



Fourth Quarter 2020

2021 Tax Rate Information Notice

You will receive your *Notice of Contribution Rates and Statement of Unemployment Insurance (UI) Reserve Account (DE 2088)* for the period of January 1, 2021 to December 31, 2021, by December 31, 2020. Review all items on the DE 2088 as it informs you of your 2021 tax rates.

The 2021 UI taxable wage limit and the Employment Training Tax (ETT) taxable wage limit is \$7,000 per employee. The ETT rate will remain at 0.1 percent. The DE 2088 also notifies you of your 2021 State Disability Insurance (SDI) rate and taxable wage limit, and if you are subject to ETT.

If you have moved and changed your business address, please inform the Employment Development Department immediately by logging into [e-Services for Business](#), in order to receive your DE 2088 by December 31, 2020. You can also view your DE 2088 by selecting **View Letters** from the **Correspondence** tab in e-Services for Business.

For more information about the DE 2088 and your protest rights, refer to the reverse side of your DE 2088. You can also refer to the [Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account \(DE 2088C\) \(PDF\)](#) or contact the Taxpayer Assistance Center at 1-888-745-3886. You or your agent can submit protests online through your e-Services for Business account for greater ease and convenience.

The Adjusted Interest Rate for 2021 Will Be Five Percent

The annual interest rate will be five percent, compounded daily, for the period between January 1, 2021 through June 30, 2021. The daily interest factor will be 0.000137. Interest is charged on all delinquent taxes, interest, and certain penalties.

If you have any questions about the annual interest rate for 2021, please call the Taxpayer Assistance Center at 1-888-745-3886 or visit [Interest Rate](#).

What Are Your Annual Notification Requirements?

As a California employer, you are required to provide the following items to your employees annually:

- Wage and Tax Statement, Form W-2
- Earned Income Tax Credit (EITC) Notification
- Information Return, Form 1099

For more information, visit [Year End Notifications](#).

e-Services for Business. Online. Anytime.

2021 Taxable Values for Meals And Lodging

Meals and lodging provided free of charge or at a reduced rate to an employee are wages. If your employees are under an employment contract or union agreement, the taxable value of meals and lodging cannot be less than the estimated value stated in the contract or agreement.

If the cash value is not stated in an employment contract or union agreement, please refer to the current years' [meals and lodging values](#). To determine the value of lodging, multiply the amount you could rent the property for (ordinary rental value) by 66 2/3 percent. Ordinary rental value may be calculated on a monthly or weekly basis.

The 2021 Taxable Values for Meals and Lodging are now available at [2021 Meals and Lodging Values](#).

California's Paid Family Leave Program 2021 Enhancements

California's Paid Family Leave (PFL) program provides up to eight weeks of partial wage replacement benefits to your employees who take time off work to care for a seriously ill family member (child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, or registered domestic partner) or to bond with a new child (by birth, adoption, or foster care placement).

Effective January 1, 2021, PFL will expand to include a new claim type: **Military Assist**. This new claim type will provide wage replacement benefits to eligible California workers who need time off work to participate in a qualifying event as a result of a family member's (spouse, registered domestic partner, parent, or child) military deployment to a foreign country.

SDI needs your help sharing this important new benefit with your employees who have family in the military. To learn more about Military Assist claims, visit the [Paid Family Leave Community Partner Toolkit](#).

To support these PFL changes, two new versions of the PFL claim form will be available on January 1, 2021:

- The *Claim for Paid Family Leave (PFL) Benefits* (DE 2501F) paper form will be available to order. Please order a new supply of the DE 2501F Rev. 5 (12-20) form to provide to your employees by visiting [EDD Forms and Publications](#) or calling 1-877-238-4373.

- For your Spanish-speaking employees, the *Solicitud de Beneficios del Programa de Permiso Familiar Pagado (PFL)* (DE 2501F/S) will be available to download and print on [Paid Family Leave Forms and Publications](#).

Your employees can electronically file for PFL and SDI benefits through SDI Online. You, the employer, may also submit supporting documents related to your employees' Disability Insurance (DI) claims electronically. For more information and to establish an account, visit [SDI Online](#).

To learn more about DI and PFL benefits, request a webinar presentation by contacting SDI at DIBOutreach@edd.ca.gov.

California's Retirement Mandate for Employers

Learn more about deadlines, compliance, and the [CalSavers Program](#).

CalSavers is California's new retirement savings program that offers millions of workers the opportunity to save for their futures. State law requires all employers with five or more employees to participate in CalSavers if they don't offer an employer-sponsored retirement plan.

Deadlines for employers to comply are phased-in over a three-year period based on the size of business. The registration deadline for employers with **more than 100 employees passed on September 30, 2020** (extended from June 30, 2020). Eligible employers with more than 100 employees, who have not yet registered, **should do so as soon as possible to avoid penalties**. The deadline for employers with **more than 50 employees is June 30, 2021 and June 30, 2022 for employers with five or more employees**. For more information on the deadlines, visit [Employer Eligibility](#).

Per Government Code, section 100033(b), each eligible employer that, without good cause, fails to allow its eligible employees to participate in CalSavers, on or before 90 days after service of notice of its failure to comply, shall pay a penalty of \$250 per eligible employee. If noncompliance extends 90 days or more after the notice, and if found to be in noncompliance 180 days or more after the notice, an additional penalty of \$500 per eligible employee.

California launched CalSavers to give employers an easy way to comply with the mandate and help their employees save for retirement. CalSavers is designed for easy administration and has no employer fees. Operating at no taxpayer expense, CalSavers is professionally managed by private sector financial firms with oversight from a transparent public board chaired by the State Treasurer.

Since CalSavers is not an employer-sponsored plan, employers have no fiduciary liability, there are no forms for employers to collect or distribute, and employees manage their accounts directly with CalSavers. For employees, CalSavers is designed to make saving for retirement easy. Employees, working for employers without a qualified retirement plan, are automatically enrolled into CalSavers unless they choose to opt out. Once enrolled, employees contribute to their personal retirement account automatically with each paycheck. Savers can either stick with the standard account settings or choose their own. To ensure CalSavers works for our mobile workforce, savers keep their account as they move from job to job.

Now more than ever, we see how vital it is for all individuals to have financial resiliency in the short- and long-term, and CalSavers was designed for that purpose. CalSavers is hosting twice-weekly webinars in English, and twice-monthly webinars in Spanish, for employers to learn more about the program. View the schedule of upcoming webinars by visiting [Events](#).



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 1-916-651-7572. TTY users, please call the California Relay Service at 711.

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