



Paid parental leave benefits growing among employers

BY **BRYON BASS**

SVP, Disability and Absence
Management, Sedgwick

You may have heard industry news reports about employers offering four months, six months or even two years of paid leave for their employees. The amount of time varies, but there are certainly an increasing number of employers in the public and private sector adding this benefit. For the past four years, paid parental leave has been a growing trend among technology firms. More recently, financial services companies and others are beginning to join them.

FOR COMPANIES WITH A GLOBAL LEAVE POLICY,
THE FOLLOWING LEAVE TYPES ARE OFFERED:



94%

OFFER
MATERNITY
LEAVE



76%

OFFER
PATERNITY
LEAVE



73%

OFFER
ADOPTION
LEAVE



67%

OFFER
PARENTAL
LEAVE

Only 19% of companies had one global leave policy that includes all four types of leave — maternity, paternity, adoption, and parental.¹

According to the Integrated Benefits Institute (IBI), employers are moving toward offering paid parental leave because they want to care for their employees and create family-friendly workplaces. Building policies that are in line with prevailing social expectations is also a key reason employers are embracing this benefit. As an added advantage, paid parental, bonding and family leave offer enhanced benefits that not all employers provide, supporting their efforts to attract and retain talented employees.

Mercer studied parental leave among employers in the company's 2016 Global Parental Leave Report. Among the companies that responded, 36% indicated they have a global parental leave policy. For these companies, the leave types include maternity (94%), paternity (76%), adoption (73%) and parental (67%).¹ Of the 64% without a global policy, 12% are considering implementing one. Only 19% of companies had one global leave policy that includes all four types of leave — maternity, paternity, adoption and parental.¹

Among Sedgwick's customers, at least a dozen have implemented some type of paid parental leave program in the past year.

In addition to the private sector, paid family leave programs are also being introduced at the federal, state and municipal levels. Below are the programs and effective dates. See *the Edging up* section in this issue to learn more about the new programs in San Francisco and New York.

- Federal employees – effective January 1, 2015
- New Jersey – introduced January 1, 2009
- Rhode Island – effective January 1, 2014
- San Francisco – effective January 1, 2017
- New York – effective January 1, 2018²

KEY CONSIDERATIONS FOR EMPLOYERS

There are no federal mandates related to paid parental, bonding and family leave for employers, but we could start to see an influx in paid parental or family leave at the state or local level. Few states currently have rules for employers related to parental leave, so employers have the ability to write their plan any way they want to. As a result, designing a program is more about benchmarking than it is compliance. Employers want their programs to be competitive with what other organizations are offering.

For national companies or those with employees in multiple states, policies are generally consistent across their employee population. Offering the same program for all locations is good for employee morale and can increase job satisfaction.



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EFFECTIVE
JANUARY 1, 2015



EFFECTIVE
IN
SAN FRANCISCO
January 1, 2017

EFFECTIVE



JANUARY 1, 2018 IN
NEW YORK²

REFERENCES

¹ Global Parental Leave – A By-Country Study on Maternity, Paternity, Adoption, and Other Family Leave. Mercer. 2016.

² ...And a Baby Makes Three (Months Off) – Paid Parental Leave at 15 High Technology Firms. IBI. August 2016.

RESOURCES

Weighing Paid Parental Leave? Consider These Points First. HR Daily Advisor. Sushma Tripathi, Vice President, Workforce Planning and Benefits Consulting, ADP. January 2017.

<http://hrdailyadvisor.blr.com/2017/01/19/weighing-paid-parental-leave-consider-points-first/>

Now trending: Paid parental leave. Sedgwick blog. Todd Squiers, Director, Client Development, Sedgwick. January 2017.

<http://blog.sedgwick.com/2017/01/27/now-trending-paid-parental-leave/>

Why the US needs paid parental leave, TEDxSanJuanIsland, Anna Steffeney, 2016.

https://youtu.be/YMxqlo_4Hhw

When developing or reviewing a paid family leave policy, make sure the policy is not discriminatory against the mother or the father – it must be consistent. Part of the Equal Employment Opportunity Commission's strategic enforcement efforts this year include ensuring male and female employees are provided with an equal amount of time for parental leave purposes. For example, an employer cannot have a policy that reduces the time a woman can use for the bonding leave because she used part of her time during recovery after childbirth.

Ensure your human resources policies and procedures address parental leave entitlements and how they coordinate with other laws such as the Family and Medical Leave Act (FMLA) and disability. In addition, employers have the right to determine eligibility such as requiring some service time before benefits are accrued, or using vacation/sick time or paid time off benefits before qualifying for parental leave pay.

SHAPING YOUR PROGRAM

When employers have an experienced team helping them develop and manage the program, they can be sure that it is equitable for all employees. Employers are exploring what other companies are doing related to the average amount of time off, the percentage of wages being paid, and other benchmarks so they can decide what is best for their organization. Sedgwick can help businesses navigate the complexities of paid parental leave and help employers that would like to introduce or expand these benefits for their employees.