401(c) SERVICES

EMPLOYEES CAN RECEIVE UNEMPLOYMENT BENEFITS AFTER A VOLUNTARY QUIT

EMPLOYEE-OWNED 100 PERCENT

EMPLOYEES CAN RECEIVE UNEMPLOYMENT BENEFITS AFTER A VOLUNTARY QUIT

Many managers believe that all employee quits disqualify someone from collecting unemployment benefits, which is not always true. Careful reporting and documentation of voluntary quits is absolutely vital for effective control of unwarranted claims. It cannot be stressed enough that you should document the reasons why an individual says they have quit.

- If you are unable to obtain a written resignation letter, you should document your conversation with the person about the reasons for leaving including the date and with whom they spoke.
- If the individual does not provide much information other than quitting for "personal reasons," it is okay to ask more questions to obtain additional details and information.
- If you can get them to text or email you with their reasons for leaving, that communication can be saved and used as documentation.

Most states expect that if an employee provided reasons for quitting, then the employer could have offered solutions rather than having the person quit. The burden is on the employer to propose options such as using vacation time, offering a leave of absence, changing work hours, or moving locations, to name a few. Just because someone did not ask for alternate arrangements does not mean the employer will win. Employers should document what was offered and reasons given as to why the offer was not accepted. This will show that the employer attempted to preserve the employment relationship. Next, it will be the claimant who needs to show good cause for refusing proposed options that could have remedied their situation.

While most quits, especially for non-compelling personal reasons, are disqualifying for unemployment benefits, there are significant exceptions. For example, all states may allow benefits for a quit with "good cause" attributable to employment. Other states have a broader "good cause" to include quits for certain compelling personal reasons leaving the claimant with no reasonable alternative. Here are more examples.

QUIT - WITHOUT GOOD CAUSE

- Attend school
- Get married
- Seek other work, e.g. career pivot
- Stay home with children
- Leaving in anticipation of discharge
- Job abandonment, no call no show for three or more days

QUIT - WITH GOOD CAUSE

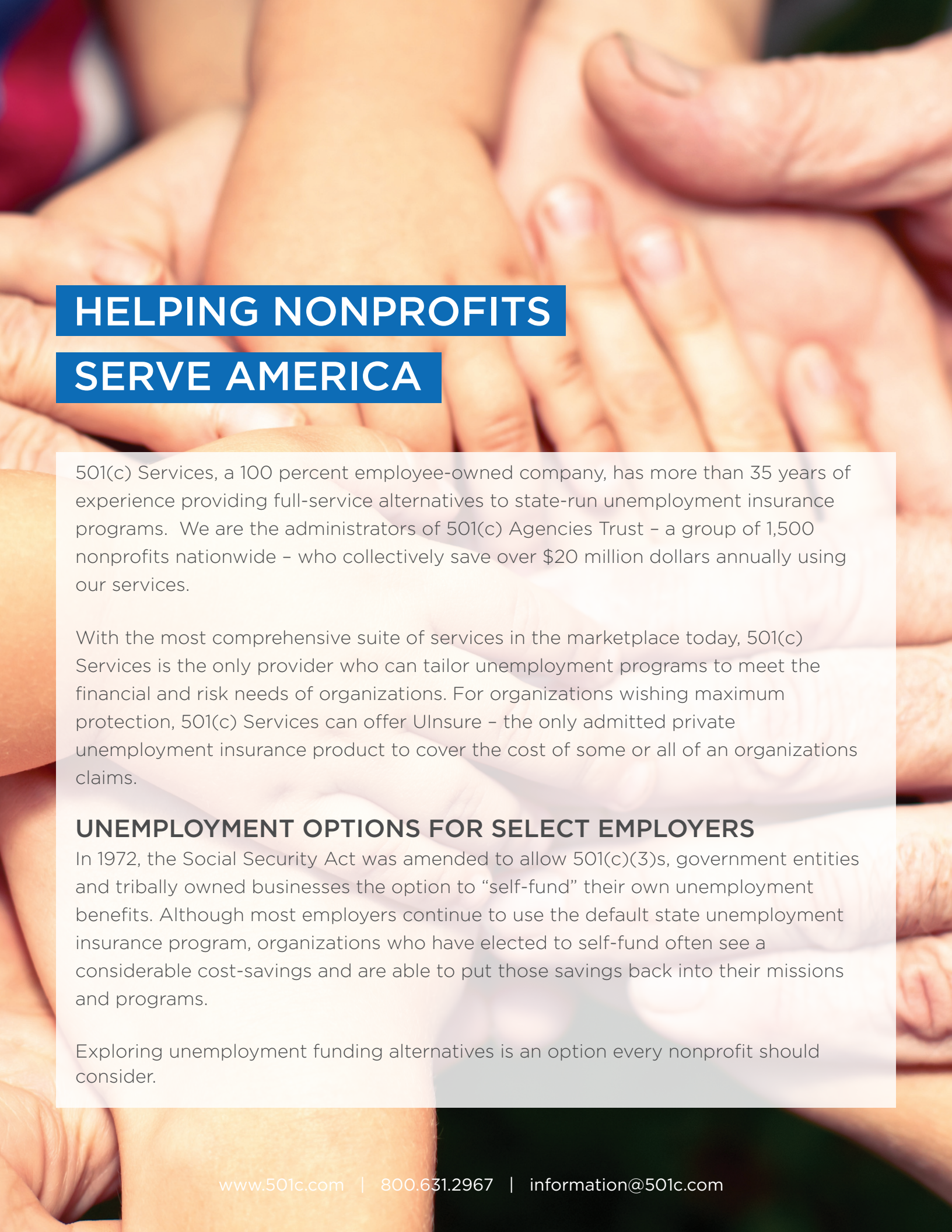
- Substantial or adverse change in terms of hire (e.g. reduction in hours, pay, change in duties or worksite)
- Evidence of harassment or discrimination
- Working conditions detrimental to health or safety

QUIT - WITH GOOD CAUSE FOR PERSONAL REASONS

- Quit for medical reasons (e.g. doctor's advice to move to a warmer climate)
- Care for a dependent parent or child
- Quit to follow a spouse who transferred elsewhere

Note: A quit in lieu of discharge is not a voluntary quit, because continuing work was not available.

Laws, rules, and exceptions vary greatly, so take care to obtain, whenever possible, a resignation letter. And, conduct an exit interview to document reasons for the quit.
If an employee is leaving because of an alleged problem on the job, document the circumstances and attempts (if any) to find a solution, such as offering a transfer or leave of absence.



HELPING NONPROFITS SERVE AMERICA

501(c) Services, a 100 percent employee-owned company, has more than 35 years of experience providing full-service alternatives to state-run unemployment insurance programs. We are the administrators of 501(c) Agencies Trust – a group of 1,500 nonprofits nationwide – who collectively save over $20 million dollars annually using our services.

With the most comprehensive suite of services in the marketplace today, 501(c) Services is the only provider who can tailor unemployment programs to meet the financial and risk needs of organizations. For organizations wishing maximum protection, 501(c) Services can offer UInsure – the only admitted private unemployment insurance product to cover the cost of some or all of an organizations claims.

UNEMPLOYMENT OPTIONS FOR SELECT EMPLOYERS

In 1972, the Social Security Act was amended to allow 501(c)(3)s, government entities and tribally owned businesses the option to "self-fund" their own unemployment benefits. Although most employers continue to use the default state unemployment insurance program, organizations who have elected to self-fund often see a considerable cost-savings and are able to put those savings back into their missions and programs.

Exploring unemployment funding alternatives is an option every nonprofit should consider.

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