



A GUIDE TO MAINE'S

Paid Family & Medical Leave



PaperTrails

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Welcome

On July 11, 2023, Governor Mills signed Maine's Paid Family Medical Leave program into law. This new law is a big step towards supporting employees during important family and medical situations, and it's essential for you as an employer to get to grips with what this means for your business.

In this guide, we'll walk you through the basics of the legislation, explaining your responsibilities and the practical steps you need to take to stay compliant. We'll cover everything from how to adjust your payroll to updating your HR policies, all with the aim of making this transition as smooth as possible for you. Along the way, we'll share tips on how you can use this program to not only meet legal requirements but also to improve your workplace culture and employee satisfaction.

This information is our interpretation of ME PFML as of November 2024. This is in no way a legal or complete statement of this program. Refer to the Maine Department of Labor's [PFML webpage](#) for the most up to date information.

About Paper Trails

Paper Trails is a full-service, Maine-based payroll, human capital management and compliance provider. From running payroll to navigating legislation changes, Paper Trails allows you to handle the work, while we handle the paperwork. We are a local business (no 1-800 number here) with a team of knowledgeable and fun members ready and willing to assist you!



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PFML Trends

Across the United States, Paid Family and Medical Leave (PFML) policies are gaining momentum, reflecting a growing recognition of the importance of supporting workers through significant life events. While specifics vary from state to state, the trend is towards providing more comprehensive benefits.

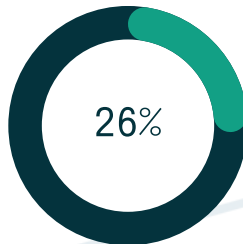
Statistics



In New England, **only 13% of workers** receive paid family leave benefits through their employer.



13 states, plus Washington D.C. currently have in place, or have passed legislation mandating PFML benefits.



Mothers employed at least 20 weeks during pregnancy are **18.3% more likely** to return to work after childbirth.



Sources

<https://massbudget.org/reports/pdf/PFML%20%20working%20moms-%20final.pdf>
<https://www.standard.com/businesses-organizations/workplace-solutions/paid-family-medical-leave/states-paid-family-medical>

Maine PFML Law

Let's cover the details of the law that we currently know.

[Read the Full Law Here](#)

- ✓ Maine's law will provide up to 12 weeks of [paid leave](#) for family, military, medical or safe leave.
- ✓ All employees must contribute a [0.5% percent payroll tax](#) to fund the program. Employers with 15 or more eligible employees must also [contribute a 0.5% payroll tax](#).
- ✓ Employers must begin withholding the payroll tax for this program on [January 1st, 2025](#).
- ✓ Employees will be able to begin taking paid leave on [May 1st, 2026](#).

Reasons employees can take leave

- ✓ Eligible employees can use this paid leave for a number of reasons, including:
 - * Bonding with the covered individual's child during the first 12 months after childbirth or adoption.
 - * Caring for a family member with a serious health condition.
 - * Caring for a family member of the covered individual who is a covered service member.
 - * Safe leave, otherwise known as sexual assault victim leave.
 - * A qualifying exigency - "a need rising out of a covered individual's family member's active duty service or impending notice of a call or order to active duty."

Employer Impact

- ✓ All public and private employers, as well as self-employed individuals are covered by the program. Federal government employers are not covered.
- ✓ There are a few instances when businesses will not have to contribute a payroll tax to the program. These instances are:
 - 1 Employers can opt-out of the program if they offer comparable private paid leave to their employees. Employers cannot impose a cost to employees that is greater than the payroll tax under the state plan.

