

Dear employer,

Washington's Paid Family and Medical Leave program is a new mandatory insurance program administered by the Employment Security Department. The program will give eligible employees in Washington access to up to 12 weeks of paid leave if they need time off to recover from a serious illness or injury, bond with a new child, or care for an aging parent or ill or injured family member. They may receive up to 16 weeks if they have events covered under both family and medical leave in the same qualifying period.

It's time for businesses to get ready:

Premium collection begins Jan. 1, 2019, and benefits become available Jan. 1, 2020.

As an employer, what do I need to do?

Starting Jan. 1, **employers of all sizes** must:

- Withhold employee premiums or decide to cover them yourself – see calculation right. A premium calculator is available online at www.paidleave.wa.gov/premium-calculator.
- Budget for your portion of the premium, if any.
- Prepare to report all employees' wages paid, hours worked, SSN or ITIN and full name. You will need to report the total of all premiums withheld throughout the quarter for all your employees combined.
- First reports and premium payments are due to ESD no later than April 30, 2019. You will use your existing SAW account or create a new one. See below for more.

Premium calculation

Step one:

Calculate the total premium amount for each of your employees. The premium for 2019 is 0.4%, so:

$$\text{Gross wages} \times .004 = \text{Total Premium}$$

Step two:

Calculate the employee and employer shares. Under the law, employers may split the cost of the program with employees by withholding up to 63.33% of the premium from their paychecks.

$$\text{Total premium} \times .6333 = \text{Maximum Employee Share}$$

$$\text{Total premium} \times .3667 = \text{Minimum Employer Share}$$

Recommended actions to take prior to Jan. 1, 2019:

- Watch the employer webinar on our website at www.paidleave.wa.gov/employers.
- Download our Employer Toolkit at www.paidleave.wa.gov/employers.
- Estimate your business size (based on an average headcount, not FTEs).
- Decide if a voluntary plan is right for your business and, if so, apply (must be approved prior to Jan. 1, 2019 to be excluded from first quarter withholding). More information on voluntary plans is available on our website at www.paidleave.wa.gov/voluntary-plans.

How does this affect small businesses? Businesses that average under 50 employees do not have to pay the employer portion of the premium but must still withhold the employee portion each paycheck, or cover the premium on their employees' behalf, and follow all reporting requirements. Small business cash grants are available for those that opt to pay the employer portion of the premium.

Can I file Paid Family and Medical Leave with Unemployment Insurance? Paid Family and Medical Leave and Unemployment Insurance are two separate programs and will be two separate reports to the Employment Security Department. The process for premium remittance and reporting for Paid Family and Medical Leave will be similar to UI and will occur on a quarterly basis. You will login using your existing SAW account, or you will need to create one.

What if I'm a sole-proprietor or independent contractor? Sole-proprietors, independent contractors and self-employed individuals are exempt from Paid Family and Medical Leave but may opt-in to receive coverage. You will only pay the employee portion of the premium. For more information, go to www.paidleave.wa.gov/elective-coverage.

ESD is continuously developing rules, operations and technology for this new program and we are committed to giving you the best information as soon as it is available. We encourage you to subscribe to our e-newsletter or **go to www.paidleave.wa.gov for more information.**

Sincerely,

The Paid Family and Medical Leave Team

www.paidleave.wa.gov | paidleave@esd.wa.gov | 833-717-2273