



5 Easy Steps to MA Paid Family and Medical Leave Compliance

Step One: Notification Poster (by September 30, 2019)

Display the attached notification poster that explains the benefits available to your workforce under the PFML law. We suggest you place the poster alongside other mandatory workplace posters you've displayed, like wage and hours laws, workplace discrimination, worker's compensation, and workplace safety.)

Note: The poster must be available in English and each language which is the primary language of 5 or more individuals in your workforce if these translations are available from DFML (available in Arabic, Chinese, French, Haitian Creole, Italian, Khmer, Korean, Lao, Portuguese, Russian, Spanish and Vietnamese). Please let Total HR Solutions know if you need a version in one of these languages.

Step Two: Determine Total Workforce Count (in preparation for October 1, 2019 Deductions and Contributions)

As a Massachusetts employer, your responsibility for making contributions under the Paid Family and Medical Leave (PFML) law depends on the makeup of your workforce. To make sure you're correctly assessed for contributions, it's important that you properly report the size and makeup of your Massachusetts workforce to the Department of Family and Medical Leave.

Using numbers from 2018, your total workforce includes:

- All Massachusetts W2 employees (full-time, part-time, seasonal). A Massachusetts W2 employee is anyone to whom you issue a W2 form for performing services in Massachusetts.
- Massachusetts 1099-MISC workers in accordance with the **new guidelines** from the MA DFML office as of September 9th:

In order for a 1099-MISC worker to be considered a part of your Massachusetts workforce count –

The 1099-MISC contractor **MUST**:

- Perform services as an individual entity;
- Live in Massachusetts;
- Perform services in Massachusetts; and

The 1099-MISC worker **MUST NOT**:

- Be an independent contractor as defined by the Massachusetts unemployment statute, (M.G.L. c.151A), which is a guiding authority for the PFML program in many respects.



The Massachusetts unemployment statute excludes from “employment” services that meet this three part test. If a worker meets the criteria provided above and you have determined that the individual entity is not an independent contractor under the three-part test, then you should count them as a member of your Massachusetts workforce.

Massachusetts 1099-MISC workers count toward your total number of covered individuals for purposes of contributions and reporting only if 1099-MISC workers make up more than 50% of your total Massachusetts workforce (MA W-2 employees and MA 1099-MISC workers combined). Otherwise, an employer is not required to contribute or report on 1099-MISC workers.

Counting your MA workforce

- Add up the total number of MA W-2 employees you paid each pay period in 2018 and divide that number by the number of pay periods. This is your 2018 MA W-2 average.
- Add up the total number of MA 1099-MISC contractors you paid for services each pay period in 2018 and divide that number by the number of pay periods. This is your 2018 MA 1099-MISC average.

You'll use these averages to calculate your number of covered individuals in step 3 below.

Step Three: Determine Covered Individuals...25 or more -OR- less than 25 (in preparation for October 1, 2019 Deductions and Contributions)

You'll always report on your total workforce numbers, but you're only responsible for submitting contributions on behalf of members of your workforce who are treated as covered individuals for the purposes of the PFML law.

Here's an easy way to calculate whether or not your MA 1099-MISC contractors are considered covered individuals:

- If your 2018 MA 1099-MISC average is less than or equal to your 2018 MA W-2 average, only your MA W-2 employees are considered covered individuals
- If your 2018 MA 1099-MISC average is greater than your 2018 MA W-2 average, your MA W-2 employees **and** MA 1099-MISC contractors are considered covered individuals