Even if an employer opts out of a the plan and uses a comparable private plan, they are still required to remit wages quarterly to the DOL.
 - 2 Employers with 15 or less workers are exempt from paying the employer portion of the tax. However, employers must withhold the employee portion and remit this to the state.
- ✓ An employer may pay the employee's share of 0.5 percent but is not required to do this.
- ✓ Each employer will be required to register for a PFML account with Maine Department of Labor in early 2025.
- ✓ The employer is responsible for collecting and remitting employee contributions and reporting employee wages to the PFML Fund.
- ✓ Self-employed individuals are eligible for Paid Family and Medical Leave but must choose to opt in for coverage.
- ✓ Employers will also be required to post a labor law poster in the workplace. This poster is available at papertrails.com/resources for FREE.

Employee Impact

- ✓ All public and private full-time and part-time employees, who earned wages in Maine are covered by the program. Self-employed individuals may choose to opt-in to PFML.
- ✓ Employees must be able to return to the same or equivalent position once the employee returns from leave. This same or equivalent position must have equal pay, benefits, and other conditions of employment.
- ✓ Individuals who have not worked for an employer for at least 120 days are not guaranteed job protections.
- ✓ Employees can take the paid leave immediately after starting employment.
- ✓ Employees provide employers with reasonable notice of their intent to take leave.

How much will employees earn?

- ✓ During the approved leave period, employees will receive 90% of their wages for income earned that is equal to or less than 50% of Maine's average weekly wage. For 2024, the average weekly wage is \$1,144.
- ✓ Any portion of an individual's weekly wage that is more than 50% of the state's average weekly wage is replaced at 66% up to the maximum weekly benefit.
- ✓ The average weekly wages the individual earned over the preceding four calendar quarters will be used.
- ✓ Earnings from bonuses will not be included in the calculation.

Example Calculation #1

- ✓ Sarah is employed full-time and earns \$78,000 a year. She needs to take 6 weeks off to recover from surgery.

Calculation of Sarah's Weekly Benefit (Estimate):

- ✓ Sarah's average weekly wage is \$1,500 (\$78,000 divided by 52 weeks).

- ✓ Sarah's weekly deduction from paycheck to pay into PFML fund is \$7.50 per week. Her employer has 20 employees, so the employer contribution is also \$7.50 a week.

- 1 Calculate tier 1: 90% wage replacement on earnings up to 50% of state average weekly wage (SAWW)

$$\$1,144 \text{ (SAWW)} \times 50\% = \$572. \text{ 90\% of } \$572 = \$514.80$$

- 2 Calculate tier 2: 66% wage replacement on earnings exceeding 50% of SAWW

Sarah's remaining earnings are \$928 (\$1,500 - \$572).
 $66\% \text{ of } \$928 = \612.48

- 3 Calculate total benefit

Sarah's total weekly benefit for the next 6 weeks =
 $\$1,127.28 \text{ } (\$514.80 + \$612.48).$

* Since benefits are capped at the SAWW (currently \$1,144) and this amount does not exceed the SAWW, Sarah's benefit is still \$1,127.28. *

Example Calculation #2



Joe is employed full-time and earns \$100,000 a year. He needs to take 12 weeks off to bond with a newborn.

Calculation of Joe's Weekly Benefit (Estimate):



Joe's average weekly wage is \$1,923. (\$100,000 divided by 52 weeks).



Joe's weekly deduction from paycheck to pay into PFML fund is \$9.62 per week. His employer has 10 employees, so the employer does not need to contribute to PFML.

1

Calculate tier 1: 90% wage replacement on earnings up to 50% of state average weekly wage (SAWW)

$$\$1,144 \text{ (SAWW)} \times 50\% = \$572. 90\% \text{ of } \$572 = \$514.80$$

2

Calculate tier 2: 66% wage replacement on earnings exceeding 50% of SAWW

Joe's remaining earnings are \$1,351 (\$1,923 - \$572).
66% of \$1,351 = \$891.66

3

Calculate total benefit

Joe's total weekly benefit for the next 12 weeks =
\$1,406.46 (\$514.80 + \$891.66).



Since benefits are capped at the SAWW (currently \$1,144) and Joe's benefit does exceed the SAWW, Joe's benefit is only \$1,144.



