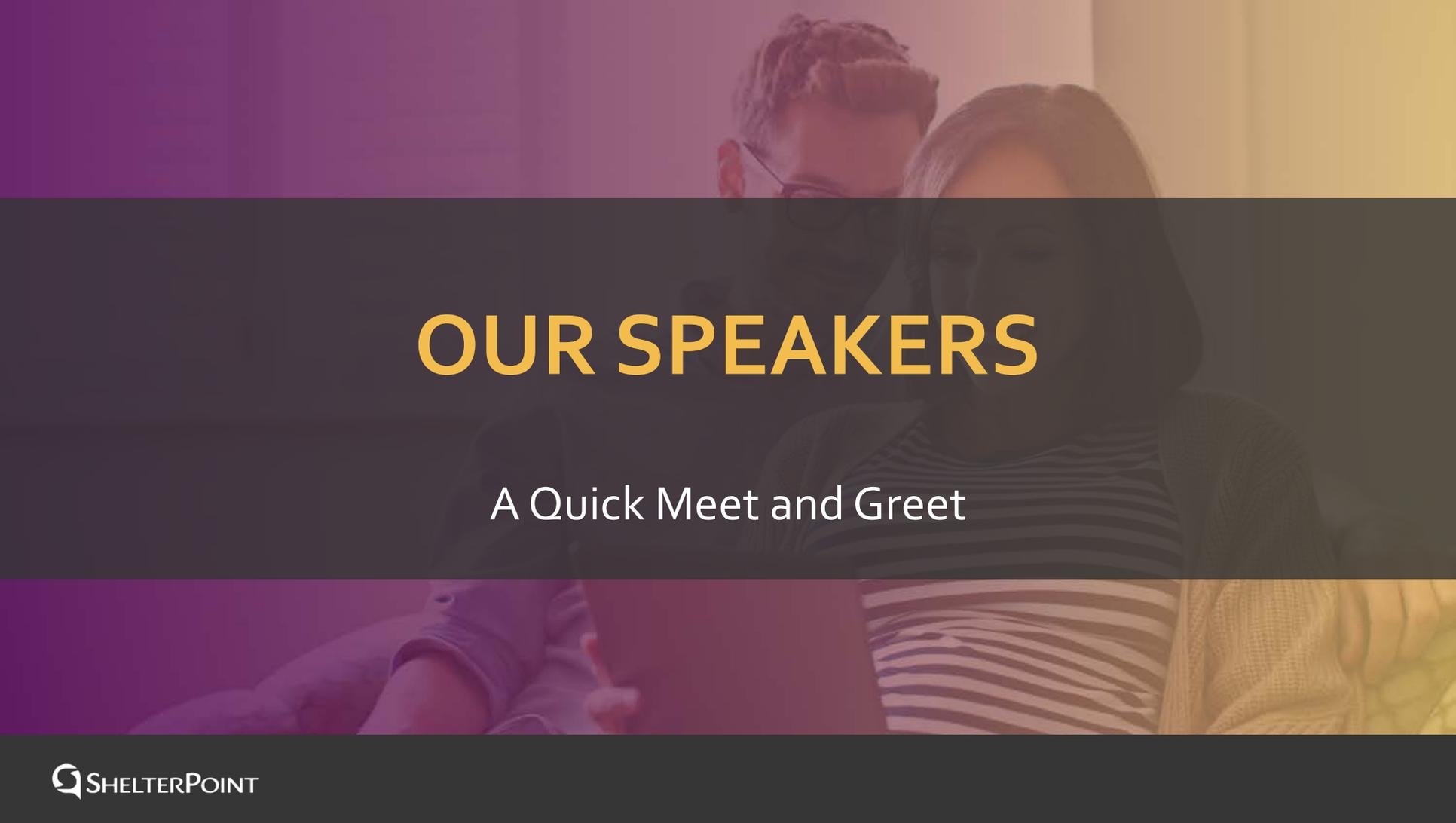




PFL 101: Webinar For Employers

A photograph of a man and a woman sitting together, looking at a laptop screen. The man is on the left, wearing glasses and a dark jacket. The woman is on the right, wearing a striped shirt and a dark cardigan. The image is overlaid with a dark semi-transparent rectangle containing text.

