

# Paid Family & Medical Leave (PFML)

## *Contributions Bond Instructions and Worksheet for October 1, 2019 Effective Date Exemptions*



### **Submitting a Surety Bond for Self-Insured Private Plans Under the Massachusetts Family and Medical Leave Law, M.G.L. c. 175M**

#### ***General Information About PFML Bond Coverage***

A self-insured employer seeking an exemption from making Paid Family and Medical Leave (PFML) contributions must complete an exemption application and furnish a surety bond running to the Commonwealth of Massachusetts in an amount based upon its Massachusetts workforce size.

You may apply for an exemption electronically using your MassTaxConnect account by visiting <https://mtc.dor.state.ma.us/mtc>. For more information about exemptions, please visit <https://www.mass.gov/paid-family-and-medical-leave-contribution-exemptions-for-employers>.

Both the employer and a surety that is authorized to transact the business of indemnity and suretyship by the Massachusetts Division of Insurance must fully complete and execute the bond form. Please include your Federal Employer Identification Number (FEIN) on all bond submissions. An electronic surety bond is acceptable.

You may upload your complete bond form at the time of application or if you have already been provisionally approved for an exemption, you will receive further instructions about how to upload the bond form to your MassTaxConnect account. **Please do not send the bond form or other exemptions documentation directly to the Department of Family and Medical Leave (DFML).**

#### ***Contributions Bond Coverage***

Exemption applications that are provisionally approved on or before December 20, 2019 will have an exemption effective date and a bond effective date of **October 1, 2019**. The bond period will end on September 30, 2020.

A Contributions Bond will be required from employers with an October 1, 2019 effective date. The Contributions Bond is required so that the Commonwealth of Massachusetts may recover PFML contributions if an employer fails to maintain its self-insured PFML private plan prior to January 1, 2021.

**Please note that the bond calculation and the bond form have changed.** You may have been quoted a different bond value when you originally submitted your exemption application. Please use this form and bond calculation for all exemptions with an effective date of October 1, 2019.

#### ***What Is Needed to Calculate the Contributions Bond Value***

The Contribution Bond formula for exemptions effective October 1, 2019 is based on the following values, which are multiplied by the 52 weeks in the bond period:

- **Your 2018 Average Workforce Count:** To learn how to count your Massachusetts workforce, please visit: <https://www.mass.gov/info-details/whos-a-covered-individual-under-the-pfml-law>.
- **The 2018-2019 Statewide Average Weekly Wage:** The 2018-2019 Statewide Average Weekly Wage (SAWW) is \$1,383.41. The SAWW is determined by the Director of the Department of Unemployment Assistance annually on October 1st.
- **The 2019 PFML Contribution Rate:** This amount is set by the Director of the DFML annually on October 1st.
  - The 2019 PFML contribution rate for family leave only is 0.13%.
  - The 2019 PFML contribution rate for medical leave only is 0.62%.
  - The 2019 PFML contribution rate for both family and medical leave is 0.75%.

## Contributions Bond Formula

**For Family Leave Plans:** 2018 Average Workforce Count x 2018-2019 SAWW x the 2019 PFML Family Leave Contribution Rate x 52 weeks

- 2018 Average Workforce Count x \$1,383.41 x 0.0013 x 52

**For Medical Leave Plans:** 2018 Average Workforce Count x 2018-2019 SAWW x the 2019 PFML Medical Leave Contribution Rate x 52 weeks

- 2018 Average Workforce Count x \$1,383.41 x 0.0062 x 52

**For Family & Medical Leave Plans:** 2018 Average Workforce Count x 2018-2019 SAWW x the 2019 PFML Family & Medical Leave Contribution Rate x 52 weeks

- 2018 Average Workforce Count x \$1,383.41 x 0.0075 x 52

Please round up to the nearest cent.

## Examples of Contribution Bond Coverage Amounts

### Family leave plans

- You have 20 covered individuals and you are applying for an exemption from family leave. Your required bond value is \$1,870.37.
- You have 250 covered individuals and you are applying for an exemption from family leave. Your required bond value is \$23,379.63.

### Medical leave plans

- You have 20 covered individuals and you are applying for an exemption from medical leave. Your required bond value is \$8,920.23.
- You have 250 covered individuals and you are applying for an exemption from medical leave. Your required bond value is \$111,502.85.

### Both family and medical leave plans

- You have 20 covered individuals and you are applying for an exemption from both family and medical leave. Your required bond value is \$10,790.60.
- You have 250 covered individuals and you are applying for an exemption from both family and medical leave. Your required bond value is \$134,882.48.

## What Will Happen at the End of the Bond Period?

Before the bond period expires on September 30, 2020, the employer must renew its self-insured private plan exemption approval by submitting a renewal application in MassTaxConnect.

At that time, a new bond will be required to cover the employer's obligation to cover the repayment of PFML contributions if an employer fails to maintain its PFML private plan as well as the obligation to provide paid family and/or medical leave benefits to its covered workforce on or after January 1, 2021.

**Because of these additional obligations, the renewal bond value will be greater than the Contributions Bond value outlined above.**

We will update our bond guidance once the new bond values are available for exemptions with effective dates of January 1, 2020 and later.

For more information, please visit <https://www.mass.gov/info-details/bond-requirements-for-approved-self-insured-plans>.