

# Connecticut Paid Family & Medical Leave (CT PFML) Employer Guide

Employers of personnel in Connecticut need to start preparing for the CT PFML program, for which employee payroll deductions begin on January 1, 2021.

## What you need to do NOW

The CT Paid Family and Medical Leave Insurance Authority (the Authority) is charged with developing and administering the CT PFML program. The Authority has developed a website, <https://ctpaidleave.org>, for all Connecticut employers to register with the Authority. Registrations should be completed by December 31, 2020, in order to receive important communications from the Authority.

### 1. Register your business with the Connecticut Paid Family and Medical Leave

**Insurance Authority.** Determine who in your organization will be responsible for completing the registration process and setting up your employer account on the Authority's website. That individual will need to supply the following information during registration:

- Federal Employer Identification Number (FEIN)
- Number of Connecticut employees
- Total annual payroll for Connecticut employees
- Payroll frequency
- Intention to apply for an exemption (private plan)
- How your business will remit payments on behalf of employees

**Note:** Prior to registering with the Authority, be sure your business has established a state identity at <https://stg.login.ct.gov/ctidentity/registration>.

*(Continued on next page)*

## In this document, we will cover:

- What you need to do NOW
- An overview of the CT PFML law
- Private plan requirements
- Advantages of choosing a private plan
- Summary of process for employers who choose a private plan

## What you need to do NOW (continued)

**2. Decide whether you want a private plan.** Also, start considering whether you want a private plan. The process for approval of a private plan requires an affirmative vote by the majority of your Connecticut employees and other steps that will take time, so it's best to get started right away. See more details in our chart below.

When you register your company with the Authority, you will be asked whether you want to apply for an "exemption"—meaning whether you want to have a private plan to fulfill your CT PFML obligations rather than using the state plan.

Answering yes will not be a binding commitment (you will still have to follow the process for approval of your private plan, outlined below), but will keep your options open and prompt the Authority to send you updates about the private plan process.

**3. Get ready to withhold employee payroll deductions.** Some employers elect to cover the costs of a state PFML program themselves. However, in Connecticut, if you are using the state plan, you cannot cover the employees' contributions and must withhold the 0.5% contribution from employee paychecks—so be ready to withhold from employee earnings starting January 1, 2021.

If you plan to use a private plan, you can elect to cover the employee costs but you may not know if you have an approved private plan until after January 1, 2021. So, even if you prefer to cover the employees' costs, consider planning to withhold from employee paychecks starting January 1. Then, if your plan is approved, either refund the employee contributions or use the contributions withheld prior to plan approval toward plan costs and cease withholdings going forward.

## An overview of the CT PFML Law

### Employee eligibility for benefits

Employees who have earned wages of at least \$2,325 from employment in Connecticut in the employee's highest-earning quarter of the base period (the first four of the five most recently completed quarters), and:

- Are currently employed and working in CT, or
- Have been employed and working in CT within the last 12 weeks, or
- Are self-employed, a sole proprietor and a CT resident who have opted into the program

### Covered employers

All private employers are covered, regardless of size. Does not include:

- The federal government
- The state, municipalities, or local or regional boards of education, except to the extent their employees are "covered public employees"
- Nonpublic elementary or secondary schools

### Reasons for leave

- Bonding (birth, adoption or foster-care placement) with a child
- Care for a family member with a serious health condition
- Employee's own serious health condition
- Employee's status as a victim of family violence
- Caring for an injured service member
- Serving as an organ or bone marrow donor
- Military exigency arising out of the fact that the employee's spouse, son, daughter or parent is on active duty or has been notified of an impending call or order to active duty in the armed forces

Definition of serious health condition: an illness, injury, impairment, or physical or mental condition that involves:

- Inpatient care in a hospital, hospice, nursing home or residential medical care facility; or
- Continuing treatment, including outpatient treatment, by a healthcare provider.