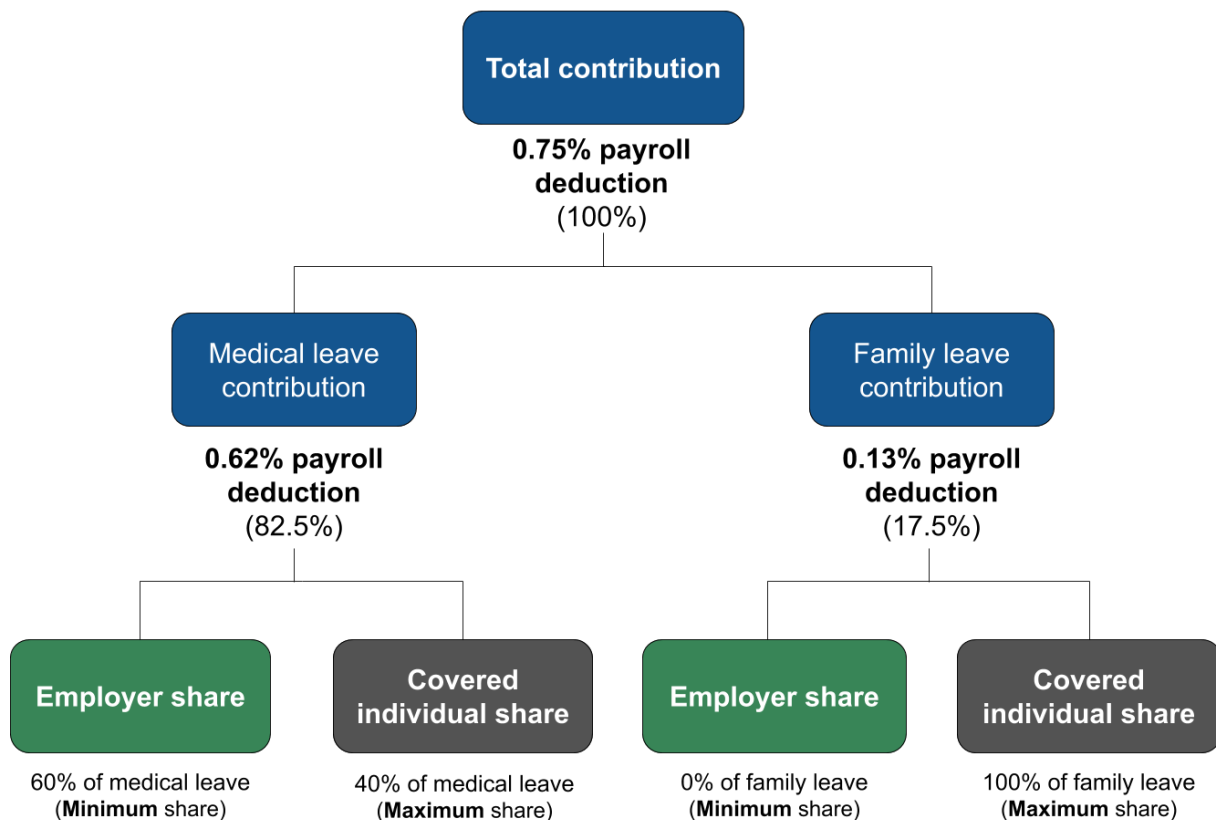
Each quarter, you'll be required to submit contributions for all covered individuals in your workforce. As illustrated below, you may deduct a part of the required contribution from wages you pay your employees and payments you make to 1099-MISC contractors who qualify as covered individuals. **If your workforce includes 25 or more covered individuals, you'll also be responsible for paying an additional employer share of contributions.**

Step Four: Decide If You Will Pay the Minimum or Make Contributions on Behalf of Your Employees (in preparation for October 1, 2019 Deductions and Contributions)

The State requires minimum contributions from the Employer as defined below. As the Employer, you can choose to make additional contributions on behalf of your Employees. For example, you can choose to contribute 100% of the Covered Individual Share in addition to the Employer Share resulting in no additional tax on your employees. Refer to the online calculator on the MA Department of Family and Medical Leave website to estimate your required contributions <https://bit.ly/31eg4Ts>.

Share this information with your Payroll Company so they can set up accurate deductions.

Contribution Rate Split for Employers with 25 or more Covered Individuals



Visual breakdown explained

Employers with 25 or more employees will be required to remit a contribution to the Department of Family and Medical Leave of 0.75 percent of eligible payroll. This contribution can be split between employee payroll deductions and an employer contribution and will support both types of leave.