OUR SPEAKERS

A Quick Meet and Greet

Our Speakers



Brian Dunham
Chief Actuary



Simon Klarides
Director, Business Development



Moderator:
Stephanie Haber
Marketing Manager

Today's Agenda

- **Paid Family Leave basics**
- **Employer impacts**
- **What you should do now to prepare**
- **Why ShelterPoint Life is a natural choice for PFL**
- **Live Q&A**

Poll Question





PAID FAMILY LEAVE BASICS

Here's what you need to know

Paid Family Leave Basics

- **What is Paid Family Leave (PFL)?**
- **PFL Premium**
- **How are benefits calculated?**
- **Who is eligible?**
- **Who is not eligible?**
- **What can PFL be used for?**

What is Paid Family Leave?

- Starting in January 2018, Paid Family Leave (PFL) becomes a mandatory benefit in New York, providing employees with job protection and paid time off for these qualifying events:
 -  **Providing care** for a family member with a serious health condition
 -  **Bonding** leave after giving birth, adoption, or welcoming a child into foster care
 -  **Qualifying military exigency**

PFL provides:

- Paid Time Off (partial salary replacement)
 - *Amount and duration phased in over the next 4 years*
- Job security – even applies to employers with less than 50 employees
- Maintains health insurance for employees taking PFL

PFL Premium

Structure

- The PFL rate is set by NY State and will be adjusted on an annual basis effective each January 1. **All carriers will be charging the same rate for PFL by law**
- The 2018 rate effective January 1, 2018 was set on June 1 of 2017:
 - **Rating Mechanism: percent of salary**
 - **Weekly contribution rate: 0.126% of the employee's weekly wage**
(capped at current NYSAWW of \$1,305.92 = 67,907.84*).
**NY Department of Labor releases the updated NYSAWW every March 31.*
 - **= maximum contribution of \$1.65 /week (averaged over the year) per employee ****
***Based upon NYSAWW as of March 31, 2017*

Thereafter, updated rates are set and announced by New York State by September 1 of each year for the following calendar year.

How are PFL Benefits Calculated?

Benefit chart for employees taking leave in weekly increments:

Benefit Year Effective Date*	Maximum Length of Paid Leave	Maximum Benefit Amount***		
		Payable % of Employee's Average Weekly Wage	To the Maximum % of NY Average Weekly Wage	\$ Max based on current NYSAWW of \$1,305.92**
01/01/2018	8 weeks	50%	50%	\$652.96
01/01/2019	10 weeks	55%	55%	\$718.26
01/01/2020	10 weeks	60%	60%	\$783.55
01/01/2021	12 weeks	67%	67%	\$874.97

Leave taken in daily increments is based on the average number of days worked per week.

**While this is the anticipated phase-in schedule, New York State may delay implementation at its discretion.*

***NY Department of Labor releases the updated NYSAWW by March 31 of each year.*

****The Maximum benefit for employees taking intermittent leave is calculated different and depends on the number of days typically worked in a week.*

Who is Eligible For PFL

- All active full and part-time employees at DBL-COVERED EMPLOYER (typically a private sector employer with at least 1 employee in NY)
- A public sector employer are exempt

Definition of part-time employee:

DBL	PFL
Anything less than the employer's normal work week	Less than 20 hours per week

Eligibility - DBL vs. PFL

- **Minimum amount of time employees must have worked at the same employer to qualify for PFL benefits:**
- **Full-time employees:**
 - PFL: 26 weeks
 - DBL: 4 weeks
- **Part-time employees:**
 - PFL: 175 days worked
 - DBL: 25 days worked
- **Transfer of qualification period (If an employee changes jobs from one covered employer to another):**
 - PFL: their time worked at the previous employer does not count– the PFL qualification period begins anew
 - DBL: their time worked at the previous covered employer DOES count, as long as they switch within 4 weeks

Highlights of Other Noteworthy Differences Between DBL & PFL

DBL	PFL
Taken due to employees' own disability	Taken to care for someone else, or to bond with a new baby
7-day waiting period	No waiting period
Employee can collect benefits while out on PTO or using vacation days	Employee cannot collect monetary benefits while out on PTO or using vacation days, job protection aspect is not impacted
Max duration of 26 weeks	Max duration of 8 weeks (12 weeks once fully phased in)
Rates set by carriers while adhering to MLR requirements	Rates set by New York State
Multi-tier rate with male/female and potentially owner rates (depending on the carrier)	Rate is in percent of employee's salary
Maximum weekly contribution/per employee: \$0.60	Maximum weekly contribution/per employee: 0.126% of the employee's weekly wage (capped at current NYSAWW of \$1,305.92 = \$67,907.84). <i>*NY Department of Labor releases the updated NYSAWW every March 31.</i>

What Can PFL Be Used For?



