

# **Business Closures and the Wage Security Fund**

## **What is the Wage Security Fund?**

The Wage Security Fund was established by the Oregon Legislature in 1985 and is administered by the Bureau of Labor and Industries. The Fund protects Oregon workers from wage loss by paying the final wages of employees when a plant or company closes without sufficient funds to pay final wages.

## **Who qualifies for Wage Security Fund benefits?**

Oregon employees of a company that closes and does not have sufficient funds to pay final wages are eligible to apply for benefits.

## **What are the available benefits for Oregon qualified workers?**

Workers can qualify for payments of the amount they earned during the 60 days preceding the closure date of the firm or the amount of unpaid wages earned within 60 days of the last day of employment. A maximum of \$4,000 may be paid to an individual worker. The fund pays amounts equal to unpaid wages only. It does not cover vacation, sick leave or other accrued compensatory time or benefits.

## **Who pays the social security, Medicare and state and federal income taxes owed on the wages?**

The employee's portion of FICA taxes (social security and Medicare) and federal and state income taxes are deducted from the amount paid to the worker. Claimants are required to submit a W-4 form ("Employees' Withholding Allowance Certificate") with their wage claim.

The employee's employer is responsible for payment of the employer's portion of FICA and FUTA taxes, and is required to file W-2 forms with the Social Security Administration and furnish copies to their former employees.

## **How do I file a claim?**

Wage Security Fund claim forms are available from any BOLI office (see contacts list below). If you believe that you may be entitled to payment from the Wage Security Fund (your employer has ceased business operations and you have not been paid final wages due), contact BOLI and request a Wage Security Fund claim form.

### **Who has benefited in the past?**

The Wage Security Fund has paid over \$14 million in benefits to more than 14,000 displaced Oregon workers since July 1986.

The Fund began making payments in July 1986. Money for the fund comes from a diversion of .03 of one percent of the state's employment tax paid by employers for one quarter (3 months) every odd-numbered year. This diversion is expected to generate more than \$3.6 million during the 2007-2009 biennium.

### **How do I get more information about the Wage Security Fund?**

Eugene	1400 Executive Pkwy Suite 200 Eugene, OR 97401	541-686-7623
Medford	119 N Oakdale Ave Medford, OR 97501	541-776-6270
Portland	800 NE Oregon St Suite 1045 Portland, OR 97232	971-673-0761
	TTY - Portland	971-673-0766
Salem	3865 Wolverine St NE; E-1 Salem, OR 97305-1268	503-378-3292

E-mail us from this web site: <http://www.oregon.gov/BOLI/sendmail.shtml>