



Online Claim Filing Kit

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Unemployment Benefits When a Worker Accepts a Buyout



www.michigan.gov/uia

**UNEMPLOYMENT
INSURANCE
AGENCY**

JENNIFER M. GFIANHOLM, Governor
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Filing for and Receiving Unemployment Insurance Benefits

The Unemployment Insurance Agency (UIA) has made the unemployment benefit process easier and faster. Now, you can file a new or reopened claim, complete reporting requirements and even change benefit payment options, all online.

Filing for and Receiving Benefits: Michigan's 3-Step Process

STEP 1: Filing a Claim

You can file a new claim for unemployment benefits (or reopen an established claim) by visiting the UIA's website at <http://www.michigan.gov/uia>, and click on the "File Unemployment Claims Online" link. This service is available continuously from 7:00 AM Monday through 7:00 PM Saturday. It may take about 30-45 minutes to file a claim online, depending on the Internet connection speed and your preparation. By reviewing the Internet filed claims tutorial on our website (click "Agency Webcasts" under "What's New" or <http://www.michigan.gov/uia/0,1607,7-118--213931--,00.html>) and by gathering the following information, you will save even more time by filing online.

What you need to file:

The following information is needed to file a claim:

1. Your Social Security Number,
2. Your Driver's License Number, State Identification Number or your MARVIN PIN (if you have one);
3. The names and addresses of employers you have worked for in the past 18 months along with your quarterly gross earnings and
4. The last date of employment with each employer.
5. UIA recommends you have your most recent employer's UIA account number or Federal ID number handy (especially if you have **not** filed a claim within the last three years *or* have been employed for less than six months). Depending on your situation, knowing the account number may speed up the processing of your claim. (*UM Administrative Rule 421.204(3)(a) requires the employer UIA account number be given to employees and the employer's Federal ID number is on your annual W-2 form*)
6. If you are not a U.S. citizen or national, you will need your Alien Registration Number and the expiration date of your work authorization.

For a detailed work-sheet on what you need to file a claim, visit UIA's website, click on the "FORMS" option from the upper left menu, and select Form 1538: What You Need To File An Unemployment Claim.

Once the claim is successfully entered online, a confirmation page will appear with a confirmation number. You will also be advised of your appointment date for MARVIN (Step 3).

STEP 2: Register for Work

After the claim is filed, applicants must register for work by filing a resume application at the Michigan Works! Agency service center, unless UIA has waived this requirement. To locate the nearest Michigan Works! Agency office, please go to www.michiganworks.org.

STEP 3: Report to MARVIN Online to Receive Benefits

In order to receive your benefits, you must report bi-weekly using MARVIN on your appointment date given to you when you filed your claim. MARVIN is the agency's automated benefit payment system. You will use MARVIN to certify that you are eligible for payment by answering eligibility questions, such as if you are able, available and looking for work and whether or not you have earnings during the two-week period for which you are reporting. To

use MARVIN Online, go to www.michigan.gov/uia, and click on "Certify with MARVIN." If you miss your appointment day, you can also certify with MARVIN Thursday — Saturday. MARVIN is available from 7AM — 7PM, Monday - Friday, and from 7AM-3PM on Saturday (except the 1st Saturday of each month). You will need to establish an account through the claim portal prior to your first time certifying.

The Claim Portal

Another UIA online service, the claim portal, allows unemployed workers to view their benefit payment history and change benefit payment options online. New features are being added. To establish an account, go to www.michigan.gov/uia and click on "UIA Online Services for Unemployed Workers".

Benefit Duration

Unemployment benefits are usually limited to a maximum of up to 26 weeks. In 2009, there are three extension programs in Michigan: Emergency Unemployment Compensation (EUC) Tier I provides up to 20 more weeks, EUC Tier II provides up to another 13 weeks and Extended Benefits (EB) up to another 20 additional weeks. If you are close to using-up (exhausting) your benefits from any program, the UIA will automatically send you a letter stating what you need to do to continue to receive benefits through any of these extensions.

Benefit Amount

Your quarterly wages largely determines the amount of your unemployment benefits. State law provides that a worker can receive no more than \$362 per week. The federal American Recovery and Reinvestment Act of 2009 (ARRA) provides a temporary increase of \$25 per week through 2009.

Severance Pay: How it Affects Unemployment Benefits

Although severance pay is not used to determine your weekly unemployment benefit, it may reduce the amount of unemployment benefits you might receive.

