

# Show Me the Money



It costs you, the employer, more to employ someone than just his/her wages. By law, employers must pay a portion of an employee's Social Security and Medicare taxes, Federal and State unemployment taxes and Workers' Compensation Insurance. Acumen calls these employer-related costs the "Cost to You."

What this means is that for every \$1.00 you pay in wages, you must add approximately 14 cents to pay for taxes and Workers' Compensation. The "Cost to You" is simply the employee's wage multiplied by 1.135 (the 14 cents per dollar mentioned above). Acumen calculates and pays these taxes and Workers' Compensation on your behalf. It is important for you to understand how this impacts your authorized allocation/budget. This "Show Me the Money" form is a tool you can use to calculate the "Cost to You." Be sure that you always round up your calculation to the next penny.

If you have any questions or need assistance with this tool, you can call Acumen's customer service team at 1-866-514-9938 and they will help you.

**NOTE:** The employee(s) wage (before any "Cost to You") **MUST** be at least the current minimum wage.

**Simply fill in the blanks below to determine the "Cost to You."**

$$\boxed{\phantom{000000}} \times \boxed{1.135} = \boxed{\phantom{000000}}$$

Employee Wage                      Taxes & Workers' Comp                      Cost to You (always round up)

**Example 1:**

Jane wants to pay her new employee, Don, the wage rate of \$7.25 per hour. Using the tool described above, Jane calculates her costs:

$$\boxed{\$7.25} \times \boxed{1.135} = \boxed{\$8.23 (8.22875)}$$

Employee Wage                      Taxes & Workers' Comp                      Cost to You (always round up)

It will cost Jane \$8.23 per hour to pay her employee a wage of \$7.25 per hour. Jane determines how this will impact her budget. She then fills out the *Employee Wage Notice* with a wage of \$7.25 per hour for Don and returns it to Acumen before Don's first day of employment.

**Example 2:**

Jake wants to give his employee, Maria, a wage increase. He spoke with his support coordinator and knows that \$9.80 per hour is an allowable rate for his approved service code. Jake calculates what it would cost him to pay Maria a wage of \$9.80 per hour using the tool described above:

$$\boxed{\$9.80} \times \boxed{1.135} = \boxed{\$11.13 (11.123)}$$

Employee Wage                      Taxes & Workers' Comp                      Cost to You (always round up)

It would cost Jake \$11.13 per hour to pay his employee, Maria, a wage of \$9.80 per hour. Jake determines how this will impact his budget. He decides he can afford to increase Maria's wage to \$9.80 per hour. Jake completes an *Employee Wage Notice* for Maria with the new rate of \$9.80 per hour. Jake sends the *Employee Wage Notice* so that Acumen receives it one week prior to the pay period end date for which the new wages are to take effect.