which becomes liable between January 1<sup>st</sup> and June 1<sup>st</sup> (i.e. had at least 13 months of experience as of the following June 30th) will have as its rate in the third year of liability the greater of: the standard new employer rate, or its NAICS sector average rate or a rate based on its experience. After the third consecutive calendar year with respect to which the nonprofit organization has incurred liability for the payment of contributions, it will pay contributions at rates determined for each year under the experience rating provisions of the Act, which sets forth a formula which gives consideration to the employer's own experience with the risk of unemployment and the extent to which the fund reserved for the payment of benefits must be replenished for the benefits paid out.

The liability of a nonprofit organization which elects to reimburse benefits and is, therefore, a self-insurer, is not limited. The cost of such benefits is not shared by other employers. The self-insurer must reimburse all the benefits paid to its workers.

If a nonprofit organization elects to be a self-insurer, the amount that it will have to pay to the State cannot be readily predicted. Since the nonprofit organization will have to reimburse the State for the actual benefits paid to its workers or former workers, the amount of such reimbursement will depend upon the number of the organization's workers who become unemployed, the duration of their unemployment, the number who file claims for benefits paid to them. Each nonprofit organization, before electing to be a self-insurer, would wish to determine its experience with labor turnover and would wish to know something about the duration of unemployment of its separated workers before they find other work. Under the Unemployment Insurance Act, the amount of an individual's benefits depends on the wages he was paid during a specified recent period of four consecutive quarters and, also, upon whether or not he has certain specified dependents; the amount also depends, of course, upon the duration of the individual unemployment.

Normally, the total amount of benefits an individual can receive in the course of a year beginning with his first claim for benefits is 26 times his weekly benefit amount. During periods of high unemployment, the duration of benefits can be extended to a maximum of an additional 13 times the weekly benefit amount; however, a nonprofit organization which elects to reimburse benefits is required to reimburse only one-half of any extended benefits paid to its workers.