

Unemployment Cost Savings Just for Nonprofits



Save with UST

As a nonprofit, you are constantly under pressure to make every dollar count.

That's why the Unemployment Services Trust (UST) provides nonprofits like yours with a safe, cost-effective alternative to paying state unemployment taxes. These savings can be put toward fulfilling your organization's mission.

When you join the growing membership of more than 2,000 UST participants, you can enjoy benefits such as:

- ✓ Receive 25% off your current state tax rate for the first two years, and rates that are based only on your own claims experience every year thereafter.
- ✓ Own an asset-based account, which builds investment income, rather than losing your funds to state taxes.
- ✓ Make account deposits based on your organization's own unemployment claims, instead of paying state taxes which are adjusted for state funding deficits and other employers with higher claims.
- ✓ Receive refunds after several years of favorable claims experience.
- ✓ Pay no state surcharges.*
- ✓ Work with a dedicated claims monitor representative (at no additional cost) to help ensure you don't pay for improper claims.
- ✓ Receive stop-loss protection to preserve cash flow in the event you have an unexpected spike in claims.
- ✓ Access free assistance and training on claims hearings, policies and unemployment benefits.

*Unless mandated in your state regardless of reimbursing status.

UST Mission

“Saving money for nonprofit organizations in order to advance their missions.”

Does your organization qualify for UST?

YES

- Is your organization a 501(c)(3)?
- Do you have 10 or more employees?
- Have you had reasonable unemployment claim history?

If you answered yes to the above, let UST help you save on unemployment costs. Just submit a Savings Evaluation form and a representative will contact you with your savings potential.

How UST Works

According to federal law, 501(c)(3) organizations are exclusively allowed to opt out of their state's tax-rated unemployment system and agree to directly reimburse the state only for their own unemployment claims. As a reimbursing employer, your organization simply pays dollar-for-dollar for any benefits paid out to former employees.

Since you no longer pay a tax that is used to cover the high unemployment claims of other employers or state fund deficits, you can save a substantial amount.

However, this can also cause cash flow risk if you have sudden unexpected claims and are unable to reimburse the state.

With UST, you get immediate savings *and* protection.



UST was created to help relieve the cash flow risk of direct reimbursing while still realizing the savings benefits. You'll immediately receive a 25% discount off your state tax rate for two years.¹ UST will help you build an account that belongs to you, and will protect your cash flow from unexpected unemployment expenses. Stop-loss protection helps guard your cash flow from sudden, severe claim increases.²

▶ **Tax Discount:**

In the first two years of participation, UST offers a 25% discount on your current state tax rate as a new reimbursing employer.¹

▶ **Ongoing Account Savings:**

In the third and subsequent years of your participation, your quarterly account deposits are determined by your actual claims experience. This has historically saved members thousands of dollars.

▶ **No Surcharges:**

With UST, you won't have to worry about steep rate increases or surcharges that occur when a state's unemployment funds become insolvent.³

▶ **No Pooled Liability:**

Because your organization's quarterly

deposits are based on your actual claims experience, you'll avoid the volatility that often occurs from the state's pooled liability of other employers who face significant unemployment issues.

▶ **Account Protection:**

If your account cannot cover sudden claims activity, UST will cover the cost and allow your account to enter a deficit. The funds you borrow incur only a modest interest charge while you are given time to recover. UST will help you rebuild your account over the course of a year through a supplemental payment plan. This allows you to weather the tougher times and get back on track over a period of time rather than paying 100% of the funds immediately as required by the state and other programs.

¹Discount subject to meeting eligibility requirements.

²Stop-loss protection is designed to protect against catastrophic loss but not all unforeseen claims activity.

³Unless mandated in your state regardless of reimbursing status.

Tax Savings

The key benefit of becoming a reimbursing employer and joining UST is that you exercise your option as a nonprofit to eliminate state tax liabilities that are often out of your organization’s control. As a member of your state’s tax-rated system you are paying for:



- ✓ Claims for employers that have ceased operations
- ✓ Claims for employers at the top of the tax rate schedule
- ✓ Fraudulent claims
- ✓ State unemployment fund deficits
- ✓ Borrowing from the federal government to continue paying benefits

With UST you eliminate these costs and only pay for the claims your organization incurs, potentially saving you money now and for years to come.

How is UST different from the state tax system?

