

## Employers

It is in the employer's best interest to have a SUB plan approved by the department. Without approval, any money paid from the SUB plan would be considered covered wages and subject to Pennsylvania UC quarterly taxes, and the wages would be used to determine workers' financial eligibility in subsequent applications for UC benefits.

Prior to department approval, a SUB plan must first be granted exempt status by the IRS from Federal Insurance Contributions Act (FICA) and Federal Unemployment Insurance Tax Act (FUTA) taxes. The department's Office of UC Tax Services and Office of Chief Counsel must also grant exempt status from Pennsylvania UC taxes. A tentative approval may be granted by the department pending the final approval by the IRS, providing that a specific request is submitted for IRS approval. In addition, the tentative approval of the SUB plan is subject to revision or withdrawal depending on the final IRS ruling.

Requests to have a SUB plan reviewed for department approval should be sent to:

RA-LISUB-PLANS@pa.gov

or via mail to:

PA Department of Labor & Industry  
Office of UC Benefits Policy  
Adjudication Services  
651 Boas Street, Room 601  
Harrisburg, PA 17121-0750

All requests should include a full copy of the SUB plan and any documents showing federal tax exemption or that federal tax exemption status is pending.

Additional UC information can be found at [www.uc.pa.gov](http://www.uc.pa.gov), or by contacting your local UC Service Center at: 888-313-7284.

# State Unemployment Compensation and Supplemental Unemployment Benefit Plans



**pennsylvania**

DEPARTMENT OF LABOR & INDUSTRY  
OFFICE OF UNEMPLOYMENT COMPENSATION BENEFITS

[www.uc.pa.gov](http://www.uc.pa.gov)

*Auxiliary aids and services are available  
upon request to individuals with disabilities.  
Equal Opportunity Employer/Program*

## Supplemental Unemployment Benefits

Employers have established privately operated trust funds exclusively for the purpose of providing Supplemental Unemployment Benefits or SUB, to their employees who are laid off. The payments received by a worker from a SUB plan are intended to be over and above the amount of unemployment compensation UC benefits paid to the worker by the Department of Labor & Industry.

In January 1956, the Pennsylvania Department of Justice issued Formal Opinion No. 658, which established the authority for the nondeduction of SUB payments from UC. The Opinion, which is still in effect, outlined salient features that must be contained in a SUB plan before it can be considered an approved plan for UC purposes. The salient features include:

- The employer pays into a separately established trust fund or separate account.
- The employee has no vested rights in the fund.
- The payments from such account are specifically designated as SUB and cannot be used for wages or recovered by the employer under any circumstance.
- The amount of SUB is determined by the length of service with the employer.

## Employees

When an unemployed worker files a claim for UC, it does not represent a claim for SUB, because SUB plans are privately operated and company funded. Requests for information on how to receive benefits from an employer SUB fund should be directed to the employer's human resource or payroll office, or to the local union representative.

As a general rule, an employee is not entitled to receive SUB unless he/she is also concurrently eligible to receive UC. Proof of UC eligibility is usually determined by receipt of UC payments.

The receipt of payments from a SUB plan, even if the plan has not received department approval, is not considered remuneration for UC purposes and in no way interferes with or reduces the employee's eligibility for UC. However, it should be noted, payments from an approved SUB plan would not be used as covered wages to determine financial eligibility on employees' subsequent applications for UC benefits.

Further, under certain circumstances, both UC and SUB may be taxable by the federal government. Additional information on the taxability of UC and SUB payments can be obtained through the local Internal Revenue Service (IRS) office.

## Proof of UC Eligibility

Proof of UC payment may be required by the employer before the SUB payment is distributed. Documentation of an employee's UC payments is available online at [www.uc.pa.gov](http://www.uc.pa.gov). Click the "view payments" button on the right side of the screen. This screen provides a history of all benefit weeks claimed, payment amounts and dates issued.

In addition, the following UC forms may be helpful:

- UC-44F, Notice of Financial Determination. Mailed to each applicant, it provides the weekly benefit rate and the total amount of benefits to which the applicant is entitled within the 52-week benefit year.
- UC-45/45A/785, Notice of Application. Sent to the last employer of an employee at the time that an application for UC benefits is filed in a UC Service Center.
- Eligibility Determination. Issued to a claimant and, in some cases, the employer when there is a question of eligibility for benefits under Pennsylvania UC Law.

The claimant should retain all written notices issued by the department regarding his/her eligibility.