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3 Timely Tips to Reduce Your Unemployment Insurance Costs

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One area of HR which causes supervisors continual grief is the unemployment insurance (UI) claims process. Widely thought to be a benefit funded fully by the employee, I frequently encounter faulty assumptions such as: "The employee pays for it so why should I deny them this benefit?" or "We don't respond to any claims, we just allow the claim to go through, no big deal."

Well, not only is the benefit funded by employers, but it is a big deal to blindly let all of your UI claims pass through with no review or response because, if left unchecked, excessive, defendable claims can increase your UI contribution rate and directly increase the amount of payroll tax you pay. Think of it as auto insurance -- the more accidents you have, the more premium you pay.

So what can you do to protect your UI rate? Start off by responding promptly to every notice that comes your way.

Next, when attending a UI hearing, remember that first hand testimony is always best. I know it's difficult to get busy supervisors out of the office to attend UI hearings, but the governing body that adjudicates these claims sees this quite differently. If the employer cannot be inconvenienced to send a representative that has first-hand knowledge of the separation to hearing, then generally, the former employee's testimony is taken as the gospel, whether its factual or not.

Finally, remember to always document unsatisfactory job performance. This is absolutely essential to prove misconduct in an unemployment claim. Items that can prevent you from receiving a favorable determination in an involuntary separation scenario include:

- Failure to provide a final warning,
- Failure to document previous employee policy violations, and
- Failure to take disciplinary action within a reasonable amount of time after the unsatisfactory conduct.

What if your employee resigns a perfectly fine job? Think that's a slam dunk that will result in denial of benefits? Not necessarily. If the reason is compelling, an employee can still collect benefits if they voluntarily resign; therefore, always collect a written resignation. Even if you

cannot get the employee to write a resignation letter, have a standard form available for them to complete during the exit interview.

This blogger graduated from Goldman Sachs' 10,000 Small Businesses program. Goldman Sachs is a partner of the What Is Working: Small Businesses section.

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