	State System	UST
How Benefits Are Paid	Former employees file for benefits with the state, and payments are funded by taxes that are socialized across employers.	Former employees file for benefits with the state, and payments are funded by the state and reimbursed directly by you.
Cost	For every dollar paid out in unemployment benefits, employers pay an average of more than \$2.00.	For every dollar paid out in unemployment benefits, employers pay an average \$1.20.
Your Account Deposit Amount	Employers with high claims are subsidized by state rate caps.	Your account deposits are based only on your own claims, not other employers.
Discounts	No rate discounts.	You receive a 25% discount for the first two years. Thereafter the amount is based on your history and not that of all employers.
Surcharges	Possible surcharges.	You do not pay state tax surcharges, unless mandated in your state for all employers.
Claims monitoring	No claims monitor savings.	Claims monitor audit and protest services included with your membership.
Refunds	No refund on payments made into the state system.	You can receive refunds for favorable claims history (after year 3 of UST membership).
Investment Income	No investment income.	You receive investment income on your share of the Trust’s assets to help offset expenses.

“Switching to UST immediately saved me money as my initial rate was significantly lower than what I had been paying to the state.”

Mental Health Association
Rochester, NY

Claims Savings

In addition to tax savings through UST, you'll continue to save year after year with our expert claims services.

When you join UST, you'll be assigned a dedicated claims expert through TALX Employer Services who will be your partner in lowering your unemployment costs.



This service is provided as a benefit of membership, at no additional cost.

TALX can be of incredible value to you and your staff. In fact, if you were to contract independently with TALX on a fee-for-service basis, you would pay significantly more for the expert services, administrative benefits, and training opportunities provided.

Your TALX representative will process and monitor all claims filed on your organization, thus reducing your internal staff members' time spent managing these activities.

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In addition, your TALX representative will help reduce and control your unemployment costs by:

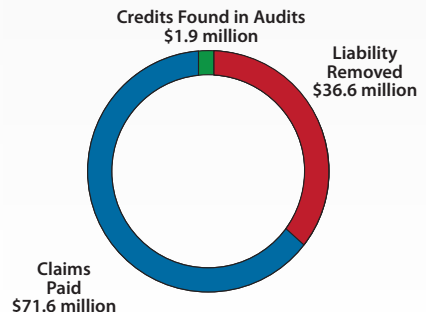
- ✓ Detecting improper charges against your organization and disqualifying them
- ✓ Protesting any claims inaccuracies
- ✓ Providing claims hearing support as needed
- ✓ Auditing claims and crediting money back to your organization

Who is TALX?

TALX is an industry leader and the largest provider of unemployment tax management services. Their expertise in unemployment claims handling and employment tax matters is unsurpassed in the industry, and they have a proven track record in delivering savings for clients.

TALX is also the largest provider of employment and income verifications in the U.S., with over half the Fortune 500 companies relying on them.

**\$38.5 Million
Saved in Claims Last Year**



Claims Management

In addition to the savings potential and expertise of your dedicated claims representative, TALX offers:

- ✓ Annual free training seminars
- ✓ Telephone consultation
- ✓ Online account access
- ✓ Reports of ongoing claims activity
- ✓ Unique online learning tools for your staff free of charge

These tools provide important risk management and prevention guidance to further reduce your unemployment costs.



If We're Already A Direct Reimbursing Employer, Why Should We Consider UST?

- ✓ Safety and protection through the largest trust in the nation
- ✓ Predictable cash flow lets you budget in advance
- ✓ Your staff time can be spent on issues of significance to your agency
- ✓ You have access to the best claims monitor in the industry for representation, advice, audits and appeals at no extra cost

“The level of service I receive from my TALX representatives is outstanding. They are knowledgeable about our claims, give me clear, accurate information and are responsive, efficient and consistent in their efforts on the YWCA’s behalf.”

YWCA
Minneapolis, MN

Your Account Is An Asset

Through UST, your organization establishes its own account for the duration of your participation.

There are several advantages to funding and building your own account through UST:

▶ **Cash Flow Management**

Your participation in UST allows you to spread your claims liability and funds over the course of a whole year, as opposed to being exposed to the cash flow risk of reimbursing the state on your own.

▶ **Annual Budgeting**

Equal quarterly account deposits throughout the year allow you to budget more effectively each year, since you know what your costs will be.

▶ **Share in UST Investment Income**

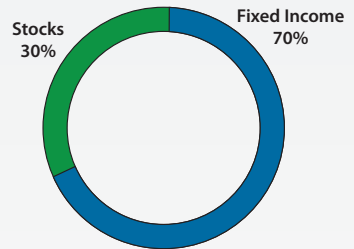
As an account holder, your organization will share in a proportion of UST's investment results. Over the past 10 years, investment income has continued to contribute to offsetting member expenses, which is why UST has the lowest administrative costs.