Types of Leave

There are 3 types of leave that employees are eligible for under Maine's PFML Program.

Continuous Leave

- ✓ An employee is taking leave that is ongoing for days or weeks at a time.
- ✓ Example: A new mother is taking 8 weeks off to bond with newborn baby.

Intermittent Leave

- ✓ An employee is still working but will need to take time off in increments.
- ✓ Example: An employee undergoing chemotherapy works in the morning, has chemotherapy treatment in the afternoon, and will need a day to recover.

Reduced Leave

- ✓ An employee is still working but is on a reduced schedule working certain number days of the week while on leave for the rest.
- ✓ Example: Employee normally works Monday-Friday but is now only working Monday and Friday for the next 8 weeks to care for a family member with a serious condition.

Regardless of the type of leave taken, an employer may "top off" an employee's state benefit using any paid time off that employee may have available or supplement per company policy.

Requirements for Leave

- ✓ Absent an emergency, illness or necessity to take leave, an employee must give “reasonable notice” to the employer of their intent to take leave.
- ✓ Proof must be provided that the individual qualifies under one of the approved reasons for leave.
- ✓ The individual must have earned at least six times the state average weekly wage (SAWW) in four of the last five completed quarters before accessing the benefit.
- ✓ The scheduling of an employee taking leave must not cause “undue hardship” on the employer. The definition of “undue hardship” is still being reviewed by Department of Labor as of November 2024.

Calculating Employees

Employers with 15 or more Maine employees must contribute a 0.5% payroll tax to the PFML fund. Employers with less than 15 Maine employees only need to withhold 0.5% payroll tax from employees and remit to the state.

To determine if an individual is a Maine employee, the following criteria are used. If you can answer “yes” to this series of questions, then the individual is a Maine employee.

- 1 Is the employee’s work performed in Maine? If no, go to Question 2.
- 2 Does the individual perform some work in Maine and the physical base of operations in Maine? If no, go to Question 3.

- 3 Does the individual perform some work in Maine AND is the service directed and controlled from Maine? If no, go to Question 4.
- 4 Does the individual perform some work in Maine and live in Maine? If no, the individual is not a Maine employee.
- ✓ Each year, the employee count is determined by looking at the period between October 1st of the previous year and September 30th of the current year.
 - ✓ For example, for the calendar year 2025, businesses will look at the period between October 1, 2023 and September 30th, 2024.
 - ✓ This employee count is performed each year to determine the employer contribution rate for the following year.
 - ✓ Within that period, count the number of employees to whom you paid wages each week. This includes any employees who were on payroll for a calendar work week – including full time, part time, seasonal, or per-diem.
 - ✓ If there are 15 or more Maine employees paid in ANY 20 or more of the weeks, you must contribute 0.5% of wages paid through a payroll tax to the state program.
 - ✓ If the threshold is not met, you must only withhold 0.5% of wages through a payroll tax from your employees. Employers may choose to pay this amount on behalf of employees.
 - ✓ Wages mean all compensation, including tips, gratuities, severance, terminal pay, commissions, and bonuses. Wages do not include payments to independent contractors.
 - ✓ Paper Trails will have reporting available to help our clients determine if they meet this threshold.

The Owner's Role



Here is a break down of the different types of businesses and if the owners are subject to the payroll contribution requirements of PFML:

ENTITY TYPE	WAGES FOR OWNER SUBJECT TO PFML
S-Corp	Yes
C-Corp (regular corporate entity)	Yes
LLC Corp	Yes
LLC Partnership	No
LLC Single Member	No
Partnership	No
Sole Proprietor	No
Non-Profit	Yes



The penalty for an employer failing to pay contributions and/or submit wage reports is 1 percent of the employer's total quarterly payroll. This penalty shall be assessed if the employer fails to pay all or a part of the contributions owed to the Department on a quarterly basis.