Any reduction in unemployment benefits generally depends on the severance pay amount and the manner in which it was paid. If your employer makes a lump sum severance payment and allocates the payment(s) to specific week(s), then your weekly unemployment benefits will be reduced in each week for which the severance payment is allocated. If, however, your employer makes a lump sum severance payment but **does not allocate** that severance payment to a week or weeks, then the severance payment will reduce your unemployment benefits only in the week in which the lump sum severance payment is made. For more details on severance pay, please see the attached fact sheet.

COBRA Premium Reduction

The Federal American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional opportunities for health benefits for laid-off workers under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA.

Although the UIA is not involved in this program, eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is paid for by the former employer and then reimbursed through a federal tax credit. The premium reduction applies to periods of health coverage beginning on or after February 17, 2009, and lasts for up to nine months. Workers should contact their former employer or their former employer's health plan to participate. For more information, go to the United States Department of Labor's website at <http://www.dol.gov/ebsa/cobra.html>.

The site is secure.

The UIA has done everything it can do to make its claims taking site as secure as possible to ensure that all information it receives from those applying for unemployment benefits is kept confidential.

Questions about the 3-Step Process?

If you have a problem or question about your new or reopened claim or your benefit payment, call the UIA at **1-866-500-0017** (TTY customers use 1-866-366-0004). This toll-free line is available weekdays from 8:00 AM to 4:30 PM, except during State of Michigan holidays.

DELEG is an equal opportunity employer/program. Auxiliary aids, services and other reasonable accommodations are available upon request to individuals with disabilities.



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Claiming Unemployment Benefits in Michigan

If you become unemployed, you may qualify for unemployment insurance benefits. These benefits are intended to provide temporary income as you seek new employment. The following is basic information about Michigan's unemployment insurance program, which is administered by the Unemployment Insurance Agency (UIA).

How to file a claim for unemployment benefits

A claim for unemployment benefits begins the week it is filed. Therefore, you should file your claim for benefits during your first week of unemployment. There are two ways in which to file a claim. You can file a new unemployment claim or reopen an existing claim by:

1. **Internet** -- visit our website www.michigan.gov/uia The website is available from 7:00 a.m. Monday through 7:00 p.m. Saturday (*Eastern Time*). If you need a computer with Internet access, visit your local public library. Most have computers with Internet connections available for public use.
2. **Telephone** -- call UIA's toll-free claims telephone number **1-866-500-0017**. You can call and file by using a touch-tone telephone from anywhere in the United States and Canada. Your scheduled time for filing by telephone is based on the last two digits of your Social Security number.

*Schedule for filing by phone
Based on last 2 digits
of Social Security number*

	8:00 AM to 12:30 PM	12:30 PM to 4:30 PM
Mon	00-15	16-33
Tues	34-48	49-66
Wed	67-81	82-99
Thur Fri	Open Call-In	

*E
astern Time*

Once you file your new claim, you will be mailed:

- A determination showing if you qualify based on the wages you have earned, the amount of weekly benefits and the number of weeks you may receive.
- If there is an eligibility issue with your claim, you will receive a separate notice.
- A booklet with detailed information about your rights and responsibilities for unemployment benefits. ***Please read this material carefully.***

Qualifying requirements

The UIA will look at your **standard base period** to determine if your earnings qualify you for unemployment benefits. The standard base period includes the first four of the last five completed calendar quarters prior to when you filed your claim. The four calendar quarters in a year are: January — March, April — June, July — September and October — December.

If you cannot qualify based on your standard base period, the UIA will check your earnings in the **"alternate" base period**, which is the four most recently completed calendar quarters.

There are two ways in which your earnings may qualify you for unemployment benefits:

- **"Regular" qualifying method:** (a) For benefit years beginning January 4, 2009, and after, you must have wages in at least two quarters in your base period. In one quarter, your wages must be at least \$2,871; and (b) total wages for all four quarters must equal at least one and a half times the highest amount of wages paid in any quarter of the base period. ($\$2,871 \times 1.5 = \$4,306.50$)

OR

- **Alternate Earnings Qualifier (AEQ):** (a) You must have wages in at least two quarters; and (b) total wages for all four quarters must equal at least 20 times the state average weekly wage (SAWW). For 2009, the AEQ amount is **\$16,695.80**. [$20 \times \834.79 (SAWW) = $\$16,695.80$]

Eligibility requirements

To be eligible for unemployment benefits, you must be unemployed and able to, available for, and actively seeking suitable full-time work. Unless instructed otherwise by UIA staff, you must also register for work within two to three business days of applying for benefits by filing your resume with the Michigan Talent Bank and by reporting to your local *Michigan Works!* Agency service center.

