

Paid Family & Medical Leave (PFML) Contributions Bond Instructions and Worksheet for April 1, 2020 and July 1, 2020 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 PFML contributions must complete an exemption application, submit a self-insured plan satisfactory to the Department of Family and Medical Leave (DFML), 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 which clearly demonstrates acceptance in the form of a signature and seal of the surety is acceptable. Please ensure that the signature and seal is visible on all bonds.

Contributions Bond Coverage

Self-insured employers with exemption applications submitted between January 1, 2020 and March 31, 2020 will have an exemption effective date and a bond effective date of **April 1, 2020**. The bond period will end on December 31, 2020, for 39 weeks of coverage (three quarters)

Self-insured employers with exemption applications submitted between April 1, 2020 and June 30, 2020 will have an exemption effective date and a bond effective date of **July 1, 2020**. The bond period will end on December 31, 2020, for 26 weeks of coverage (two quarters).

A Contributions Bond will be required from employers with an April 1, 2020 and a July 1, 2020 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.

Prior to the bond expiration date of December 31, 2020, employers with a self-insured private plan exemption will be required to obtain new bond coverage in an amount sufficient to cover its obligation to provide PFML benefits to its workforce. The DFML may require the employer to renew its plan and bond with an effective date of January 1, 2021. The DFML will post instructions on its website for obtaining sufficient bond coverage for the remainder of the employer's exemption period and the renewal requirements. Employers will also be notified via MassTaxConnect.

Please note that the bond calculation and the bond form may change depending upon the effective date of your exemption. Please use this form and bond calculation for all exemptions with effective dates of April 1, 2020 and July 1, 2020.

What Is Needed to Calculate the Contributions Bond Value

For April 1, 2020 Effective Date Exemptions

The Contribution Bond formula for exemptions effective April 1, 2020 is based on the following values, which are multiplied by the 39 weeks in the bond period:

- **Your 2019 Average Workforce Count:** To learn how to count your average Massachusetts workforce, please visit: <https://www.mass.gov/info-details/whos-a-covered-individual-under-the-pfml-law>.
- **The 2019-2020 Statewide Average Weekly Wage:** The 2018-2019 Statewide Average Weekly Wage (SAWW) is \$1,431.66. 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 2020 PFML contribution rate for family leave only is 0.13%.
 - The 2020 PFML contribution rate for medical leave only is 0.62%.
 - The 2020 PFML contribution rate for both family and medical leave is 0.75%.

For July 1, 2020 Effective Date Exemptions:

The Contribution Bond formula for exemptions effective July 1, 2020 is based on the following values, which are multiplied by the 26 weeks in the bond period:

- **Your 2019 Average Workforce Count:** To learn how to count your average Massachusetts workforce, please visit: <https://www.mass.gov/info-details/whos-a-covered-individual-under-the-pfml-law>.
- **The 2019-2020 Statewide Average Weekly Wage:** The 2018-2019 Statewide Average Weekly Wage (SAWW) is \$1,431.66. 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 2020 PFML contribution rate for family leave only is 0.13%.
 - The 2020 PFML contribution rate for medical leave only is 0.62%.
 - The 2020 PFML contribution rate for both family and medical leave is 0.75%.

Contributions Bond Formula

When calculating the bond amount, please round up to the nearest cent and use the following formulas depending upon your effective date:

For April 1, 2020 Effective Date Exemptions:

For Family Leave Plans: 2019 Average Workforce Count x 2019-2020 SAWW x the 2020 PFML Family Leave Contribution Rate x 39 weeks

- 2019 Average Workforce Count x \$1,431.66 x 0.0013 x 39

For Medical Leave Plans: 2019 Average Workforce Count x 2019-2020 SAWW x the 2020 PFML Medical Leave Contribution Rate x 39 weeks

- 2019 Average Workforce Count x \$1,431.66 x 0.0062 x 39

For Family & Medical Leave Plans: 2019 Average Workforce Count x 2019-2020 SAWW x the 2020 PFML Family & Medical Leave Contribution Rate x 39 weeks

- 2019 Average Workforce Count x \$1,431.66 x 0.0075 x 39

Example: A employer with a self-insured family and medical leave plan, an exemption effective date of April 1, 2020, and a 2019 average workforce of 200 will require a bond in the amount of \$83,752.11.

For July 1, 2020 Effective Date Exemptions:

For Family Leave Plans: 2019 Average Workforce Count x 2019-2020 SAWW x the 2020 PFML Family Leave Contribution Rate x 26 weeks

- 2019 Average Workforce Count x \$1,431.66 x 0.0013 x 26

For Medical Leave Plans: 2019 Average Workforce Count x 2019-2020 SAWW x the 2020 PFML Medical Leave Contribution Rate x 26 weeks

- 2019 Average Workforce Count x \$1,431.66 x 0.0062 x 26

For Family & Medical Leave Plans: 2019 Average Workforce Count x 2019-2020 SAWW x the 2020 PFML Family & Medical Leave Contribution Rate x 26 weeks

- 2019 Average Workforce Count x \$1,431.66 x 0.0075 x 26

Example: A employer with a self-insured family and medical leave plan, an exemption effective date of July 1, 2020, and a 2019 average workforce of 200 will require a bond in the amount of \$55,834.74.

What Will Happen at the End of the Bond Period?

Before the bond period expires on December 31, 2020, a new bond will be required to cover the employer's obligation to cover the repayment of PFML contributions if an employer fails i) to maintain its PFML private plan or ii) to provide paid family and/or medical leave benefits to its covered workforce on or after January 1, 2021. As stated above, the DFML may require the employer to renew its plan and bond with an effective date of January 1, 2021.

Because of these additional obligations, the bond value as of January 1, 2021 will be greater than the Contributions Bond value outlined above.

We will update our bond guidance once the new bond values are available. For more information, please visit <https://www.mass.gov/info-details/bond-requirements-for-approved-self-insured-plans>.



How to Submit Your Bond to DFML

For the most efficient processing of your self-insured exemption application, you may upload a scanned copy of your surety bond (or an electronic surety bond) at the time of your exemption application.

If you did not upload a copy bond at the time of your exemption application and you are provisionally approved for an exemption, you will receive further instructions via MassTaxConnect about how to upload a copy of your bond to your MassTaxConnect account. Please make sure to continue to login to MassTaxConnect to receive these important messages about your exemption application.

Once you are informed that you are fully approved for a self-insured exemption, you will be required to mail the original bond to the DFML at:

Massachusetts Department of Family and Medical Leave
200 Arlington Street
Chelsea, MA 02150
Attn: Exemptions Department



Special Instructions for Multi-entity Employers

Self-insured employers seeking an exemption must apply for an exemption for each entity that has its own Federal Employer Identification Number (FEIN) and a Massachusetts workforce. If your business structure includes multiple FEINs, you must submit an exemption request for each individual entity separately in MassTaxConnect.

It is acceptable to submit one bond for all entities, but the bond (or a rider to the bond) should include the names and FEINs of all entities and be signed by a representative of the employer that is an authorized signatory for all entities.