



THE COST OF NEW HIRES

Hiring employees is fundamental to business. Whether looking to hire your first employee or expand your team, be sure to understand the total cost of hiring help.

RECRUITMENT

Employee recruitment can start with anything from the help wanted ad you place on job search boards to hiring a recruiter to handle the legwork. While the help wanted ad may cost you only a few hundred dollars, the professional recruiter will likely charge a percentage of the employee's annual salary. But the recruiter will handle everything from placing the advertisement, pre-screening applicants, and checking references.

PRE-EMPLOYMENT SCREENING

Once you've offered the job to an applicant, you may choose to complete some pre-employment screening. The cost of criminal background checks, credit history, motor vehicle records, and drug testing can add up quickly.



EMPLOYEE BENEFITS

Another big cost will be for the benefits you provide. If you contribute to the cost of medical insurance, provide a retirement plan and other benefits for employees, fact in these costs.

WORKERS' COMPENSATION

Many states require employers to carry workers' compensation insurance for employees. The requirements and rates vary by state. Some states require you to carry this insurance even if you have only one employee.

TOOLS & EQUIPMENT

Your new employee may need equipment to do their work. You may need to provide a computer, phone or uniforms. Besides physical supplies, there may be additional costs to add employees to software programs for time tracking or project management.

PAYROLL TAXES

In addition to salary, you'll have to pay payroll taxes. FICA tax is 7.65% of your employee's earnings.* The federal unemployment tax rate is 6% of the first \$7,000 earned and you'll have to pay state unemployment tax, too. Credits for timely paid state unemployment tax help reduce the Federal Unemployment Tax. Rates vary based upon state, industry and an employer's history of unemployment claims.

**FICA tax includes 6.2% Social Security tax on the first \$142,800 of wages and 1.45% for Medicare.*