Providing Care

for a family member with a serious health condition



Bonding leave

after giving birth, adoption, or foster care



Qualifying military leave event



PROVIDING CARE

The person receiving care must be a family member with a serious health condition.

Who counts as a care recipient (family member) for PFL purposes?

- Child
- Parent
- Spouse
- Domestic Partner
- Grandparent
- Grandchild

★ **PFL EXPERT TIP:** Parent is defined under PFL as: *Biological, foster, or adoptive parent, a legal guardian (or other person who stood in loco parentis to the employee when the employee was a child) **as well as step parents and in-laws.***

Providing Care

What qualifies as a serious health condition under PFL?

“Serious health condition” means that the person receiving care is **unable to work, attend school, perform regular daily activities, or is otherwise incapacitated** due to very specific definitions.



PFL Expert Tip – The family member you care for must be incapacitated for at least 4 consecutive days with either

- at least 2 doctor treatments or
- 1 doctor treatment and a doctor-supervised regimen thereafter

What does NOT qualify as a serious health condition under PFL?

- Routine examinations which are not considered treatment
- A regimen or treatment that can be, and is, initiated without a visit to a health care provider, such as taking of over-the-counter medications (*e.g.*, aspirin, antihistamines, or salves), bed-rest, drinking fluids, exercise, etc.
- The common cold, flu, ear aches, upset stomach, minor ulcers, headaches other than medically diagnosed migraine, routine dental or orthodontia problems, periodontal disease, *etc.* (unless complications arise)
- Cosmetic treatments, such as most treatments for acne or plastic surgery

BONDING

An employee's entitlement to paid family leave for a birth expires at the end of the consecutive 52-week period beginning on the date of the birth/adoption.

- DBL and PFL cannot be taken together, and cannot exceed 26 weeks total within the consecutive 52-week period beginning on the date of the birth
- Babies born in 2017
- Adoptions or foster care





QUALIFYING MILITARY EXIGENCY LEAVE EVENT

Employees can take paid family leave to attend to family matters if a family member is on active duty or has been notified of an impending call to active duty in the armed forces of the United States.

