

**How much do your employees *really* cost?**

**TOTAL A:**

7.65%

%

%

FICA FUTA

SUTA

# Statutory taxes (FICA, FUTA, SUTA)

FICA and Medicare taxes are fixed at a total rate of 7.65%. Federal unemployment is

also fixed but varies from state to state. Your state unemployment rate is **variable**, depending on your claims experience. Your rate is listed on your quarterly state unemployment form.

# Overhead and administration cost

|  |  |  |
| --- | --- | --- |
| * Calculation and reporting of gross pay | * Maintain Workers’ Compensation | * Compliance with Fair Labor Standards Act |
| * Deduct and remit employee payroll taxes, employee garnishments and insurance premiums | * Shop for Workers’ Compensation Insurance, pay deposit, monthly billing and self audits | * Keep abreast of changing HR issues, such as litigation trends, Title VII, EEOC, ADA, INS regulations, etc. |
| * Prepare and sign payroll checks | * Prepare and file final report of injury | * Create legal and compliant employee handbooks |
| * Transfer funds to payroll and tax accounts for 940, 941 and UTC-6 | * Report and process claims and related paperwork | * Provide compliant job descriptions and employee policies |
| * Costs of payroll checks, bank fees, replacement checks and check reconciliation | * Administer claims to protect the experience modifier or absorb cost increases due to Workers’ Compensation | * Shop, compare and negotiate health and welfare, dental, and supplemental insurance including life, AD&D, etc. |
| * Track sick, personal and vacation time | * Appear at Workers’ Compensation hearings | * Process unemployment claims and appear at hearings |
| * Prepare monthly, quarterly, and annual payroll reports | * Administer safety program and drug-free programs | * Administer the retirement plan, maintain compliance as a fiduciary |
| * Prepare and mail W-2s | * Comply with OSHA | * Administer COBRA benefits |
| * Handle accounting and audit fees | * Provide employment and income verification | * Conduct investigations of employee complaints and disputes |
| * Handle tax compliance and late fees | * Prepare for annual Workers’ Compensation audits | * Administer benefits with multiple vendors |

Although is can be challenging to calculate your employment-related administration cost, an accurate estimate is possible. In order to prepare an accurate financial comparison, select the appropriate percentage of employment related administrative cost form the table below. Keep in mind that managers spend approximately 23% of their time on employment-related administration.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Number of employees | 1-9 | 10-24 | 25-49 | 50+ |
| Overhead cost | 8-12% | 4-8% | 3-6% | 2-5% |

\* Provided by the Deartment of Labor **Total B:**

# Workers' Compensation Cost

Rates for workers' compensation are **variable**. They vary with they type of work your employees perform, your experience modifier and your discounts, Your rates are found on your workers' compensation policy.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Workers compensation codes** |  |  |  |  |
| **A. FICA, FUTA, SUTA** |  |  |  |  |
| **B. Overhead** |  |  |  |  |
| **C. Workers compensation** |  |  |  |  |
| **Total labor cost\*** |  |  |  |  |

\*For example, if your labor cost total 30%, you're paying $30 in taxes, overhead expense and workers' compensation for every

$100 you pay in wages.