



## Disability Insurance Elective Coverage Rate Notice and Instructions for Calculating Annual Premiums

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### Rate

The Disability Insurance Elective Coverage (DIEC) rate is 9.65 percent of reportable income for 2025.

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### Important Reminders

- The payment due by January 31, 2025, is for the last quarter of 2024 and must be calculated using the rate in effect for 2024.
  - A *Quarterly Premium Notice for DIEC* (DE 3DI) **must be signed and returned every quarter - even when no premium is due**. Your eligibility for disability benefits may be affected if you fail to file a return each quarter.
  - Participants who have been in the DIEC program for two complete calendar years may voluntarily cancel coverage by sending a written request in January. Refer to page 2 for more information.
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### What Your Premium Is Based Upon

Your 2025 DIEC premiums are based on the net profit reported on your 2023 IRS [Form 1040 Schedule SE](https://irs.gov/forms-pubs/about-schedule-se-form-1040) (irs.gov/forms-pubs/about-schedule-se-form-1040). Life insurance salespersons who do not need to file a Schedule SE should use the net profit [IRS Form 1040 Schedule C](https://irs.gov/forms-pubs/about-schedule-c-form-1040) (line 31) (irs.gov/forms-pubs/about-schedule-c-form-1040) in place of Schedule SE net profit to calculate their annual premium.

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### Your Premium is Determined by Net Profit

If the net profit shown on line 3 of your 2023 IRS Schedule SE is:

**\$4,600 or less**  
(or you did not  
earn enough to file  
a Schedule SE):

You will pay an **annual** premium of **\$443.90** during 2025. Your premium will be paid in four equal quarterly installments.

**\$4,601 or more**

Multiply your net profit by **9.65** percent to find your 2025 annual premium. Your premium will be paid in four equal quarterly installments.

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### What Your Benefits are Based Upon

Benefits are based on the income credits during the four quarters of the base period of your claim, not on your actual earnings during those quarters. For more information on eligibility or benefit amounts, contact your local [Disability Insurance office](https://edd.ca.gov/en/Office_Locator/) (edd.ca.gov/en/Office\_Locator/).

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### Disabled

You do not pay premiums for periods when you are disabled. You need to pay premiums on reported net profits. For more information, refer to your DE 3DI.

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## How to Cancel

Participants who have been in the DIEC program for two complete calendar years and wish to voluntarily cancel their elective coverage agreement may do so by filing a written request. The request must be postmarked during January and will be effective on January 1. Requests postmarked after January 31 must show good cause for failure to meet this cut-off date or they will be rejected.

Send correspondence to:

**Employment Development Department  
DIEC Unit, MIC 5  
PO Box 826880  
Sacramento, CA 94280-0001**

The premium notice and payment for the quarter ending December 31 are still due by the following January 31, even if you request cancellation of your coverage.

## Involuntary Termination

Your elective coverage agreement can be cancelled if it is discovered that (section 704.1, [California Unemployment Insurance Code \(CUIC\)](http://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=704.1&lawCode=UIC) ([leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=704.1&lawCode=UIC](http://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=704.1&lawCode=UIC))):

- (1) The individual is an employee and not self-employed.
- (2) The individual is no longer self-employed.
- (3) The individual's self-employment is seasonal.
- (4) The major portion of the individual's work-related income does not come from self-employment activities.
- (5) The individual's net profit from self-employment is less than \$4,600 for three consecutive years.
- (6) The individual fails to file returns or pay premiums within the time required by the Employment Development Department and the participant has been in the DIEC program for two complete calendar years.
- (7) The individual filed a false statement in order to be considered eligible for elective coverage.
- (8) The individual has been convicted of any violation for filing a false claim for benefits (Chapter 10, section 2101, CUIC).

## Additional Information

More information regarding the DIEC program is available by calling 1-888-745-3886, writing to the address shown above, or visiting the [EDD State Disability Insurance Frequently Asked Questions](http://edd.ca.gov/en/disability/Faqs/) ([edd.ca.gov/en/disability/Faqs/](http://edd.ca.gov/en/disability/Faqs/)).

You can file, pay, and manage your DIEC account online with [e-Services for Business](http://edd.ca.gov/eServices) ([edd.ca.gov/eServices](http://edd.ca.gov/eServices)).

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 (voice) or TTY 1-800-547-9565.