Receiving your benefits

You will report to the UIA by telephone or through the Internet to certify concerning your eligibility for benefits, using Michigan's Automated Response Voice Interactive Network (MARVIN). You must certify through MARVIN every other week in order to receive your unemployment benefits. Your MARVIN appointment time is based on your Social Security number. To call MARVIN, dial its toll-free telephone number 1-866-638-3993, or to use MARVIN online, visit UIA's website (www.michigan.gov/uia) and click on the "UIA Online Services for Unemployed Workers" link. You will need to create a free online web account with UIA.

When you apply for benefits, you can choose to receive your benefits through either a debit card or by direct deposit into your bank account.

Amount of unemployment benefits

UIA staff calculates how much you receive in unemployment benefits by multiplying the highest amount of wages paid to you in any base period quarter by 4.1%. The UIA adds \$6 for each dependent you claim, up to five dependents. The weekly benefit amount is capped at \$362. (The federal American Recovery & Reinvestment Act has provided an extra \$25 in weekly unemployment benefit payments for most programs through the end of 2009. The Federal Additional Compensation boosts the maximum weekly benefit in Michigan to \$387.)

To determine how many weeks of benefits you may receive, the UIA multiplies your total base period wages by 43%, and then divides that answer by your weekly benefit amount. The claim, however, cannot be less than 14 weeks or more than 26 weeks.

Receiving unemployment benefits while working

In some cases, you can accept part-time work while receiving unemployment benefits. However, your work must be less than full-time, and your benefits will be reduced according to *how much you earn in the week for which you are claiming benefits*.

There are three basic principles that affect how much you can earn while receiving unemployment benefits: (1) if your earnings are equal to or less than your weekly benefit amount, then your benefits are reduced by 500 for every dollar you earn; (2) if your earnings exceed your weekly benefit amount but are less than 1½ times your benefit amount, then your total earnings are subtracted from 1½ times your weekly benefit amount; and (3) the combination of your weekly benefits and earnings cannot exceed 1½ times your weekly benefit amount.

A point to remember: The number of weekly benefit payments remaining in your claim will be reduced by one full week for each week you receive *any* benefit payment.

For further information:

For general information about unemployment benefits, visit our website (www.michigan.gov/uia). If you have a question or problem with your telephone or Internet-filed claim, you can inquire about the claim by calling 1-866-500-0017 and selecting Option 3. This toll-free number is open weekdays from 8:00 a.m. to 4:30 p.m. We also have problem resolution offices in Detroit (temporary), Gaylord, Grand Rapids, Lansing, Livonia, Marquette and Saginaw for in-person assistance with any

problem you may have with your claim. (See UIA website for locations.)

January

SM	TW	T	F	S
1 2 3	4	5 6	7	
8 9 10	11	12 13	14	
15 16 17	18	19 20	21	
22 23	24 25	26 27	28	
29 30	31			

February

		1	23	4
5 6	7 8	9 10	11	
12 13	14 15	16 17	18	
19 20	21 22	23 24	25	
26 27	28			

FILING EXAMPLE

If you're filing a new claim or reopening an established claim:

January 20 — last day of work

January 22-28 — week claim should be filed

February 5-11 — to certify for your first two weeks of unemployment (weeks ending 1/28 and 2/4), contact MARVIN either by telephone at 1-866-638-3993 OR by going online to UIA's website and choosing the link, "UIA Online Services for Unemployed Workers." Contact MARVIN by phone or online at your appointed day and time on Monday through Wednesday during this week. If you are unable contact MARVIN at your scheduled time, you can try again any time on Thursday or Friday between 8:00 AM and 7:00 PM.

Generally, UIA **will** issue your benefits within a day or two of your certification. There could, however, be a delay, if you were separated from your job for any reason other than lack of work.

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accommodations are available upon request to individuals
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How severance pay affects unemployment benefits

What is severance pay?

Severance pay is a payment made by the employer when the employee is separated from the job. While severance pay is not considered as wages and cannot be used to determine the worker's weekly unemployment benefit amount, it will reduce the amount of unemployment benefits a worker might receive.

