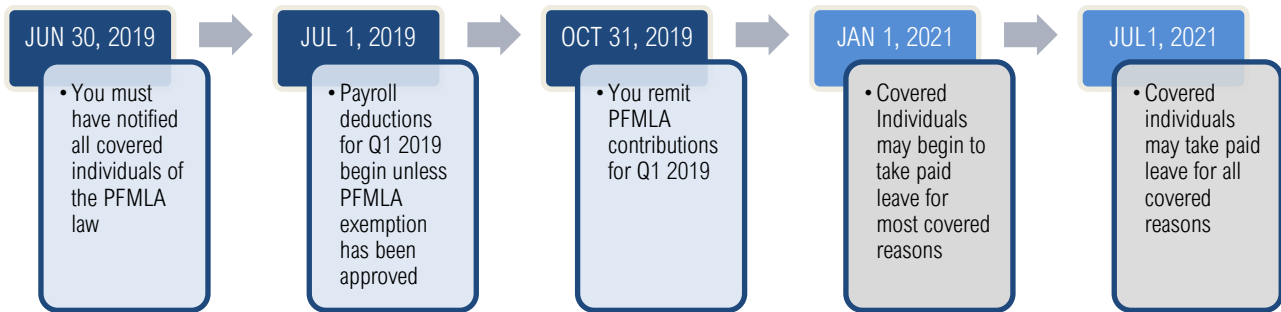


MARK YOUR CALENDARS : PAID FAMILY MEDICAL LEAVE CHANGES



As part of the “*Grand Bargain*” legislation passed last summer, Massachusetts has a new Paid Family and Medical Leave Act (“PFMLA”). The PFMLA establishes a statewide Department of Family and Medical Leave and the Family and Employment Security Trust Fund (“*Trust Fund*”).

Beginning in 2021, employees will be able to take the following paid leaves, capped at 26 weeks total in a single benefit year.

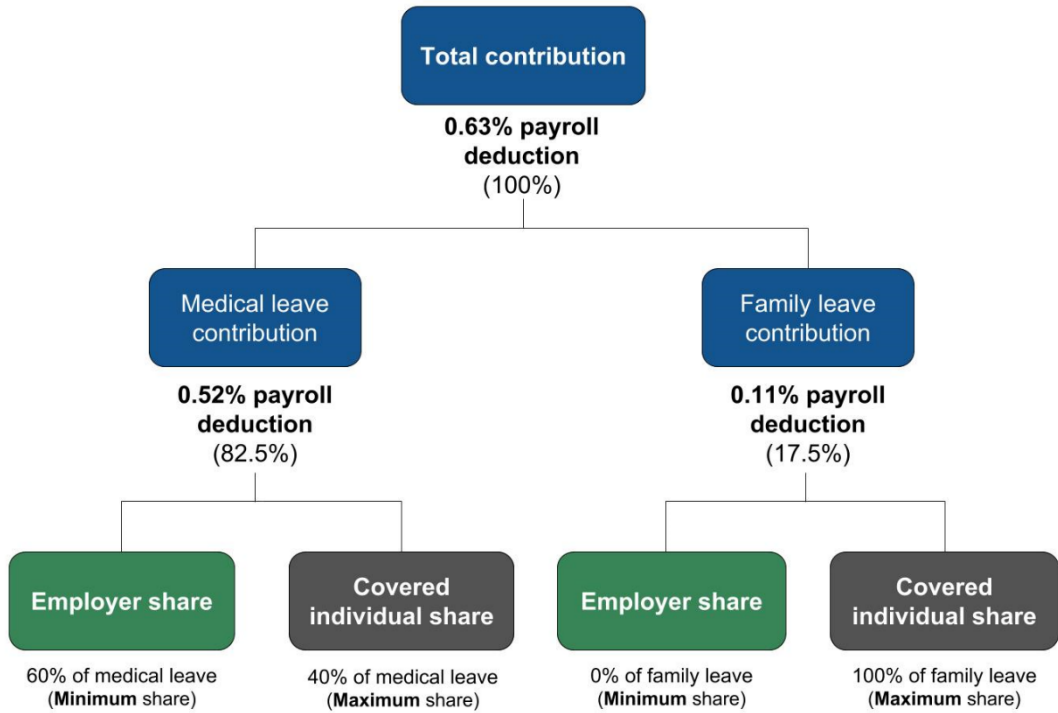
- up to 12 weeks of parental leave;
- 20 weeks of medical leave;
- 12 weeks to care for a family member’s health condition;
- up to 26 weeks of leave to care for a military family member with a serious health condition.

