

What is Tier III?

Tier III is the legislation that extends the number of weeks that eligible unemployment claimants can continue to receive payments. The additional funds were authorized by House Resolution 3548, ‘Worker, Homeownership, and Business Assistance Act of 2009’, which was supported overwhelmingly by both Houses of Congress and signed into law by President Obama on November 6. Commonly referred to as Tier III, it permits states to add up to one additional week to the previous EUC federal extension and funds up to 13 more weeks to the length of time that claimants can receive unemployment payments. With any State Extended Benefits claimants may be eligible for a total of up to 86 weeks of benefits.

Each week of payments under this new Tier III will include the Federal Additional Compensation bonus payment of \$25 payable in addition to any UI benefits since February 2009. Because all of these additional weeks were federally funded, there is no charge to employers’ accounts.

How will I learn my status for the TIER III extended benefits?

Many claimants were notified by phone on November 13 if they were targeted as potentially eligible for additional weeks under Tier III. Eligible claimants will receive a Monetary Determination letter in the mail, when the programming is complete providing them with more information. The letter will advise you of your weekly benefit amount and the amount of funds that have been added to your claim. We will also continue to post information at the Department of Labor and Employment’s website, www.coworkforce.com. Updated information is also available by phone. Please do not hold for a Customer Service Representative. Simply select Option 6 and listen to the message that will have all the latest information available.

What do I need to do to file for the newest TIER III extended benefits?

Claimants who are receiving UI benefit payments under regular Unemployment Insurance claim (i.e., the first 26 weeks of benefits), Emergency Unemployment Compensation, or a State Extended Benefits type claim should simply continue to file their regular biweekly claim with CUBLine as long as they remain unemployed. That can be done by phone (303-813-2800 or 1-888-550-2800) or online (go to www.coworkforce.com and click on “Unemployment Online Services” and then “CubLine online.) Funds for the newest TIER III extension will automatically be added to your existing claim, when programming is complete.

Claimants, who have exhausted or will soon exhaust their Emergency Unemployment Claim or State Extended Benefit claim, have been notified by an automated phone message of their potential eligibility for these additional weeks of benefits.

When can I expect to receive my first payment of this TIER III extension?

The Department of Labor and Employment is anticipating making the first Tier III Emergency Unemployment payment within the first two weeks of December – and hopefully sooner.

Why are these newest benefits not available immediately?

On Friday, November 27 and November 30, 2009, the Department of Labor and Employment received final guidance from the U.S. Department of Labor regarding the roll-out of the Tier III

extension. It is important to note that states are not allowed to finalize the implementation of Tier III until that directive from the federal government has been received.

All states have computer systems that are designed to stop payments after a claimant receives 26 weeks of benefits. Each time there has been an extension of benefit weeks, as was done in July of 2008 (Tier I – 13 weeks), again in November of 2008 (Tier I – 7 weeks), again in April, 2009 (Tier II – 13 weeks) again in August of 2009 (State Extended Benefits), and now in November 2009 (Tier III - 1 week plus 13 weeks), a new computer program must be written to provide for the additional weeks. The Colorado Department of Labor and Employment is aware of only one state that has begun paying Tier III benefits. All other states have had to make changes in their computer systems to ensure the additional weeks are added correctly. Our programming has begun and we are now beginning the testing phase.

How much will my extended benefit payment be under Tier III?

Your Emergency Unemployment Claim weekly benefit amount will be the same amount that you had been receiving on your prior regular unemployment claim, Emergency Unemployment Claim under Tiers I and II, and SEB if applicable. You will receive a Monetary Determination letter in the mail, advising you of your weekly benefit amount and the maximum benefit amount you will receive under the new Tier. Keep in mind that you must run out of each level of benefits before you can move on and receive the next level. And you are not eligible for these benefits at any point that you become eligible for NEW regular state benefits. The following table may help you follow the amount of benefits possible. Colorado is not currently eligible for the Tier IV or High EB because our unemployment rate does not meet the criteria for those programs.

I am now receiving benefit payments under State Extended Benefits (SEB) which began last summer. Does this Tier III extension take the place of SEB?

No, you will remain on your SEB claim until exhausted or 1-2-10, whichever occurs first (and claimants who exhausted their Tier II benefits before 11-21-09, may file an SEB claim before being eligible for Tier III). At that point, if you are still unemployed and do not qualify for a new regular Unemployment Insurance claim, then you may be entitled to your existing Emergency Unemployment claim additional benefits. However, Tier III unemployment extended benefits are only available to workers *who run out of Tier II benefits by the week ending 12-26-09*.