Comparable Plans

Employers have the option to work with a private employer to implement a short-term disability policy in place of participating in the State's PFML plan. These private plans must provide comparable benefits to the state plan, and the premium cost to employees must not exceed the cost of the state program.

- ✓ Applications for private plan substitution may be made after April 1st, 2025. There is an application fee of \$250 for review of the application, and an additional \$250 administrative reimbursement fee if the application is approved for the substitution.
- ✓ An approved private plan substitution is valid for a period of three years.
- ✓ Even if an employer uses a private plan, they **MUST** still report wages quarterly to the Department of Labor.
- ✓ The exemption from the obligation of premiums begins on the first day of the quarter in which the substitution is approved, except if the application for substitution is submitted less than 30 days prior to the end of a quarter, in which case the exemption is effective on the first day of quarter following when the application for substitution was submitted.
- ✓ The employer is responsible for premiums provided under the Act and this rule until the effective date of exemption and premiums owed prior to the effective date of exemption must be remitted and are non-refundable.
- ✓ If an employer is found to have not commenced benefit coverage after May 1, 2026 for a substitution approved prior to that date, they will be responsible for paying retroactive premiums from the date of the start of the exemption to May 1, 2026 and cannot deduct the employee's share of the premium for these premiums.

Implementation

All businesses that have employees earning wages IN Maine must register for the Maine Paid Family and Medical Leave Program.

- ✓ Employers **MUST** begin collecting employee premiums with each payroll starting January 1st, 2025.
- ✓ Sometime in January 2025, the State will open the Maine Paid Leave Portal.
- ✓ All businesses covered under this law must register on the Maine Paid Leave Portal.
- ✓ Businesses should follow the registration wizard to complete information about their particular business.
- ✓ The business owner should be the one to register their business so they always have access to their accounts.
- ✓ Business owners can then create secondary logins for those that are responsible for managing the program.
- ✓ When registering, business should save their Portal Account ID. This will be important later on.
- ✓ On the portal, businesses can upload wage reports and remit payments to the State on a quarterly basis.
- ✓ Paper Trails will take care of deductions, wage reporting and payment remittance for our clients.

The screenshot shows the user interface of the Maine Paid Family and Medical Leave Portal. At the top, there is a header bar with the program name and a date indicator for 01-Apr-2025. Below the header, the user's name 'TIM SUGAR SHACK' and contact information are displayed. A navigation menu includes 'Summary', 'Action Center', 'Settings', and 'More...'. The main content area is divided into two sections: 'Paid Family and Medical Leave Contributions' on the left, which shows the user's account ID and address, and 'Account' on the right, which displays the current balance as \$0.00. There are also links for 'Make a Payment', 'View and File Wage Reports', and 'Add or Change Refund Bank Account'.

MAINE PAID FAMILY MEDICAL LEAVE 01-Apr-2025

TIM SUGAR SHACK
***-**-8624
45 COMMERCE DR
AUGUSTA ME 04330-7889

Welcome, Tim
Manage My Profile

Summary Action Center Settings More...

Filter

Paid Family and Medical Leave Contributions
TIM SUGAR SHACK
45 COMMERCE DR
AUGUSTA ME 04330-7889
Action Center Items

Account
000-0002228
Balance
\$0.00

> Make a Payment
> View and File Wage Reports
> Add or Change Refund Bank Account