When individual employees take leave provided by PFMLA, their wage replacement benefits will be paid from the Trust Fund according to a formula outlined in MGL c. 175M s 3(b)(1). The Trust Fund will be funded by a new tax on employees and employers with more than 25 employees.

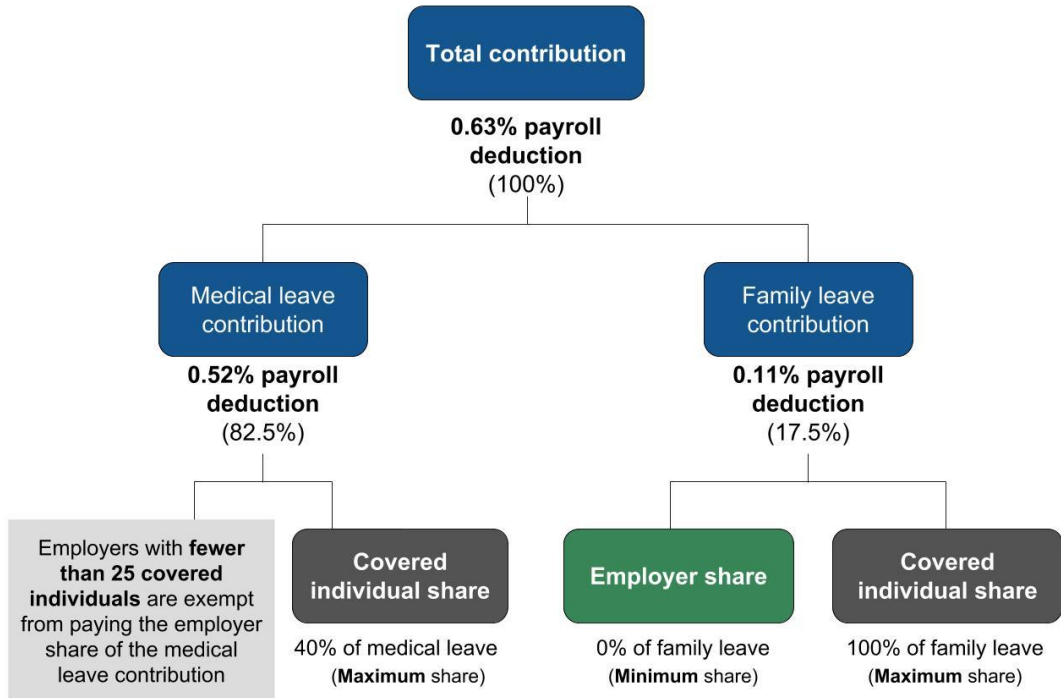
The initial total contribution rate is set at .63% of qualifying earnings (earnings up to \$132,900). This amount will be divided between medical and family leave. The current division is .52% of qualifying earnings to fund medical leave and .11% to fund family leave. The division of funds and total tax rate will be reevaluated in October of each year for the next year. Up to forty percent of the required medical leave contribution, and up to one hundred percent of the family leave contribution may be deducted from employee pay. The employer is responsible for any portion not withheld from wages, including a minimum of sixty percent of the required medical leave contribution.

Employers must begin withholding on July 1, 2019.

More than 25 Employees



Fewer than 25 Employees



Employers with fewer than 25 employees are not required to contribute to the Trust Fund, however the PFMLA requires that **all** Massachusetts employers, regardless of size, withhold the employee portion of the new tax on a quarterly basis and remit it through MassTaxConnect on or before the quarterly filing deadlines.

The employer must also file quarterly Employment and Wage Detail Reports with the Department of Revenue, detailing payments made to its entire workforce, including independent contractors who receive 1099s.

These reports and payments must be filed every quarter, beginning with the quarter ending October 31, 2019.

Employers who have an equally generous private plan may apply for exemption beginning on April 29, 2019. These exemptions must be renewed annually and require employers to carry bonds based on the size of the work force and the type of coverage (family, medical or both).

If a business' workforce is composed more than 50% of independent contractors who receive a 1099, that business is considered a "covered business entity" for the next year and must remit and pay, if otherwise required, the PFMLA contributions for the independent contractors as if they were employees.

Employers and covered business entities must give their employees written notice of the new law and its provisions on or before June 30, 2019.

This includes posting the state-provided notice in a location where it can be easily read (in English and any other primary language of 5 or more employees in which the state has made the poster available). Written notice must also be provided to all existing employees and independent contractors before June 30, 2019. After that date, each new employee or contractor must be given written notice of the availability of benefits, an explanation of employer and employee contributions and obligations, employer name, mailing address and tax identification, instructions on how to file a claim, and the contact information for the Department of Family and Medical Leave. **There are substantial penalties for failing to give initial or subsequent notices.**