



A GUIDE TO MAINE'S

Paid Family & Medical Leave

UPDATED MAY 2026



PaperTrails

Table of Contents

- 03 Welcome and About Us
- 04 Paid Family Leave Trends
- 05 Maine's Paid Family Leave Law
- 06 Employer Impact
- 07 Employee Impact
- 08 Example of Benefit Calculations
- 10 Types of Leave
- 11 Requirements for Leave
- 12 Employee Count Calculation
- 13 The Owner's Role
- 14 Private Plans
- 16 Implementation
- 16 Employer Checklist
- 17 How Employees Apply
- 18 Employer Responsibilities When a Claim is Made
- 19 Taxability Rules
- 20 Benefits Live Checklist
- 21 Employee FAQs

Welcome

On July 11, 2023, Governor Mills signed Maine's Paid Family and Medical Leave program into law – a significant step toward supporting employees through important family and medical events. As an employer, understanding how this program affects your business is essential. Payroll contributions began January 1, 2025, and benefits become payable on May 1, 2026, meaning your employees can now begin filing claims.

This guide walks you through what you need to know: who is covered, how benefits are calculated, what to do when an employee files a claim, and how the program is administered through Aflac, Maine's selected benefits administrator. We'll cover your responsibilities for payroll contributions, wage reporting, job protection, and the new tax considerations introduced by recent IRS guidance.

This information is our interpretation of ME PFML as of May 2026. 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!



207.721.8575



10 Main Street, 2nd Floor
Kennebunk, ME 04043



papertrails.com

PFML Trends

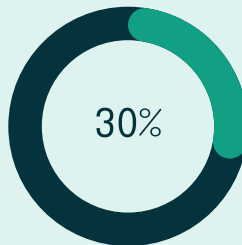
Across the United States, Paid Family and Medical Leave (PFML) policies are gaining momentum, reflecting a growing recognition of the importance of supporting workers through significant life events. While specifics vary from state to state, the trend is towards providing more comprehensive benefits.

Statistics

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



- + **15 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](#).
- ✓ Employer and/or employee payroll tax withholding began [January 1, 2025](#).
- ✓ Employees became eligible to begin taking paid leave benefits as of [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.
- ✓ Every employer with Maine employees must be registered in the Maine Paid Leave Contributions Portal.
- ✓ 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 2026, the average weekly wage is \$1,198.84.
- ✓ 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)

$$\$1,198.84 \text{ (SAWW)} \times 50\% = \$599.42. \text{ 90\% of } \$599.42 = \$539.48$$

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

$$\text{Sarah's remaining earnings: } \$1,500 - \$599.42 = \$900.58. \\ 66\% \text{ of } \$900.58 = \$594.38$$

- 3 Calculate total benefit

$$\text{Sarah's total weekly benefit for the next 6 weeks} = \\ \$539.48 + \$594.38 = \$1,133.86 \text{ per week}$$

- * Since benefits are capped at the SAWW (currently \$1,198.84) and this amount does not exceed the SAWW, Sarah's benefit is still \$1,133.86. *

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 \$1,923.08. (\$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)

$$\$1,198.84 \text{ (SAWW)} \times 50\% = \$599.42. \quad 90\% \text{ of } \$599.42 = \$539.48$$

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

$$\text{Joe's remaining earnings: } \$1,923.08 - \$599.42 = \$1,323.66. \\ 66\% \text{ of } \$1,323.66 = \$873.62$$

- 3 Calculate total benefit

$$\text{Joe's total weekly benefit for the next 12 weeks} = \\ \$539.48 + \$873.62 = \$1,413.10$$

* Since benefits are capped at the SAWW (currently \$1,198.84) and Joe's benefit does exceed the SAWW, Joe's benefit from the PFML program is only \$1,198.84 not \$1,413.10. *

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. DOL guidance is that employers have a 10-day window after claim notification to raise undue hardship; the remedy is rescheduling (not denial).

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.

Private Plans

Employers may opt out of the state plan by offering an approved private plan that provides rights, protections, and benefits substantially equivalent to the state plan.

