



# Self-Insuring California SDI

A better choice for the employer  
and employee.

**Larkin**

# Let's navigate this together.

## Self-insuring California state disability insurance (SDI)

SDI can be hard to navigate on your own. We help you ensure the law and your company policy are consistently applied with a customized process that meets your unique needs and reduces costs.

### Why self-insure?

SDI (which includes paid family leave or PFL benefits) is entirely funded through a payroll tax on individual employee earnings. Because SDI must cover every worker in the state, the cost is often greater than the cost for any individual employer whose demographics are better than SDIs. Within SDI, every worker pays the same cost!

### California SDI cost & benefit history

The employee cost usually changes every year as of January 1st. The two components of SDI's cost are the contribution rate and the wages on which the contribution is taken.

The contribution rate fluctuates based on the SDI fund's experience and ranges from a low of 0.5% to a high of 1.3%. The average rate is approximately 1.0%.

### California SDI cost & benefit history

Year	Contribution Rate	Wage Base	Max Contribution	Max Weekly Benefit
2013	1.00%	\$100,880	\$1,008.80	\$1,067
2014	1.00%	\$101,636	\$1,016.36	\$1,075
2015	0.90%	\$104,378	\$939.40	\$1,104
2016	0.90%	\$106,742	\$960.68	\$1,129
2017	0.90%	\$110,902	\$998.12	\$1,173
2018	1.00%	\$114,967	\$1,149.67	\$1,216
2019	1.00%	\$118,371	\$1,183.71	\$1,252
2020	1.00%	\$122,909	\$1,229.09	\$1,300
2021	1.20%	\$128,298	\$1,539.58	\$1,357
2022	1.10%	\$145,600	\$1,601.60	\$1,540
2023	0.90%	\$153,164	\$1,378.48	\$1,620

### Employer advantages

A self-insured plan can provide a higher benefit than SDI. By increasing the benefit, the employer can save the cost of insured STD or LTD premiums and the cost of salary continuation or sick leave. Plan savings can then be used for other programs.

In addition, the employee experience is greatly improved when The Larkin Company handles both the leave of absence and the claim, rather than employees needing to file through the state.

### Is self-insuring a good option for my company?

Self-insuring makes sense for some companies but not all. Size and employee demographics impact the financial performance of a self-insured, employee-funded plan.

To help determine if self-insuring is a good option for your company, we prepare a comprehensive financial feasibility study at no extra cost.

In addition to the feasibility study, The Larkin Company can assist with:

- Legal compliance
- Claims administration
- Consulting and support
- Plan design
- Employee communication & enrollment
- Plan documentation

The Larkin Company has been designing and administering self-insured state disability insurance plans for over 25 years. We're recognized as an expert in self-insured disability and leave management fields.



Avg. SDI Cost vs. Voluntary Plan



### Why self-insure?

- The cost of SDI will often be higher than the cost to self-insure since the SDI fund is a pool that must take all risks.
- Self-insuring allows employers to design the claims process and employee communication based on their unique needs, greatly improving employee experience.
- The employer has the option to reduce employees' costs, improve the benefit, or both!

### Why choose Larkin?

- We've provided disability management and leave services as a private, employee-owned company for over 25 years.
- We customize our services for each client to meet your unique needs and objectives.
- We're always focused on building long-lasting client partnerships and maintaining client retention at nearly 100%.
- We can integrate disability administration with leave administration and simplify the process for employees—one call to The Larkin Company starts the leave and the disability claim process.
- With Larkin, you're giving your employees the comfort of human connection. Real people always answer the phone here. We pride ourselves on being easily accessible to our clients and their employees.

# Larkin

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