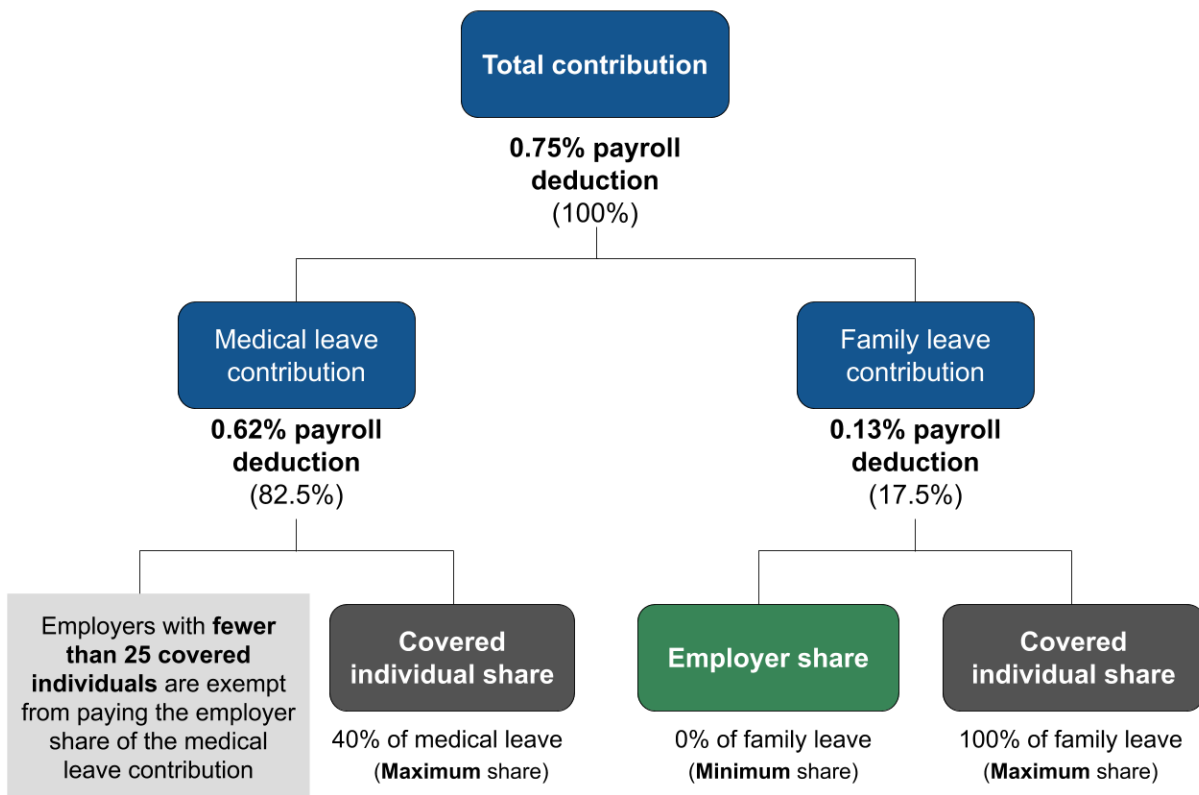
Family leave

Up to 100 percent of the family leave contribution can be deducted from employee wages.

Medical leave

Up to 40 percent of the medical leave contribution can be deducted from employee wages. Employers are responsible for contributing the remaining 60 percent.

Contribution Rate Split for Employers with fewer than 25 Covered Individuals



Visual breakdown explained

Employers with fewer than 25 employees must remit contributions to the Department of Family and Medical Leave but are not responsible for remitting the employer's share.

Family leave

Up to 100 percent of the family leave contribution can be deducted from employee wages.

Medical leave

Up to 40 percent of the medical leave contribution can be deducted from employee wages. Employers don't have to contribute the remaining 60 percent.



Step Five: Provide Notice to Employees and Contractors (by September 30, 2019)

On or before September 30, 2019, Employers are required to provide written notice (attached) to their current workforce of PFML benefits, contribution rates, and other provisions. The notice, which may be provided electronically, must include the opportunity for an employee (W2) or self-employed individual (1099-MISC) to acknowledge receipt or decline to acknowledge receipt of the information. The employer can receive these acknowledgments in paper form or electronically.

After September 30, 2019, you must issue this notice to each employee within 30 days of their first day of employment. The notice must be written in each employee's primary language.

If less than 50% of your workforce includes MA 1099-MISC contractors, you're not required to inform them of PFML benefits, though it's encouraged so those contractors are aware they may opt-in.

Important Upcoming Dates:

Beginning October 1, 2019, make payroll withholdings based on contribution rates.
By January 31, 2020, complete quarterly filings and submit contributions through MassTaxConnect.