How to file employment insurance

Photo Courtesy: [sarote pruksachat/Moment/Getty Images] The benefits of self-employment are numerous. You maintain a large degree of independence in when, where and how you work. You have ample flexibility in whom you work with and in pursuing your own vision of success. You may not even have to commute. But alongside all of the perks of working for yourself is — or traditionally has been — a consequential downside: Self-employed people, independent contractors, freelancers and gig workers have never had the protection of unemployment insurance benefits when they lose work or income. Until, that is, the United States government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. Under the CARES Act, states were given the option of providing unemployment benefits to self-employed people, including independent contractors, freelancers and gig workers, whose employment was impacted by the COVID-19 pandemic — and this decision shifted financial situations in some key ways. If you work for yourself, it’s vital to learn about unemployment insurance for self-employed people in the United States, along with what the recent policy changes could mean for you. Photo Courtesy: [Maskot/Getty Images] Unemployment programs in the United States often refer to people who are self-employed, freelancers or gig workers as "independent contractors." But what is an independent contractor?An independent contractor provides goods or services to someone else, but without doing so under the direction of an employer. Unlike employees, who work for another person’s business, independent contractors have their own "business" and provide services to their own clients. The relationship between an independent contractor and the client to whom the contractor is providing goods or services is not an employment relationship; it’s an independent contractor relationship.There are countless types of jobs that fall into this category; freelance writers, delivery drivers, rideshare drivers (in many cases) and landscapers are all potential examples. But, generally, anyone who’s working for themselves and doesn’t have an employer dictating their work and how it’ll be done can be classified as an independent contractor. The lines between employment relationships and independent contractor relationships can certainly blur, however. They’re different in some states and depend on whether you're dealing with tax, labor or benefits issues. But, ultimately, independent contractors — whether you call them self-employed people, freelancers, gig workers or contractors — are eligible for self-employed unemployment insurance under the CARES Act. Photo Courtesy: [damircudic/Getty Images] Ordinarily, independent contractors weren’t eligible to receive unemployment benefits because those benefits were designed for employees of businesses. That’s because their employers pay taxes into the state and federal unemployment programs that provide these benefits — independent contractors don’t fund these systems. However, the CARES Act — an economic stimulus bill that was designed to provide relief to people impacted financially by the COVID-19 pandemic — significantly expanded eligibility criteria to include independent contractors. The U.S. Department of Labor notes that independent contractors may now be eligible for unemployment insurance benefits: If they’re unemployed, partially unemployed, or unable or unavailable to work because of the COVID-19 pandemic If they don't qualify for normal unemployment benefits (you can't get both regular and self-employed unemployment insurance benefits) If they’re dealing with certain health or economic consequences from the pandemic If they live in certain areas, as different states handle the CARES Act’s provisions differently What could you be entitled to? Here more details from the Department of Labor: “The PUA [Pandemic Unemployment Assistance] program provides up to 39 weeks of benefits, which are available retroactively starting with weeks of unemployment beginning on or after January 27, 2020, and ending on or before December 31, 2020. The amount of benefits paid out will vary by state and are calculated based on the weekly benefit amounts (WBA) provided under a state’s unemployment insurance laws. Under the CARES Act, the WBA may be supplemented by the additional unemployment assistance provided under the Act.”This information refers to a December 31, 2020, cutoff. Many provisions of the CARES legislation were continued beyond December 31, 2020, but with changes and new language that described them. To learn how to apply for unemployment benefits in your state and get information about exactly which benefits you may be entitled to, visit the CareerOneStop website, which is sponsored by the Department of Labor. Be sure to look up specific information that matches your location and circumstances. The filing process can be complex and detailed, so it's important to follow each step precisely. Photo Courtesy: [courtneyk/Getty Images] As mentioned, some states require different specific pieces of information, but there are some basics that you'll need to get the process started just about everywhere: Your name, phone number and full mailing address Your driver's license number or state identification number Your Social Security