



Dear Clients and Friends,

"Nothing is certain except for death and taxes" is one saying that most everyone has heard. But, there are taxes – such as the Unemployment Insurance Tax – that aren't as certain once an employer realizes that steps can be taken to minimize it.

Employers also believe that workers' compensation insurance must be tolerated, not managed. But, many employers have had success in reducing WC costs by taking a

more aggressive approach. This approach starts with a review of the technical rating of the policy and continues through to a review of the safety of the workplace and the jobs.

Cutting WC or UI costs can help shore up profits. More importantly, a review of these programs ensures that they are being utilized appropriately and that employees are being treated fairly.

*Sincerely yours,
Jim Lill, President*

Cost Cutting Tips

Happy New Year! This year, as in years past, owners and managers are hoping that the profit picture will be rosier. While increasing sales is one way to boost profits, cutting costs is another way. Often when employers look to cut costs they forget that unemployment taxes and workers' compensation premiums are costs that can be cut by taking deliberate steps to do so.

Unemployment taxes are affected by a number of factors. Employers can make better hiring decisions – reducing their terminations – as one step to control costs. But, more importantly and more doable, employers need to review the information that is used to determine their tax rate. Are the taxable wages and benefit charges correct? Do claims charged to the account match employees who were terminated?

On an ongoing basis, employers should review – and appeal, as appropriate – claims made by terminated employees. Generally, UI benefits

are available to employees who have lost a job "through no fault of their own." Knowing the rules for qualifying for coverage – and making sure that they're applied correctly – can result in lower UI taxes.

Workers' compensation insurance calls for similar diligence by employers. A critical first step is to ensure that the classification codes used for the WC policy are correct. Classification codes represent different types of risks and premiums vary depending on the hazard presented by the risk.

A review of claims incurred is also a must. Check to make sure that claimants are employees and that amounts for benefits appear to be correct. The insurance carrier should be able to answer questions regarding claim status and how it will affect premiums. Carriers also can assist in providing tips and techniques to increase workplace safety and manage risk. This help is usually available at little – or no – cost.

Ask us about free COBRA and FSA administration!

Mid American Group, Inc. *The Leading Edge*® 414 Plaza Drive, Suite 303, Westmont, IL 60559 Phone: **(630) 789-9508**
Fax: (630) 789-9516 Email: JimLill@midamgroup.com The information on this page is for general information only.
It should not be construed as legal advice. All rights reserved. Pamela D. Mitroff Consulting, Inc. Wheaton, IL

(Please call us if you would like to discontinue the receipt of this monthly fax.)