

# Show Me the Money



It costs you, the employer, more to employ someone than just their wages. By law, employers need to pay a portion of an employee's Social Security and Medicare taxes, as well as Federal and State unemployment taxes. Workers' Compensation Insurance is part of your program, and is also an employer-related cost. 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 12 cents to pay for taxes and Workers' Compensation. The "Cost to You" is simply the employee's wage multiplied by **0.12** (the 12 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 authorization/budget. This Show Me the Money form is a tool you can use to calculate the "Cost to You." Be sure that you round up your calculation to the nearest penny.

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

$$\boxed{\phantom{000.00}} \times \boxed{0.12} = \boxed{\phantom{000.00}}$$

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

## **Example 1:**

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

$$\boxed{\$7.25} \times \boxed{0.12} = \boxed{\$8.12}$$

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

It will cost Jane \$8.12 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 Rate Sheet with a rate of \$7.25 per hour for Don and returns this form 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 Care Coordinator and knows that \$11.00 per hour is an allowable rate for his approved service code. Jake calculates what it would cost him to pay Maria a wage of \$11.00 per hour using the tool described above:

$$\boxed{\$11.00} \times \boxed{0.12} = \boxed{\$12.32}$$

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

It would cost Jake \$12.32 per hour to pay his employee, Maria, a wage of \$11.00 per hour. Jake determines how this will impact his budget. He decides he can afford to increase Maria's wage to \$11.00 per hour. Jake then completes an Employee Rate Sheet for Maria with the new rate of \$11.00 per hour and returns this to Acumen before the date he wants the increase to start.