



Show Me the Money

CLP-PD

As of July 1, 2024

Did you know that it costs an Employer more to employ someone than just their wages?

By law, Employers need to pay their employee’s wage and Employer taxes. Their employee’s Social Security and Medicare taxes (FICA), as well as their Federal and State unemployment taxes (FUTA, SUTA) are deducted from their wages in their paycheck, plus the Employer pays the same amount of taxes for that employee. In Hawaii, Worker’s Compensation insurance is also required. These taxes are calculated and paid by Acumen on your behalf from your budget.

Acumen calls these Employer-related costs the “**Cost to You**”

The “**Cost to You**” is the actual amount per hour that is deducted from your budget for every regular hour worked (up to 40 hours per week). This includes your employee’s hourly wage AND your (Employer’s) portion of the employee’s Social Security, Medicare, & unemployment taxes and Worker’s Compensation. Every year, these taxes are evaluated and may change according to the laws. Any change may impact your employee’s wages, so you will be notified when those changes occur. It is important for you to understand how this impacts your spend plan to help you manage your budget accordingly.

***Currently for every \$1.00 you pay in wages, 16 cents are added to pay the Employer taxes (11 cents) and Worker’s Compensation insurance (5 cents); this totals .1600 in taxes.*

***If an employee is either the Employer’s SPOUSE, PARENT, or CHILD UNDER 21 YEARS OF AGE**, tax laws state that the employee is **exempt** from (does not pay) Social Security (FICA), Medicare, and unemployment taxes (FUTA, SUTA). So, only Worker’s Compensation insurance is paid. The employee and employer tax amount changes to just 5 cents per dollar to cover the cost of Worker’s Compensation. This is .05 in taxes.*

Note- when the employee turns 21 years old the employee and Employer will then need to pay the Medicare, FICA, FUTA, and SUTA taxes, so the tax amount will automatically change to 16 cents per dollar.

You can choose to pay your employee any amount starting from the State minimum wage of \$14.00, up to the maximum hourly wage of \$24.00/hr. Multiply the hourly wage you’d like to pay by **1.1600**. If your employee is exempt (as described above), multiply the hourly wage by **1.05**. Then if needed, round up to the nearest penny, and you’ll have the “**Cost to You**”.



For example, if you choose to pay your employee \$15.50/hr, multiply it by the Employer tax of 1.1600; the “**Cost to You**” amount will be \$17.98. If the employee is exempt, multiply \$15.50 by 1.05. The Cost to You is \$16.275, then round up to \$16.28. This is what will actually be taken out of your budget for every hour the employee works. Please note that since the cents are not exact, you might have a few cents or dollars remaining in your budget.



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The table below lists various example hourly wages and the corresponding “**Cost to You**” amount based on non-exempt (no legal relation) & exempt (legally related) employees.

The “**Cost to You NON-EXEMPT**” column shows the hourly wage multiplied by **1.1600** for employees who are NOT the Employer’s spouse, parent, or child under 21 years of age.

The “**Cost to You EXEMPT**” column shows the hourly wage multiplied by **1.05** for employees who are either the Employer’s spouse, parent, or child under 21 years of age.

HOURLY WAGE EXAMPLES (\$14 is minimum)	Cost to You NON-EXEMPT (not related) Multiply by 1.1600	Cost to You EXEMPT (parent, spouse, or child under 21) Multiply by 1.05 - rounded up *
\$14.00	\$16.24	\$14.70
\$14.50	\$16.82	\$15.23*
\$15.00	\$17.40	\$15.75
\$15.50	\$17.98	\$16.28*
\$16.00	\$18.56	\$16.80
\$16.50	\$19.14	\$17.33*
\$17.00	\$19.72	\$17.85
\$17.50	\$20.30	\$18.38*
\$18.00	\$20.88	\$18.90
\$18.50	\$21.46	\$19.43*
\$19.00	\$22.04	\$19.95
\$19.50	\$22.62	\$20.48*
\$20.00	\$23.20	\$21.00
\$20.50	\$23.78	\$21.53*
\$21.00	\$24.36	\$22.05
\$21.50	\$24.94	\$22.58*
\$22.00	\$25.52	\$23.10
\$22.50	\$26.10	\$23.63*
\$23.00	\$26.68	\$24.15
\$23.50	\$27.26	\$24.68*
\$24.00	\$27.84	\$25.20