Client Alert
Maine Paid Family Medical Leave Law

WHAT'S NEW: Effective January 1, 2025, Maine enacted a paid family medical leave benefits program. Maine's paid family medical leave program provides employees job-protected leave with partial income while they are on leave.

In passing the law, Maine joined several other states that have enacted similar legislation in recent years, including Connecticut and Massachusetts.

WHY IT MATTERS: The Maine Paid Family Leave law ("PFML"), provides eligible workers with up to twelve (12) weeks of paid leave per year to care for their own serious health condition, to care for a sick family member or bond with a newborn, adopted child, or foster child.

The program is financed through a wage tax split between employees and employers. The Maine Department of Labor is responsible for the implementation of this new program.

How Maine's Paid Family Medical Leave Works

- The program provides employees with a weekly benefit amount equal to 90% of their wages that is equal to or less than 50% of Maine's average weekly wage (which is currently $1,103.71 and is adjusted annually).
- If the employee makes more than 50% of the state average weekly wage, their earnings over this amount will be compensated at a rate of 66% of their weekly earnings up to the maximum weekly benefit.

The maximum weekly benefit is capped at 100% of the state average weekly wage.

The Act takes place in two phases:

- Effective January 1, 2025, a 1% payroll tax, split between the employer and the employee, must be deducted from employees' pay.
- Effective May 1, 2026, employees will be eligible to request benefits through the Maine Department of Labor.
- Employers with fewer than 15 employees are not subject to the payment of the employer's portion of the premium, but they are required to collect and pay the employee portion as well as provide the 12 weeks of leave and other benefits set forth under the law.

The Contribution Process

- Both the employer and the employee contribute to the paid leave fund, but employers have the option to cover the employee contribution.
- Payroll withholdings from employee pay will begin on January 1, 2025. Employers are responsible for remitting contributions to Maine's paid family leave fund via the state portal.
- Beginning January 6, 2025, employers were provided access to the paid leave portal on the Maine Department of Labor's site. All employers must register for an account. The Maine Department of Labor guidance and FAQs are also located on the state site: MDOL: Paid Family and Medical Leave.
- The window for submitting the first quarterly wage reporting and premium payments opens April 1st, with a due date of April 30th, 2025. Payments and contribution reports must be submitted quarterly and will be due on or before the last day of the month following the close of the quarter.
- Benefits do not go live until May 1, 2026, but contributions will begin January 1, 2025. For calendar years 2025-2027, the combined contribution rate is set at either 0.5 or 1 percent of wages based on the size of the employer:
- Employers with 15 or more employees will contribute 1% of wages and may deduct up to half of the contribution from the employees' wages.
- Employers with less than 15 employees will contribute 0.5% of wages and may deduct the entire amount from the employees' wages.

Employee Eligibility

Employees who have earned at least six times the state's average weekly wage ($6,622.26), in the year immediately preceding the first day of the benefit year, are covered by the law. Wages earned with any employer during the previous year, not just the worker's current employer, are counted towards the benefit income requirement. Employees who have been with their employer for at least 120 days before the law goes into effect are afforded job protected leave. Employees who use leave before their 120th day of employment are not afforded job protected coverage.

Employees may use PFML for the following reasons:

- Caring for the employee's own serious health condition.
- Caring for a family member with a serious health condition.
- For the birth of the employee's child or the employee's domestic partner's child.
- Placement of a child with the employee or the employee's domestic partner for adoption.

- Bonding with the employee's child within the first 12 months after the child's birth or placement for adoption or foster care.For the donation of an organ of the employee for a human organ transplant.
- For the death or serious health condition of certain family members in the military who died or incurred a serious health condition while on active duty.
- To attend a "qualifying exigency" related to a family member's active-duty military service.
- Safe leave, which is leave taken because employee or their family member was a victim of violence, assault, sexual assault, etc., may be taken not only for medical reasons but also to seek an order of protection, make the employee's or their family member's home secure or seek new housing, and obtain legal assistance.

WHAT EMPLOYERS SHOULD DO: Ensure their budget will include the employer contribution required by the PFML of 0.5% or the full 1% if the employer does not plan to deduct 0.5% from their employees' wages. Employers should work with their payroll processing provider to confirm that on January 1, 2025, they began deducting an additional 0.5% of wages from employees' paychecks to cover the costs associated with the program. Employers should review their policies and procedures because employers with existing family and medical leave benefits may apply to opt-out of the state program if their benefits are equivalent to or better than the state's PFML program.

Please reach out to your Engage Human Resources Consultant if you have any questions concerning this alert or other HR-related matters.