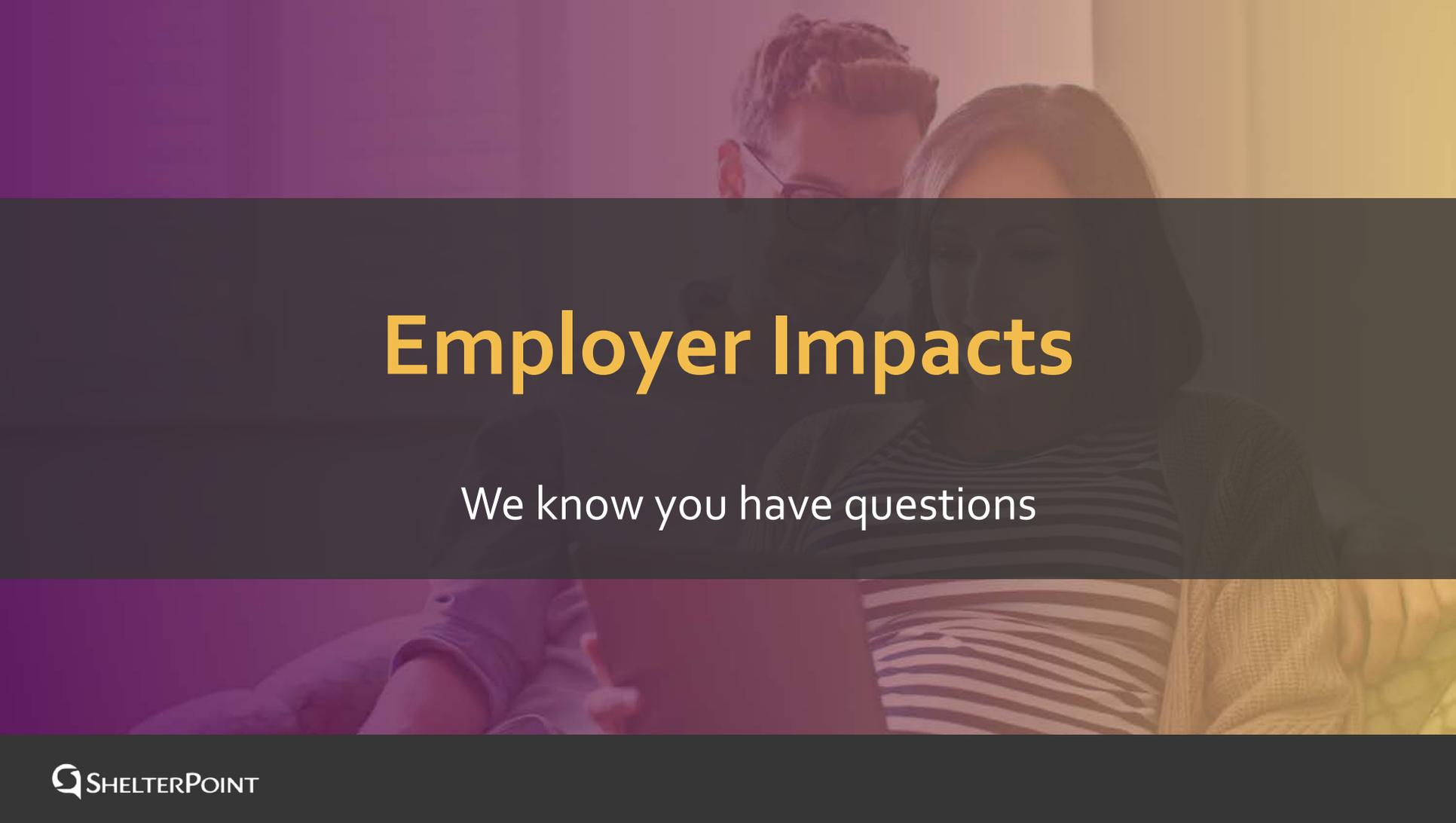
Who counts as a military-leave qualified family member for PFL purposes?

- Spouse
- Domestic partner
- Child
- Parent

 **PFL EXPERT TIP:** PFL regulations USE THE FMLA DEFINITIONS – so, if FMLA rules and definitions change regarding military leave, the same changes apply to PFL.

Poll Question



A man and a woman are looking at a laptop screen together. The man is on the left, wearing glasses and a dark jacket. The woman is on the right, wearing a striped shirt and a dark jacket. They are both looking down at the laptop. The background is a blurred indoor setting.

Employer Impacts

We know you have questions

Employee Payroll Deductions

- **Employee Payroll Deductions can start July 1, 2017**
- Employers must pay the premium for their entire group whether they withhold from employees or not.
- While PFL is considered employee-funded coverage, employers don't *have to* collect weekly employee contributions.
- Employers don't have to refund payroll deductions collected from employees between 07/01/17 and 01/01/18 for those employees that leave employment during the same time period
- Employers can't retroactively collect payroll deductions for Paid Family Leave
- How it works for new hires
 - *Other questions we received on how this works:*
 - Is July 1 mandatory? When do we start?
 - Why start early, I don't understand why start collecting in 2017 for a benefit that begins on 1/1.
 - How does it work – who do we send the deduction to, who banks the deduction?
 - Is the deduction pre-tax, or after tax?
 - Do we take this deduction out of everyone's pay – college student employees included? High school students?
 - I have heard very little about the administration side of this law. Will our NYS Disability carrier handle that for us? Will we as the employer be paying a premium per employee or are we just paying .126% per employee's salary to the NYS Disability Company?
 - Can employee waive payroll deductions – what is the process and criteria for this?
 - Will there be disclosures/brochures to give to employees to help them understand PFL and there requirement to participate and contribute?

Collecting Contributions

- **Weekly max contribution rate: 0.126% of the employee's weekly wage** (annual wages are capped at current NYSAWW of \$1,305.92=\$67,907.84*).

*NY Department of Labor releases the updated NYSAWW every March 31.

- Employers cannot collect more than the allowable maximum contribution for PFL through payroll deductions. But if they do, the employer must return the excess amount to the employee.

