



LAES has developed a series of immigrant issue instructional modules entitled "Tierra de Oportunidad" for orientation to our complex society.

LAES - Making Choices About Jobs

Tierra de Oportunidad - Module 1

Resource Sheet #1

WORK-RELATED BENEFITS AND SALARY DEDUCTIONS INFORMATION

DEDUCTIONS

1. *Income Tax Withholding.* It is obligatory for employers to withhold income tax contributions for employees. The amount of the withholding is computed by the employer using a table - based on the W-4 form an employee has filled out listing his or her dependents and based on his or her salary. Some higher-wage employees will also have California Income Tax withholding.
2. *Social Security Contributions.* It is obligatory for employers to withhold social security contributions under the Federal Insurance Contributions Act. These contributions are put in a trust fund to support worker's retirement cash and health benefits. The employee's contributions are matched by the employer.

EMPLOYER CONTRIBUTIONS

3. *Unemployment Insurance Tax Payments.* Employers must pay into the California Unemployment Insurance Fund. The exact rate depends on their worker turnover. UI is not a deduction from the worker's wages but a payment by the employer. MANDATORY.
4. *State Disability Insurance Payments.* Employers must pay into the State Disability Insurance Fund. This fund provides support to workers who are unable to work because of a short-term injury, illness, or disability. Long-term disability falls under the Workers' Compensation System. MANDATORY
5. *Worker Compensation Insurance.* Employers must include their employees under a Workers' Compensation Insurance policy. This policy provides payments for medical treatment for work-related injuries and illnesses and, also, pays for rehabilitation and/or retraining for workers who have suffered a permanent injury. The Workers' Compensation also makes lump sum payments for some permanent injuries as well as paying a specified lump sum to the family of workers killed in a work-related accident. MANDATORY.

6. *Health Insurance.* Health Insurance is a benefit which many, but not all, employers provide to their employees. Plans vary tremendously and may cover a worker only or the worker and their family. Most plans currently require a co-payment from the worker (deducted from his or her check) to cover the employee's dependents. The actual value of health insurance benefits depends on the worker's and his or her family's need for health care. OPTIONAL (pending National Health care reform).

7. *Retirement Plans.* Many but not all employers contribute to a pension or retirement plan for their employees. Arrangements vary tremendously from plan to plan. The employer's contribution sometimes is tied to an employee's contribution, making saving practices an important issue.

8. *"Cafeteria Plans".* Some companies allow their employees to choose among a "menu" of different benefits -- up to some maximum amount of benefits. These choices need to be made individually and often require a good deal of thought about how to maximize benefits.

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