

MASSACHUSETTS PACKAGE STORES ASSOCIATION



Paid Family and Medical Leave Q & A for Employers

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Overview:

In 2018, Massachusetts signed into law a statute that provides paid family and medical leave (PFML) benefits to workers. The newly established Department of Family and Medical Leave oversees the Commonwealth's PFML program. This program provides temporary income replacement to eligible workers who are welcoming a new child into their family, are struck by a serious illness or injury, need to take care of an ill or ailing relative, and for certain military considerations.

Paid Family and Medical Leave Q & A

Are all employers and businesses required to comply with the PFML law?

Businesses that employ 1 or more individuals are subject to the PFML law and must submit contributions on behalf of workers and covered individuals.

Businesses with fewer than 25 employees or covered individuals must submit contributions on behalf of their workers to cover the portion of PFML contribution due from employees and covered individuals. These businesses are not required to pay the employer portion of the contributions for family and medical leave.

Cities, towns, districts, and political subdivisions or their instrumentalities are exempt unless they opt in.

I'm already offering family and medical leave benefits. Am I exempt from the state contribution?

You will be able to apply for annual exemptions from making contributions for both medical leave and family leave if you offer a private plan option that is at least as generous as what is required under the PFML law. If your business receives this exemption your employees will not be covered by the state PFML plan.

Are self-employed individuals required to comply with the PFML law?

No. You may elect to pay contributions to get coverage under the PFML law, but participation is entirely voluntary.

Independent contractors who contract with a business that issues 1099s for more than 50% of its workforce are treated as "covered individuals," and their contributions will be remitted to the department by that business just like the business's employees.

What are the conditions for enrollment as a self-employed individual?

You must opt into the PFML program for an initial period of at least 3 years and must make contributions for at least 2 full quarters before applying for benefits.

Self-employed individuals who opt in are responsible for paying the full contribution amount.

(Continued on reverse page)

Paid Family and Medical Leave Q & A (continued)

What is the contribution rate and how is it collected?

The contribution rate is 0.63% on the first \$128,400 of an individual's annual earnings. You are responsible for remitting the full contribution to the department but may deduct from an employee's wages to cover the employee's share.

Businesses with fewer than 25 employees in Massachusetts must remit contributions to the department on behalf of their workers but are not required to pay the employer share of the contribution for family and medical leave.

Businesses that issue 1099s for more than 50% of their workforce must remit contributions for their 1099 workers ("covered individuals") as well as their employees. If your business has 25 or more workers in total, you must pay the employer share of the contribution for family and medical leave for both employees and covered individuals.

How much can I deduct from pay to cover the employee or covered individual PFML contribution share?

- Up to 40% of the total medical leave contribution required for an individual
- Up to 100% of the total family leave contribution required for an individual

Employers and businesses with fewer than 25 workers in Massachusetts must remit contributions to the department on behalf of their workers but are not required to pay the employer share of the contribution for family and medical leave.

How is the .63% total contribution rate apportioned between medical and family leave contributions?

The apportionment between family and medical leave contribution rates will be determined each year based on projected benefit costs for each benefit year. The first year's contribution breakdown will be determined in the coming months and published before July 1, 2019.

When must I begin paying the PFML contribution?

Contributions to PFML begin on July 1, 2019.

When will the PFML regulations be published?

The statutory deadline for the publication of PFML regulations is March 31, 2019. Watch here for early drafts before then.

If I have more questions where should I go?

Learn more about what effects PFML will have on your business at: <https://www.mass.gov/orgs/department-of-family-and-medical-leave>. You may also email questions to: MassPFML@Mass.gov.

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The Massachusetts Package Stores Association (MassPack) is a non-profit trade organization representing the interests of the thousands of independently-owned retail liquor stores across Massachusetts. MassPack is keenly aware of the business challenges its members face including: rising operational costs; changing competitive landscape; new insurance requirements; wage and labor issues; government regulations; legislative issues; preventing illegal sales and more.