★ *PFL Expert Tip: Check your bill mode! Collecting PFL premium from payroll early alleviates some of the upfront financial burden if you pay your bill annually in advance.*

– *Questions we received on how to calculate:*

- Employees who are paid commission monthly?
- Hourly employees who are paid overtime? Is the premium based on their base rate?
- What if the employee is paid Bi-weekly?
- Hourly not salary and it changes weekly?

Paid Family Leave Top 10

Here are the top 10 things to keep in mind:

1. Employers that have to provide DBL, **must** provide PFL.
2. All employees who are currently covered under DBL, will be covered under (and thereby have the right to take) PFL effective 01/01/2018 – some employees could be out as early as the very first day of next year!
 **PFL Expert Tip:** Covered employers who do not provide PFL may be subject to fines and other measures.
3. Just like with DBL, a printed PFL notice will need to be displayed and posted as published by New York State later this year.
4. PFL benefits phase in over 4 years with gradually increasing benefit amount and duration, so it's important to stay on top of annual changes to the maximum benefits.
5. New York State sets the rate and can change it every year – this is something else to look out for on an annual basis.
6. Employers can start taking payroll deductions starting July 1, 2017.
7. Employers cannot require employees to exhaust their accumulated PTO before letting them go out on paid family leave.
8. Employees will need to give 30 days' notice for foreseeable leave. This means employers could start receiving notices by 12/01 of this year.
9. PFL provides job security for employees out on paid leave, similar to unpaid leave under FMLA, but regardless of the size of the employer.
10. If an employer declines to reinstate an employee returning from PFL, the employee may report that employer to New York State. The employer then has 30 days to either take corrective action or file a formal response to the employee.

What Should I Do Now to Prepare

- Get your Payroll House in Order
 - Start conversations with your payroll provider about changes that need to be made to accommodate PFL
 - PFL rate is based on each employee's wage/salary, this may add to the complexity of your current payroll tracking/administration.

★ *PFL Expert Tip: Start looking into solutions that may help you minimize the added burden.*

- Plan Now to Avoid Staffing Gaps in 2018
 - Employees can start taking PFL as early as January 1, 2018
 - Babies born in 2017
 - Since paid leave can be taken in daily increments/**intermittent** intervals (such as every other Monday), absence management may become more complex. This may be overwhelming for employers who are not subject to FMLA, as FMLA already requires granular **absence management capabilities**.

★ *PFL Expert Tip: Whether it means cross-training teams in different roles or looking into short-term staffing solutions from temp agencies.*

What Should I Do Now to Prepare Cont.

- Double-Check Insurance
 - Confirm your current statutory disability (DBL) carrier will remain in the PFL/DBL market - and if not, arrange for replacement coverage
 - Carriers have until August 1, 2017 to declare whether they are “in” or “out”
- Housekeeping
 - Know your rights and responsibilities – 30 days notice, etc.
 - Employers must **add PFL to their written guidance** for employees concerning employee benefits & leave rights, such as an employee handbook.
So, make sure you know exactly where all your employee documentation is housed, and update (or create) those materials with the new required PFL information.

★ ***PFL Expert Tip:** Even if no written manuals are in place now, the employer will have to create written guidance on PFL, including information on how to file a claim for paid family leave!*

- Subscribe to our PFL updates at **PaidLeaveNY.com**

How ShelterPoint Life Can Help

Resources Available:

- www.PaidLeaveNY.com
 - Blog posts regularly on important topics
 - Follow us on Social media and share PFL content with your employees
- **Employee Brochure explaining the basics:**
 - Download now: <http://go.shelterpoint.com/PFL-employees>
 - Link **will** be sent along with the recording/slides from today
- **Coming soon... ABC's of PFL**
 - Your in-depth go-to resource for all things NY PFL
 - Subscribe to our updates to ensure you get your copy as soon as it is released!*
- pflquestions@shelterpoint.com

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SHELTERPOINT LIFE & PFL

A natural fit

Why ShelterPoint Life is the Right PFL Choice

- We've been selling DBL for over 45 years
- ShelterPoint Life is the largest writer of NYS DBL by both premium and policy count*
- We are committed to a smooth implementation
 - **All DBL contracts that are required to include PFL will automatically receive a PFL rider this year**
(prior to the 1/1/18 effective date of coverage)
 - We've been preparing for Paid Family Leave since the law was passed in April 2016
 - Moved corporate headquarters to make room for new staff
 - www.PaidLeaveNY.com

We're Ready.