number or Alien Registration number Proof of income, including documents like 1099 tax forms, W-2 tax forms, pay stubs, income tax returns, bank statements or record books Your bank account number and routing number if you live in a state where unemployment insurance benefits are paid by direct deposit As a general rule, you should file a claim for unemployment benefits in the state where you worked. If you're in an unusual situation in which you worked in a state other than where you live or if you worked in several different states, contact the state unemployment insurance office where you currently live to determine the state where you should file your claim. Photo Courtesy: [Michael Lee/Getty Images] Here's the short answer: Yes. A medium-sized answer follows, but the longest and fullest answer with all the details and information you need is one you should examine with help from the labor department in the state where you live. Whether or not you’re eligible for any of these benefits will depend on your personal circumstances and your ability to provide the information necessary to substantiate your claim.The Paycheck Protection Program (PPP)You may be a self-employed person who doesn't work for anyone else, but you may also be an employer of other people. Independent contractors who employ other people may be entitled to participate in the PPP, a program of the United States Small Business Administration designed to encourage people to keep their workers employed during the pandemic. The Self-Employment Assistance Program (SEAP)The Department of Labor's Employment & Training Administration has developed SEAP, a program intended to help employees who have lost their jobs to create their own jobs by starting businesses. If you were an employee but have been or are trying to develop your own business (meaning you'll eventually be self-employed, a freelancer or an independent contractor), you may be eligible for a self-employment assistance allowance instead of regular unemployment insurance benefits. There's an important thing to keep in mind, though: SEAP is a voluntary program that states can participate in, but not all states do. To find out whether your state offers SEAP, visit CareerOneStop's Unemployment Benefits Finder.In many ways, the COVID-19 pandemic has introduced unprecedented stresses into the U.S. economy and the personal financial circumstances of millions of residents, including people who are self-employed. In response to those challenges, governments have introduced unprecedented forms of support, even for independent contractors. Try not to assume anything about your entitlements, but do look at the specifics of your state and needs carefully. Life insurance is something most people have at least heard of, but not everyone understands who should get it and what it’s actually for. Contrary to what you might expect, life insurance isn’t just for the elderly. Instead, it’s a guarantee for your loved ones that they’ll have the financial resources they need in the event of your death. While the specifics can vary from plan to plan, you’re paying to ensure the well-being of the people you leave behind, whether that happens today or decades from now. From Lincoln Heritage to MetLife to Erie Insurance, there are many life insurance providers to choose from, each with their own range of plans and options to choose from. Between the range of choices and the prospect of dealing with your own mortality, making sense of life insurance can seem like a daunting task. However, it doesn’t have to be. With a bit of basic information, you’ll be prepared to decide for yourself if life insurance is right for you and your family. Life insurance plans in the United States are usually divided into term and permanent policies. A term policy lasts for a set period of time, such as 10 or 20 years. If the insured individual dies while the policy is in effect, the beneficiary receives a payment from the insurance company. Term insurance has the benefit of usually being cheaper than permanent insurance with equivalent benefits. Photo Courtesy: Don Bartletti/Getty Images Permanent insurance — which also includes whole life, variable life and universal life insurance — combines a death benefit with some form of cash savings. Part of the premium covers the cost of the insurance, while the rest is set aside and earns interest. Generally speaking, you can withdraw that amount early or let it ride for a much larger sum upon your death. You may also be able to borrow money against the policy or use it to pay for future premiums. The most common reason for needing life insurance is if you have dependents: people who depend on you financially, such as children, a spouse that doesn’t work or a parent who you support. At the very least, a life insurance policy can cover the costs of your final expenses, such as the cost of a burial or cremation, funeral and outstanding debts, which in turn keeps those things from burdening your family. Photo Courtesy: Chris Hondros/Getty Images With a better policy, you can also provide money to cover a mortgage, education, or other large expenses that could be too much to manage with the loss of your income otherwise. If used wisely, life insurance is the final way of providing for those you care about. Some people shy away from