

Department of Labor & Industrial Relations  
Unemployment Insurance

SELF-FINANCED REIMBURSABLE PLAN  
FOR NON-PROFIT ORGANIZATIONS CONVERTING FROM THE  
CONTRIBUTORY PLAN

A non-profit organization (religious, charitable, or educational) qualifying for income tax exemption under Section 501 (c) (3) of the Internal Revenue Code may elect to convert from contributory to self-financed status under provisions of Chapter 383-62(d) of the Hawaii Employment Security Law.

If after reading the provisions and the explanation provided below, you decide to convert to the self-financed reimbursable plan, you may do so by filing three original copies of the enclosed Form UC-175, "Application for Self-Financing—Non-Profit Organization", with the Department not later than 30 days prior to the beginning of any calendar year. Also, complete Form UC-1, "Report to Determine Liability Under the Hawaii Employment Security Law", and return it and a photo-copy of your IRS 501 (c) (3) approval letter along with your self-financing application.

- (1) When a non-profit employer converts from contributory status to a self-financed status, the contributory reserve cannot be transferred. The reserve in the contributory account must remain in this account and is used to finance benefits chargeable to the account. The reserve may be used only if the account is reactivated within five years from the termination date. No employer shall have prior claims or rights to the contribution credited to the contributory account.
- (2) A non-profit organization whose election has been approved is required within 30 days to deposit with the Department an amount of money as security. The security deposit shall be equal to .2 percent of the organizations total wages paid for employment during the calendar year immediately preceding the effective date of the election. The Department may, at any time, review the adequacy of the deposit made by any organization. If, as a result of such review, the Department determines that an adjustment is necessary, it shall require an additional deposit within 30 days of written notice. The deposit shall be retained by the Department in an escrow account until liability under the election is terminated, at which time it shall be returned to the organization, less any deductions.

- (3) Liability for self-financed reimbursable plan Non-Profit Organization would be an amount equal to the amount of regular benefits and of one-half of the extended benefits paid, that is attributable to service in the employ of such non-profit organization to individuals for weeks of unemployment which begin during the effective period of such election. You will be billed monthly for the benefits paid and payment must be made within 30 days of the billing date. No part of the required unemployment payments is to be deducted from the employee's wages.
- (4) An account under the self-financed status must continue for a period of at least two calendar years from the effective date.
- (5) A notice of termination of election must be made within 30 days prior to the beginning of the calendar year for which such termination shall be effective.

Upon notification of approval of Form UC-175, "Application for Self-Financing—Non-Profit Organization", you will be requested to complete and return the following form:

- (1) UC-177, "Security Deposit Determination", with a security deposit of .2 percent of the organization's total wages paid in the preceding year.

If you require additional information, please call (808) 586-8982.

STATE OF HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
UNEMPLOYMENT INSURANCE DIVISION

**APPLICATION FOR SELF-FINANCING - NON-PROFIT ORGANIZATION**

To: Director of Labor and Industrial Relations

The undersigned is a non-profit organization granted income tax exemption under Section 501(c) (3) of the Internal Revenue Code and requests self-financing for the non-profit organization, as provided under Section 383-62 of the Hawaii Employment Security Law, effective \_\_\_\_\_.

Signed \_\_\_\_\_  
Authorized Representative  
\_\_\_\_\_  
Title  
Date \_\_\_\_\_

Name of Employer: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Account Number: \_\_\_\_\_

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**DETERMINATION**

Request Approved: \_\_\_\_\_ Effective Date: \_\_\_\_\_

Request Disapproved: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Branch Manager