**NAIC 2015 Market Share (DB680) report*

Poll Question





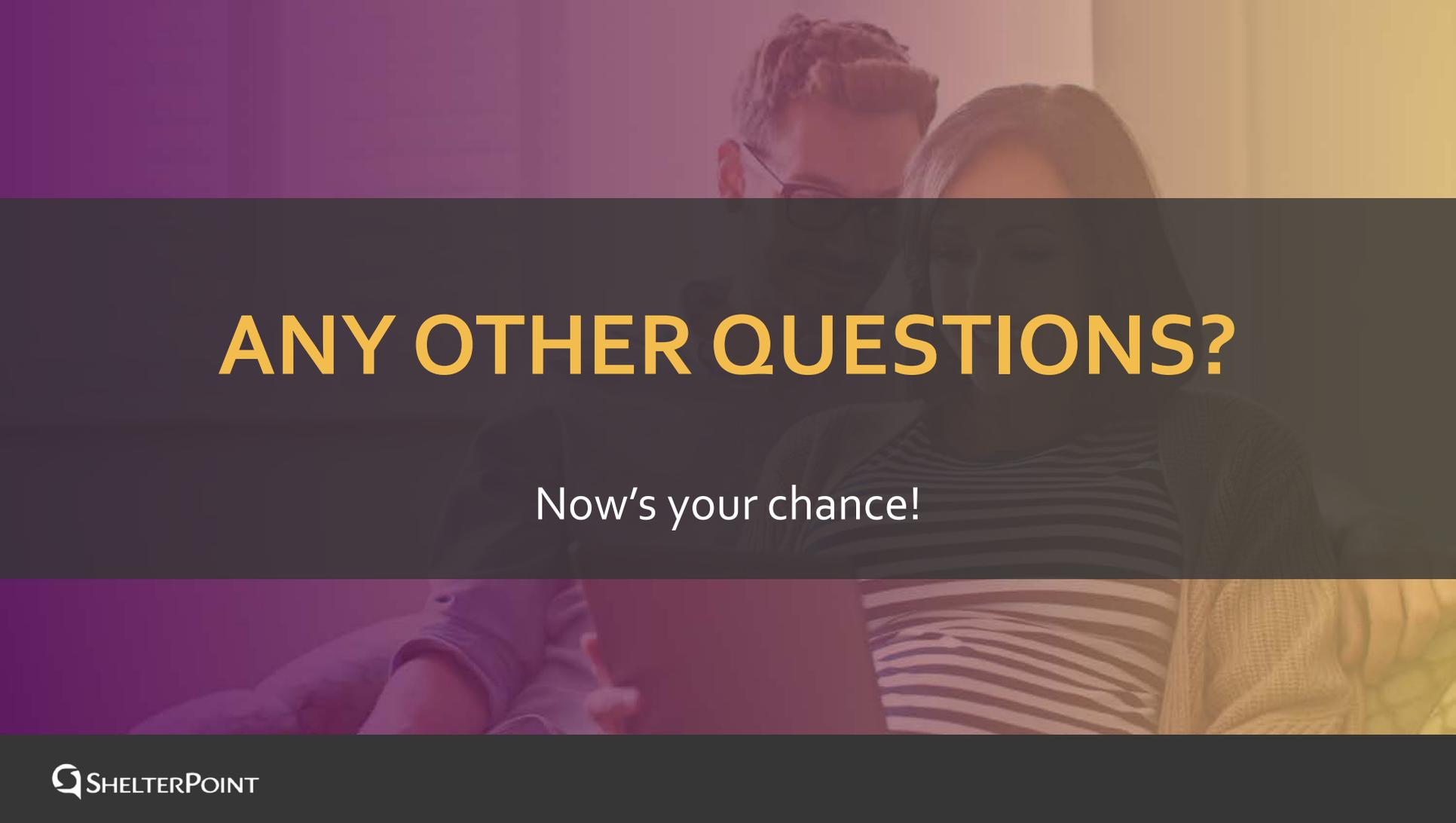
LIVE Q&A

First things first...

Questions Submitted Early

Thank you to those who sent in your questions ahead of time...

Over 300
Questions!

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ANY OTHER QUESTIONS?

Now's your chance!



Thank you for joining us today!

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