Severance pay can reduce a worker's unemployment benefit

The severance payment, like any other kind of "remuneration," will reduce unemployment benefits otherwise payable in the weeks to which the severance payment is allocated or distributed. If there is no allocation by contract or by the employer, then the reduction in unemployment benefits will occur only in the week in which the severance payment is actually made.

Depending on the amount of severance pay, it can reduce a worker's unemployment benefits in the following ways:

- If the severance payment attributed to a week equals or exceeds 1 1/2 times the worker's weekly benefit amount, then the unemployed worker is entitled to **no** unemployment benefits for the week.
- If the worker's severance payment is less than 1 1/2 times his/her weekly benefit amount but greater than the weekly benefit amount, then the full amount of the severance payment is subtracted from 1 1/2 times the worker's weekly benefit amount. (The balance of weeks remaining on the unemployed worker's claim will be reduced by one week, if the worker claims benefits for that week).
- If the severance payment is equal to, or less than, the worker's weekly unemployment benefit amount, then half the payment is subtracted from the worker's weekly benefit. (The balance of weeks remaining on the unemployed worker's claim will be reduced by one week if the unemployed worker claims that week.)

Lump Sum versus Continuing Payments:

In some cases, the employer may make a lump sum severance payment when the worker is separated from the job. If the employer allocates the severance payment to a week or weeks other than the week in which the payment is made, then the worker's weekly unemployment benefits will be reduced in each week for which the severance payment is allocated.

If the employer makes a lump sum severance payment but does not allocate that severance payment to a week or weeks, then the severance payment will reduce the unemployment benefits only in the week in which the lump sum severance payment is made.

If the employer makes weekly or monthly severance payments (sometimes referred to as salary or wage continuation payments), then the severance payment will be

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used to reduce unemployment benefits in the week in which the severance is paid, unless the employer allocates the severance payments to other weeks.

Examples:

#1 — The unemployed worker becomes unemployed after working full-time during week ending September 7. The employer pays the unemployed worker \$5,000 in severance payment in that week and does not allocate the severance payment to any period. The unemployed worker files a new claim the following week. The worker's benefits are not reduced, as the severance payment was paid prior to the start of the claim and was not allocated to any period for which the unemployed worker was claiming benefits.

#2 — Same facts as in Example 1, except the employer allocates the lump sum severance payment to the six weeks following the job separation. Unless the employer specifies how much will be allocated per week, UIA will equally allocate the payment over the six weeks, reducing the unemployment benefit for each of those six weeks. The allocated payment would not be used for benefit payment purposes on a later claim.

#3 — If the employer makes wage continuation payments weekly, for the one-year period following the job separation, benefits would be reduced accordingly in each week. These payments would not be used as "wages" for a later benefit claim.



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Unemployment Benefits When a Worker Accepts a Buyout

What is a buyout?

In its simplest terms, a buy-out is an agreement between an employer and employee where the employer provides an employee an incentive (usually in the form of money) to permanently end the employer and employee relationship.

The incentive offered in the buyout may involve the payment of the worker's accrued sick pay, accrued vacation pay, and accrued company retirement benefits or the worker's company-sponsored 401(k) plan account. The buyout may also include the payment of several weeks or months of **severance pay** (see UIA Fact Sheet No. 125), based on a contract that provides for such a payment. In return for these payments, the worker agrees to give up any right they might otherwise have to re-employment with that employer, and to sever their employment relationship.

What are some reasons a worker might accept a buyout?

A worker who accepts a buyout might do so for a number of reasons. They might consider that the buyout provides them the opportunity to retire earlier than they anticipated and with a better retirement package than if they were to wait until their normal retirement age and years of service.

Another reason a worker might accept a buyout is because they are worried that if they don't take the buyout now, they will be laid off anyway after the window of opportunity to accept the buyout expires and will have none of the benefits the buyout would have provided them.

Still another reason a worker might accept a buyout is that they were told by the employer that, based on their seniority, it is unlikely that they would be able to continue working after the buyout period, or that it is certain they would not have the seniority to continue working.

When can a worker who accepts a buyout potentially receive unemployment benefits?

Under Michigan law, a worker who leaves work voluntarily and without good cause attributable to the employer must be disqualified from receiving unemployment benefits.

If the worker could have continued to work for the employer at a suitable job, but instead chose to accept unemployment, then the worker would likely be disqualified from receiving unemployment benefits.

On the other hand, a worker who desired to continue working, but who chose to leave work based on information from the employer that there were no clear options for continued suitable employment, would likely not be disqualified from receiving unemployment benefits after accepting a buyout.



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