I am currently receiving an emergency extension. Will I qualify for this latest extension?

Yes, as long as you remain unemployed and meet all other eligibility requirements:

- You must have exhausted available benefits on a current UI claim or have a claim that expired on or after May 5, 2007.
- You may not be eligible for a new UI claim in any other state or in Canada.
- You must be able and available for work and currently unemployed or working less than 32 hours per week.

- You ran out of Tier 1 (by 12-19-09), and Tier II (by 12-26-09) benefits.

If I reside outside of Colorado, but I have a claim with Colorado, will I be eligible for Tier III Benefits

If you reside in a state other than Colorado, you are eligible for the Tier III of Emergency Unemployment Benefits if you are being paid by Colorado.

State Extended Benefit rules do not apply to the Emergency Unemployment Compensation tiers of benefits. While receiving State Extended Benefits you are expected to meet the rules that apply to that program and it is separate from Emergency Unemployment Compensation eligibility rules.

What are the deadlines and last payable weeks for the extensions?

There are three tiers of Emergency Benefits. Tier I, provided up to an additional 20 weeks of unemployment compensation. To receive any benefits under **Tier 1**, you must exhaust all 26 weeks of regular benefits on or before the week ending December 19, 2009, and start claiming Emergency Benefits on or before the week ending December 26, 2009

Tier II, authorized benefits to claimants who had exhausted their original claim as well as the Tier I extension. Originally Tier II authorized up to 13 weeks of benefits and became available in Colorado with the week ending 4-18-09 when Colorado's unemployment rate reached a three month average of 6%. Up to an additional week was approved for all states in November of 2009. As of 11-8-09, to receive any benefits under **Tier 2** (14 weeks) you must exhaust all 20 weeks of Tier 1 on or before the week ending December 19, 2009, and start claiming Tier 2 Emergency Benefits on or before the week ending December 26, 2009, 2010.

In addition to these two federal extensions, some states have authorized additional weeks on their own. Colorado secured \$127 million in federal stimulus dollars to help extend unemployment benefits for Coloradans and in June 2009, Governor Ritter signed House Bill 247 into law, providing 13 additional weeks of benefit payments. That legislation, called **State Extended Benefits (SEB)** made a total of 72 weeks of unemployment compensation available to claimants. Claimants with balances remaining on Tier I or Tier II claims as of the week ending January 2, 2010 may continue to be eligible for additional benefits at their respective Tier levels through May 29, 2010.

To receive any Emergency Benefits under **Tier 3** (13 weeks), you must exhaust all weeks of Emergency Benefits (20 weeks under Tier 1 and the first 13 weeks of Tier 2) on or before the week ending December 26, 2009, unless you were receiving SEB as of the week ending 1-2-10.

Are Unemployment Benefits Considered Taxable Income?

Generally, yes. However, all or part of the unemployment benefits you received in 2009 may be tax free according to the Internal Revenue Service.

IRS Commissioner Doug Shulman says that the first \$2,400 of unemployment insurance benefits received in calendar year 2009 will be exempt from tax. "I urge all unemployed workers to take

this special tax break into account as they plan their tax withholding and quarterly estimated tax payments for the year. This change offers a helping hand to millions of Americans who are out of work and struggling to make ends meet.”

Under the American Recovery and Reinvestment Act, every person who receives unemployment benefits during 2009 is eligible to exclude the first \$2,400 of these benefits when they file their tax return next year. For a married couple, the exclusion applies to each spouse, separately. Thus, if both spouses receive unemployment benefits during 2009, each may exclude from income the first \$2,400 of unemployment benefits they receive.

Unemployed workers can choose to have income tax withheld from their unemployment benefit payments, either having both Federal and State tax withheld or one or the other. Withholding on these payments is voluntary. However, choosing this option may help avoid a surprise year-end tax bill or a possible penalty for having paid too little tax during the year. Those who choose this option will have either 10 percent Federal tax withheld and/or 4% State tax withheld or 14% total for both withheld from their benefits.

Unemployed workers who expect to receive or have received more than \$2,400 in benefits this year should be aware that unemployment benefits are taxable and consider having tax withheld from their benefit payments in excess of that amount. Those unemployed workers who have already chosen to have tax taken out of their benefits, should consider the \$2,400 exclusion in determining whether to continue to have tax withheld.