

# Changes to CA SDI Rate Effective 01/01/2024

## Important Notice from Affirm, Inc.

### Changes to California State Disability Insurance (SDI) Rate Effective January 1, 2024

Effective January 1, 2024, California Senate Bill 951 will eliminate the taxable wage limit on employee wages subject to California's State Disability Insurance (SDI) withholding rate. California's SDI program pays for the state's paid family leave (PFL) and disability insurance.

In 2023, the tax or "contribution" rate is 0.9% of pay on up to \$153,164 in annual wages. Any pay over that limit is exempt, so the maximum tax is \$1,378.48. Starting next year, the rate is expected to rise to 1.1%, resulting in a small tax increase for most employees. The State will also eliminate the current \$153,164 wage cap so all wages will be subject to withholding with no limit.

The tax hike will pay for an increase in benefits for lower income individuals under California's state disability insurance and paid family leave programs starting Jan. 1, 2025. At that point, the wage-replacement rate — how much of their weekly pay participating workers get in benefits — will rise to up to 70% to 90% for individuals with income up to \$60,096. That's up from 60% to 70% today.

### I'm an employee based in California, how will this impact my pay?

Someone making \$85,000 a year would pay an extra \$170. But the big change is that the wage cap will be eliminated, so the tax will apply to an unlimited amount of pay in 2024 and beyond. A worker making \$200,000 would see an increase of roughly \$822 next year.

### I'm an employee based in California, how will this impact my Short Term Disability (STD) Benefits?

Your STD benefits will not change. You will continue to receive STD benefits through the disability insurance carrier, Prudential, and California SDI. Note that California SDI benefits offset any STD benefits paid by Prudential.

<b>Weekly benefit amount</b>	60% up to a maximum of \$2,800
<b>Guarantee Issue</b>	\$2,800/week
<b>Benefits begin</b>	After 7 days of disability due to accident or 7 days due to sickness
<b>Maximum payment period</b>	12 (based on first day you are disabled, not when benefits begin)

For more information on STD benefits, please visit [benefits.affirm.com](https://benefits.affirm.com).