▶ **Asset Ownership**

Because you own and fund your account, your balance is considered an asset to your organization – and can be carried on your books.

In addition, should you ever leave the Trust your account balance would be returned, minus any outstanding expenses.

UST Asset Allocation



“We have found UST to be an effective program for reducing our administrative costs, gaining access to resources to help us manage our unemployment claims, and ultimately giving us the opportunity to make our money work on our behalf.”

Institute for Financial Literacy
Portland, ME

Refunds on Your Account

UST enjoys giving back to its members. Unlike any state unemployment system, UST annually reviews your account and returns any excess funds accrued from favorable claims and investment experience in the form of a refund.

If your organization has had a reasonable claims history and a positive account balance, your organization will be eligible to participate in this benefit after your third year of membership.

When you qualify, you will have a choice of how you want to use your refund:

- ✓ You can use it as a credit toward future deposits into your account.
- ✓ You can receive a refund check for the entire sum.
- ✓ You can use it to make a partial deposit to your account and receive the remainder as a refund.

**UST has returned more than \$33 million
in refunds to members.**

“PEAK Parent Center appreciates this review process that UST goes through annually to reward agencies for positive business practices. The refunds that we have received have been a great benefit.”

PEAK Parent Center
Colorado Springs, CO



“We appreciate your excellent care of our funds in your Trust. We work hard to keep our costs down and like most not-for-profits, any refunds we receive help us bring needed help in our community.”

DePelchin Children’s Center
Houston, TX

Trust Leadership

UST exists solely to save nonprofits money and is owned by its participating members. The Trust is governed and supported by experts in the nonprofit and financial communities:

▶ **Trustees** — UST is managed by a board of Trustees with deep experience in unemployment cost containment, investing and nonprofit management. Each is elected by our participating members to serve three-year terms.

▶ **Executive Director** — With significant experience in nonprofit leadership, Donna H. Groh is responsible for the effective management of the Trust, ensuring its ongoing success and growth.

▶ **Strategic Partners** — A group of strategic partners volunteer their expertise and guidance to serve as an immediate resource for UST on all matters of interest to the Trust and its participants, ensuring that Trust members are receiving the best service and lowest cost.

▶ **Sponsors** — More than 65 nonprofit alliance organizations at national and state levels recommend UST to their members as a leading opportunity to save thousands of dollars.

▶ **Administrative Team** — Trained specialists can answer all your questions on claims and billing, providing toll free customer support 10 hours a day. We keep you up to date with quarterly newsletters, ongoing communications, training opportunities and web account access.

UST Trustees

James Balla, MBA, Executive Vice President & COO,
Pacific Clinics, Arcadia, CA

Karen Beavor, President & CEO,
Georgia Center for Nonprofits, Atlanta, GA

Phillip Bond, CPA, Vice President & CFO,
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Donna Gilbert, CPA, Treasurer,
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Minnesota Council of Nonprofits, St. Paul, MN

Michael Willett, CPA, CFO, American Association of
Critical-Care Nurses, Aliso Viejo, CA

Donna H. Groh, Executive Director
Unemployment Services Trust



“Thank you for the most efficient way that you have operated the Trust in the past. It is comforting to know that we can depend on the Trust to keep our best interests in mind. This money will provide seed money for a new program to help our community.”

Sunbeam Family Services, Inc.
Oklahoma City, OK

Put Your Trust in UST

Because UST is a grantor trust created by and for nonprofit organizations, you can feel secure in knowing that we work on behalf of our members and keep their best interests in mind.

With more than 27 years of success in helping to keep nonprofit unemployment costs down, UST currently has a secure asset base of more than \$93 million.

In addition, UST boasts the lowest administrative expenses of any national unemployment trust. UST averages an administrative expense of only 10%, while alternatives often exceed 20%.

UST is the largest of any national nonprofit unemployment trust. More than 97% of members stay with the Trust, proving the long-term benefits of membership. Currently, more than 2,000 member organizations from 47 states (and DC) continue to put their trust and confidence in UST every year.

There's no better time to join. Contact a UST representative and ask for your free Savings Evaluation today.



**Isn't it time you started saving money
and building assets?**

Save with UST Today

Start Building Assets Tomorrow

Join thousands of nonprofits and find out how much you can save through participation in UST.

Simply complete the Savings Evaluation form:

- ✓ Fax it to 1-805-566-4921
- ✓ Email it to info@ChooseUST.org
- ✓ Fill it out online at www.ChooseUST.org
- ✓ Call us at 1-888-249-4668



UST Mission

Saving money for nonprofit organizations in order to advance their missions.



Save Money. Build Assets.

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