life insurance policies because they think they can’t afford them. While the best plans can definitely be expensive, cheaper plans are available, especially if you’re comfortable with a term policy. Photo Courtesy: Sean Gallup/Getty Images Other factors also affect how much life insurance will cost. Smokers and individuals with serious health conditions can expect to pay more for their policies, while younger people and women tend to have lower premiums than older adults and men. In fact, the premium for a plan that has coverage of $250,000 can cost less than $200 per year depending on your demographic and the plan you select. The level of life insurance coverage you need changes over time. When you're young and have no spouse or children, you may not need a policy because no one is counting on your income. The same is true for individuals with adult children and those who have enough money in savings to cover their loved ones' expenses. Photo Courtesy: Lars Baron/Getty Images Another consideration is when to buy a life insurance policy. Some people wait until they marry or have children. Others purchase a guaranteed renewable policy before they have dependents. This type of policy ensures they will always have coverage as long as they pay the premiums on time.Either way, buying one when you’re younger and healthier is usually cheaper than waiting until you’re closer to needing one, even if you end up spending money on a policy you likely won’t need. The right time for you to buy one will ultimately depend on your personal financial and health situation. There are plenty of online tools that can evaluate your insurance needs and help you choose a policy that works for you. Some are run by individual insurance companies, such as this one from Guardian Life, while others are maintained by independent sources. Photo Courtesy: Tim Boyle/Getty Images Alternatively, you can also seek out an expert who understands the industry and available products to help you make an informed decision. Insurance agents, estate planning lawyers and tax professionals can help you navigate the many life insurance policies and providers out there. They can explain the pros and cons of life insurance and help you find the perfect policy for your situation. First, congrats on the new job. I hope this is the dream job you've been waiting for. You're going through all that new hire paperwork, all your benefits, and you're trying to do the responsible thing, and say, "Does it make sense to buy life insurance?" Well, this might come as a surprise, but if you are super healthy, then I would encourage you to not buy life insurance through your job, but to buy life insurance through a third party, whether online somewhere or through a local independent agent. Easy Isn't Always Better You're probably wondering why buy through a third party when it's so simple to get life insurance through your job. You fill out a form, you send that in to your HR department, they automatically deduct the life insurance premiums from your paycheck. It's easy breezy, right? But here's something to consider. The average person changes jobs often in their career. If you're getting life insurance through your job now, what happens three years from now, seven years from now, or ten years from now when you change jobs? Now you have to run the risk of trying to get life insurance through your new job. That can get complicated because your new job might not offer the same type of group plan that your current job does. Will Your Future Employers Offer Life Insurance? What if, several employers down the line, you are hired by a firm that doesn't offer life insurance? Now you have to go to a third party, and that could cost more because now you're older. Maybe you've acquired a health condition. But had you gone to a third party in the beginning, you'd have that life insurance locked in for up to 30 years, and you don't have to worry about it anymore. Cost and Coverage Are Comparable Most people don't realize that buying life insurance through an independent agent or going online or buying it anywhere, for that matter, is going to cost you about the same as buying through a group plan like a job offers. And as far as it being easier to purchase insurance through your job, getting life insurance coverage only requires a phone call and having a traveling nurse visit you at home or work for a quick blood and urine test. Within four to six weeks the insurance company will let you know whether you're approved or not. Once you're approved, you can have the premium automatically deducted out of your checking account, and then you have the life insurance coverage you need. So while getting life insurance coverage through your employer is easy, it's not that much more difficult to get it through a third party. It's not going to cost you any more than what you're currently paying, and you can have the life insurance that you need for your family no matter where your career takes you. Click here to get a free, no obligation life insurance quote through Wise Bread. Jeff Rose is Wise Bread's resident Certified Financial Planner. His personal blog is Good Financial Cents. Disclaimer: The links and mentions on this site may be affiliate links. But they do not affect the actual opinions and recommendations of the authors.