

Parental & Family Leave Benchmarks

Currently, 9 states¹, the District of Columbia, and Puerto Rico have State Mandated Paid Family and Medical Leave Programs (PFML). This momentum is expected to continue as roughly twenty states have active proposals for PFML programs. Beyond the states with mandated paid leave programs, many employers offer company-sponsored benefits like maternity leave, paternity leave, parental leave, and/or family care leave.

Prevalence of Offering²

- Half of employers have **maternity leave** policies that go beyond any applicable federal, state, and local laws. This represents employers that are providing coverage separate from a short-term disability plan, although those plans may or may not run concurrently
 - An estimated 78% of employers provide short term disability coverage which may be employer and/or employee paid
- 40% of employers have **parental leave** policies beyond required leave laws or where there are no leave laws
- More than a third of employers have **family leave** policies beyond those required by federal or state laws

Approach to Paid Leave Laws

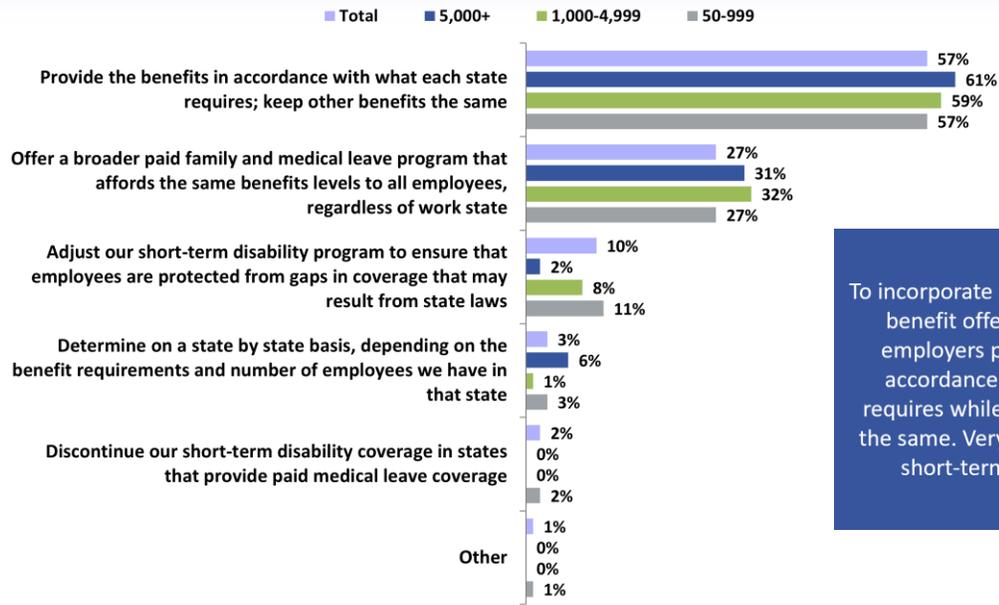
Most employers provide benefits in accordance with what each state requires, keeping other benefits the same. About a third offer a broader paid family and medical leave program that affords the same benefit levels to all employees, regardless of work state.³

Although larger employers typically have more states to manage and therefore a more complex offering, the approaches remain consistent across employers of all sizes.

¹ CA, CO, CT, MA, NJ, NY, OR, RI, and WA.

² IBI Leave Management Benchmarking Series, 2018; Alera Healthcare & Employee Benefits Benchmarking Survey, 2021.

³ Spring Consulting Group Integrated Employer Survey, 2020.



To incorporate paid leave laws into their benefit offering, most integrated employers provide the benefits in accordance with what each state requires while keeping other benefits the same. Very few would discontinue short-term disability benefits.

Plan Design

The majority of employers offer their paid parental and/or paid family care leave program to all employees versus limiting it to certain groups of employees (e.g. full-time employees, non-union, etc.). Most companies require a waiting period before employees are eligible for benefits, but this can vary by company.

The most critical plan design features are benefit amount and benefit duration. Although benchmarks vary based on industry and employer size, industry research indicates the following insight related to plan design⁴:

Maternity Leave

- Pay rates during **maternity leave** vary considerably with about half of firms indicating 100% wage replacement; smaller employers are less likely to provide full wage replacement than large employers
- **Maternity leave** durations ranged from 4-12 weeks with about 20% of employers providing more than 12 weeks
 - No pattern existed in the data related to company size and duration

⁴ IBI Leave Management Benchmarking Series, 2018; Spring Consulting Group Integrated Employer Survey, 2020.

Parental Leave

- 28% of firms offering paid parental leave provide between 5 to 9 weeks
 - 8% offer under 3 weeks; 9% offer 25+ weeks
- 24% of firms offering paid parental leave provide a benefit amount of 100%
 - 5% offer a benefit of 20% salary replacement or less

Family Leave

- 22% of firms offering paid **family leave** provide between 5 to 9 weeks
 - 14% offer under 3 weeks; 9% offer 25+ weeks
- 22% of firms offering paid family leave provide a benefit amount of 100%
 - 8% offer a benefit of 20% salary replacement or less

Things to Consider

In addition to core plan design decisions, it is critical to think about how maternity, parental and family leave will:

- Coordinate with other paid leave programs
- Support diversity, equity, and inclusion initiatives
 - As an example, the market is moving away from gender-based benefits (maternity and paternity) to **gender-neutral benefits** (parental leave and family care leave)
 - Similarly, the market is becoming less specific about terminology surrounding **family member definitions** within corporate policies
- Be managed through either an outsourced or co-sourced model including tracking, certification requirements (if applicable) and payment (where appropriate)
 - Detailed plan components including but not limited to the ability to stack time, maximum benefit levels, multiple births, and refresh rules

Want More Information?

Alera Group has additional information related parental and family leave, including in depth plan design information and data by employer size and industry through our Absence Management Impact Group. For more detailed and customized benchmarking information, please reach out to your local Alera Consultant who can engage the Absence Management Impact Group.