Employer Checklist

- ☐ [All employers will need to take action. Employers must register their business online via the Maine Paid Leave Portal \(arriving in early 2025\).](#) This portal will allow for employers to submit quarterly wage reports, remit contributions, and eventually apply for private plan substitutions if they choose.
- ☐ Begin by familiarizing yourself with the specifics of the law. Knowing the eligibility criteria, benefits, and employer obligations is crucial.
- ☐ Review your current private policies to see if they meet the criteria for exemption. The majority of current short-term disability plans do not meet the requirements to satisfy the comparable plans rules. Reach out to your benefits broker to begin reviewing options. Note: Maine's Earned Paid Leave does not qualify as a comparable plan.
- ☐ Calculate the number of employees you have paid in the period from October 1, 2023 to September 30, 2024.
- ☐ Talk with your payroll provider to ensure that your tax withholdings are setup prior to January 1st, 2025.
- ☐ Starting January 1st, 2025, be sure to make payroll tax withholdings of 0.5% from employee wages. If you have more than 15 employees, begin to match 0.5% of employee wages. Remit these withholding to the state no later than the last day of the month following quarter end (ex. April 30th for Q1).
- ☐ Update your employee handbook and provide information to your employees on the ME PFML Program.
- ☐ [Print and hang labor law poster](#) on the Maine PFML Program. Visit papertrails.com/resources for a FREE copy.
- ☐ If your business is seasonal or has a fluctuating employee count, be sure to calculate your employee count each year, using the period of October 1st to September 30th.

Employee Impact Information Guide

Here [is an information guide](#) that you can share with your employees on how this program will impact them.

How will I be impacted starting on January 1st, 2025?

All employees earning wages in Maine **must contribute a 0.5% payroll tax** to fund Maine's PFML Program. This means that starting January 1st, 2025, 0.5% of your paycheck will be **automatically deducted** by your employer.

Do I have to pay into the PFML fund?

Yes. If you earn wages in Maine, **you must pay the 0.5% payroll tax**.

How does this program benefit me?

Starting **May 1st, 2026 you can take paid leave** for certain qualifying events.

What are “qualifying” events?

There are **numerous scenarios** for which you can take paid leave including:

- ✓ Bonding with a child during the first 12 months after childbirth or adoption.
- ✓ Caring for a family member with a serious health condition.
- ✓ Caring for a family member who is a covered service member.
- ✓ Safe leave, otherwise known as sexual assault victim leave.
- ✓ A qualifying exigency - “a need rising out of a covered individual’s family member’s active duty service or impending notice of a call or order to active duty.”

Employee Impact Information Guide

How much will I receive when on leave?

During the approved leave period, employees will receive 90% of their wages for income earned that is equal to or less than 50% of Maine's average weekly wage. For 2024, the average weekly wage is \$1,144.

Any portion of an individual's weekly wage that is more than 50% of the state's average weekly wage is replaced at 66% up to the maximum weekly benefit (\$1,144 in 2024).

How long is my paid leave?

You can receive up to 12 weeks of paid time off each benefit year.

What else should I know?

- ✓ You are eligible to take the paid leave immediately after starting employment.
- ✓ You must provide employers with reasonable notice of your intent to take leave.
- ✓ If you have worked for your employer for more than 120 consecutive days, you must be able to return to the same or equivalent position once you return from leave. This same or equivalent position must have equal pay, benefits, and other conditions of employment.



How Paper Trails Can Help

As a payroll and HR provider, Paper Trails can assist small to medium-sized businesses navigate the complexities of Maine's new Paid Family Medical Leave Program.

+ Comprehensive Education and Training

We offer webinars and educational materials tailored to Maine's PFML program to help business owners understand their obligations under the law, the benefits to their employees, and how to manage all aspects of the program.

+ Policy Development Support

We can help review existing policies, suggest necessary amendments, and assist with the integration of new policies into business' current HR frameworks.

+ Payroll System Adjustments

We provide support and adjust payroll systems to accurately handle employee counts, PFML contributions and benefit payments, as well as remit contributions to the state.

+ Ongoing Compliance Monitoring

Our team keeps track of regulatory updates, advise on compliance strategies, and provide regular audits to ensure that all aspects of the program are being managed correctly.



Contact Us

Paper Trails is your go-to Maine-based provider for intuitive, trusted, bespoke and forward-thinking payroll, human resources and compliance services. As a proudly family owned and local business, we offer personalized support without the hassle of a 1-800 number, backed by a team of knowledgeable and approachable experts eager to help you succeed.



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