There are two private plan types: fully insured (purchase an insurance policy) and self-insured. The information below focuses on fully insured plans, the more common path.

Minimum Requirements

- ✓ The plan must offer benefits substantially equivalent to the state plan.
- ✓ It cannot cost employees more than the state plan would.
- ✓ It must cover every reason for leave allowed under the law (bonding, family care, military family, medical, safe leave).
- ✓ It must provide at least 10 weeks of aggregate leave per benefit year, with total benefits at least equal to the state maximum.
- ✓ It must allow intermittent and reduced-schedule leave.

Plans that do NOT qualify:

- Short-term or long-term disability plans on their own
- Accrued leave plans (sick, vacation, PTO) that don't provide full coverage
- Discretionary leave benefits in employer personnel policies
- Maine's Earned Paid Leave law (not the same program)

Private Plans

Application Process

- ✔ Apply through the Maine Paid Leave Contributions Portal.
- ✔ The insurance policy must already be approved by the Maine Bureau of Insurance and certified by the Maine DOL as substantially equivalent.
- ✔ Application fee: \$250 at submission.
- ✔ If approved: an additional \$250 administrative reimbursement fee is assessed.
- ✔ An approved private plan substitution is valid for three years and cannot be cancelled early without DOL approval.

Ongoing Employer Responsibilities

- ✔ Employers must submit quarterly wage reports to the DOL.
- ✔ Provide job protection per 26 M.R.S. § 850-J.
- ✔ Ensure the plan offers reconsideration of claim denials and an appeal path to the DOL.
- ✔ Remain subject to DOL audits of the plan.
- ✔ Notify the DOL at least 10 days in advance if the carrier cancels or nonrenews the policy.

Implementation

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

- ✓ Employers MUST be collecting employee premiums with each payroll as of January 1st, 2025.
- ✓ Employers must be registered for the Maine Paid Leave Portal [on the state's website here](#).
- ✓ 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, it displays 'MAINE PAID FAMILY MEDICAL LEAVE' and the date '01-Apr-2025'. The user is identified as 'Tims Sugar Shack' with a contact number '224-8624' and address '45 COMMERCE DR, AUGUSTA ME 04330-7889'. The navigation menu includes 'Summary', 'Action Center', 'Settings', and 'More...'. The main content area is divided into two sections: 'Paid Family and Medical Leave Contributions' and 'Account'. The 'Contributions' section shows the business name and address. The 'Account' section displays the account number '000-0002228' and a balance of '\$0.00'. There are three action links: 'Make a Payment', 'View and File Wage Reports', and 'Add or Change Refund Bank Account'.

How Employees Apply

As of May 1, 2026, eligible employees can begin filing claims for Paid Family and Medical Leave benefits.

Where Employees Apply

- ✓ Online through Aflac, accessed via maine.gov/paidleave.
- ✓ By phone through the Aflac call center, Monday through Friday, 8:00 a.m. to 5:00 p.m.
- ✓ Employees of companies with an approved private plan apply directly through their employer's private plan administrator.

Notice to the Employer

- ✓ Even though employees apply with Aflac, they are still required to give their employer notice of the need for leave.
- ✓ If leave is foreseeable: 30 days' notice is considered reasonable.
- ✓ If leave is an emergency or otherwise unforeseeable: notice should be given as soon as practicable.
- ✓ Written notice (letter, email, or text) should include the leave reason and the expected timing.

Documentation Required by Leave Type

Leave Reason	What Aflac will ask for
Bonding	Proof of birth, adoption, or foster care placement
Caring for a family member	Healthcare provider certification showing the family member has a serious health condition and needs care
Medical leave	Healthcare provider certification showing the serious health condition preventing them from working
Military family	Proof of the family member's call to active duty
Safe leave	Employee attestation that they are experiencing an unsafe situation

When File is Claimed

When an employee applies for Maine PFML, the employer still has an active role – even though Aflac (or the private plan administrator) handles claim approval and payment.

- ✓ Every employer in the public plan must designate a Claim Contact in the Maine Paid Leave Contributions Portal. This is the email address Aflac will use to send claim notifications.
- ✓ Employers log in through the Maine Paid Leave Contributions Portal and navigate to the Aflac portal from there.
- ✓ In the portal, employers can: View which claims have been submitted by their employees; see the leave reason and the requested dates; track claim status (pending, approved, denied, cancelled); and provide additional information when requested by Aflac.
- ✓ If an employer believes the timing of an employee's leave would create an undue hardship on the business, they have a 10 day window of being notified of the claim to raise concern.
- ✓ If Aflac agrees undue hardship exists, the outcome is rescheduling of the leave – never denial.
- ✓ Maine PFML is intended to run concurrently with federal FMLA and Maine FMLA – not in addition to them. Employers should document the start of FMLA when the PFML starts.
- ✓ Employers must maintain the employee's health insurance on the same terms as if they were actively working.
- ✓ Employees with 120+ days of service must be returned to the same or an equivalent position at the end of leave.
- ✓ Retaliation for taking – or requesting – PFML is prohibited.

Taxability Rules

Tax treatment of Maine PFML continues to evolve. The information below reflects guidance from the IRS and Maine DOL available as of late 2025. Employers should always verify treatment with their own tax advisor.

Taxability of Contributions

Some employers choose to voluntarily pay the employee's 0.5% share of the PFML premium. When this happens, the [IRS treats that amount as a taxable fringe benefit to the employee](#) – meaning the value of the employer-paid employee share should be added to the employee's wages for income and payroll tax purposes.

Important: Even if an employer voluntarily covers the employee's share, the underlying cost-sharing assumption used for benefit taxation (below) does not change.

Taxability of Benefits: Family vs. Medical Leave

Leave Type	Tax Treatment	How It's Reported
Family leave	Taxable as income, but NOT as wages. Withholding for state and federal income tax is optional.	Form 1099-G issued to employee
Medical leave (less than 15 employees)	Employee pays 100% of premium, so benefits are NOT taxable.	No tax form required
Medical leave (15 or more employees)	Premium is split 50/50, so HALF of the medical leave benefit is taxable as wages.	See 2026 transition rule below – reporting changes in 2027.

- ✓ Maine PFML will issue Form 1099-G (not Form W-2) for the taxable portion of medical leave benefits in 2026.
- ✓ The taxable portion of medical leave benefits will be reported on Form W-2 as wages.
- ✓ No Social Security or Medicare payroll taxes will be withheld on PFML benefits in 2026. Will apply in 2027.

Benefits—live Checklist

- Confirm your business is registered in the Maine Paid Leave Contributions Portal.
- Designate a Claim Contact in the portal – this is the email Aflac will use for claim notifications. (Not Paper Trails)
- Identify which staff need login access to the Aflac Employer Portal and grant access through the Maine Paid Leave Portal.
- Calculate the number of employees you have paid in the period from October 1st of the previous year to September 30th of the current year.
- Confirm payroll is withholding the correct 0.5% from employee wages – and adding the 0.5% employer match if your business had 15 or more Maine employees during the lookback period.
- Update your employee handbook to reference PFML, the claim process through Aflac, and job protection rights.
- Confirm the required Maine PFML poster is hanging in the workplace (and digitally available to remote workers).
- Continue submitting quarterly wage reports and contributions on the standard deadlines (e.g., April 30 for Q1).
- If you cover the employee's share of the premium, talk to your tax advisor – the employer-paid portion is generally treated as a taxable fringe benefit to the employee.
- If considering a private plan: review your current STD policy with your benefits broker – most do not meet substantial equivalency on their own.
- During the leave, you must continue the employee's health insurance on the same terms as if they were working, track the time against any concurrent FMLA entitlement, and prepare to return the employee to the same or equivalent position (for employees with 120+ days of service).

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 by this program?

All employees earning wages in Maine **must contribute a 0.5% payroll tax** to fund Maine's PFML Program. This means that as of 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?

As of 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 arising 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 2026, the average weekly wage is \$1,198.84.

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 (\$1,198.84 in 2026).

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.
- ✔ You can request leave through Aflac on the [Maine Leave Portal here](#).



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.



papertrails.com



10 Main Street, 2nd Floor
Kennebunk, ME 04043



207.721.8575