## An overview of the CT PFML Law (continued)

<b>Maximum duration of leaves</b>	<ul style="list-style-type: none"><li>• Up to 12 weeks, including up to 12 days for family violence, in a 12-month period</li><li>• Up to an additional 2 weeks is available in a 12-month period for a serious health condition “resulting in incapacitation that occurs during a pregnancy” (not yet defined)</li></ul>
<b>Covered family members</b>	Spouse, sibling, son or daughter (regardless of age), grandparent, grandchild or parent (including parent-in-law or stepparent); or an individual related to the employee by blood or affinity whose close association to the employee shows to be the equivalent of a family relationship.
<b>Benefit amount</b>	<p><b>If individual earns less than 40x the state minimum wage</b></p> <ul style="list-style-type: none"><li>• Weekly benefit is 95% of base weekly earnings</li></ul> <p><b>If individual earns more than 40x the state minimum wage</b></p> <ul style="list-style-type: none"><li>• Weekly benefit is 95% of base weekly earnings, up to 40x the current state minimum wage PLUS 60% of base weekly earnings above that amount</li></ul> <p><b>Maximum weekly benefit</b> is capped at 60x the state minimum wage. Based on state current minimum wage and scheduled increases, maximum weekly benefits will be as follows:</p> <ul style="list-style-type: none"><li>• \$780/week starting January 1, 2022</li><li>• \$840/week starting July 1, 2022</li><li>• \$900/week starting June 1, 2023</li></ul> <p><b>Base weekly earnings:</b> <math>\frac{1}{26}</math> of an employee’s covered total wages (cash and noncash remuneration) during the 2 highest-earning quarters in the base period (the first 4 of the 5 most recently completed quarters).</p>
<b>Waiting period</b>	None
<b>Funding</b>	<ul style="list-style-type: none"><li>• Program is funded by employee contributions. However, an employer who elects a private plan may decide to cover the costs of the plan without taking employee contributions.</li><li>• Current cap on the contribution rate is 0.5% of total wages.</li><li>• Earnings from which contributions are withheld are capped at the same amount as the limit set by the Social Security Administration (\$142,800 for 2021).</li><li>• Rates may be revised every November 1st beginning November 1, 2022 but currently still capped at 0.5%.</li><li>• New contribution rates effective January 1st.</li></ul>
<b>Job protection</b>	Not included; job protection provided by CT FMLA or the CT leave for family violence, if employee is eligible for and is taking leave for a reason covered by both laws.

## An overview of the CT PFML Law (continued)

### Employee choice and interaction with other leave laws

- Employees *can* choose whether to use CT PFML when taking leave for a covered reason, or to save or defer their benefits to a later time.
- Employees *cannot* choose whether to apply the federal FMLA, CT FMLA or CT leave for family violence when taking leave for a covered reason; these laws will always apply to covered leaves.
- CT FMLA and/or CT leave for family violence will run concurrently with CT PFML, if the employee elects to use CT PFML.
- Federal FMLA will run concurrently with CT PFML if the employee elects to use CT PFML and the leave reason is also covered by FMLA.

## Private plan requirements

Employers may apply to the Authority to meet their obligations for CT PFML through a private plan.

To receive approval, a private plan must:

- Confer all of the same rights, protections and benefits provided to employees as those available under the state plan, including:
  - at least the same number of weeks of benefits;
  - at least the same level of wage replacement for all of those weeks; and
  - pay benefits for at least the same leave reasons.
- Impose no additional conditions or restrictions on the use of family or medical leave beyond those explicitly authorized by the state plan.
- Not charge employees more premium than that charged to employees in the state plan;
- Provide coverage for all employees throughout their period of employment;
- Include future employees;
- Have been approved by a majority vote of the employer's employees;
- Not be found by the Authority, based on actuarial principles and factors to be established, that the plan would jeopardize the solvency of the state fund; and
- Meet any additional requirements established by the Authority.

The Authority has issued a document entitled "Policy & Procedures for an Employer to Apply to use a Private Plan to Meet Its Obligations under the Connecticut Paid Leave Program" to guide employers through the private plan process, available [here](#).

## Advantages of choosing a private plan

There are a number of advantages employers gain by opting out of the state paid family and medical leave plan and electing to purchase an insured plan or offer a self-funded plan, including:

- Improved employer and employee experience—more responsive, better communications, and quicker turnaround time on claims administration.
- Coordination, consistency, and one point of contact for employees and employers regarding employer disability plans and CT PFML benefits. Clients who use Matrix as their leave of absence administrator also benefit from coordination with all other available state and federal leave laws and company leave policies.
- Excused from the responsibility of remitting employee contributions to the CT Paid Family Leave Trust Fund.
- Ability to fully fund the plan and elect not to withhold contributions from employee paychecks.
- Availability of claims data reports.
- Access to claim status as needed.

## Summary of process for employers who are considering a private plan

	Insured plan	Self-funded plan
Register with the authority	<p>Register your business with the Authority.</p> <p>When you register, indicate "Yes" to the question currently worded as: "Do You Want to Apply for an Exemption from the Program?"</p> <p>Answering yes to the above question will prompt the Authority to send further information to the employer when it is available. Answering yes is not binding and the employer can later decide not to file for a private plan.</p>	<p>Register your business with the Authority.</p> <p>When you register, indicate "Yes" to the question currently worded as: "Do You Want to Apply for an Exemption from the Program?"</p> <p>Answering yes to the above question will prompt the Authority to send further information to the employer when it is available. Answering yes is not binding and the employer can later decide not to file for a private plan.</p>
Request a quote	<p>Contact your Reliance Standard Sales Representative or Account Manager for a quote.</p>	<p>Contact your Reliance Standard Sales Representative or Account Manager for a quote.</p>
Prepare for the employee vote	<p>At least 2 weeks prior to the date scheduled for the anonymous employee vote, provide all employees working in Connecticut and on your payroll ("CT Employees") with a copy of Reliance Standard's approved Declaration of Insurance, the Plain Language Guide provided by Reliance Standard, and information regarding the process by which CT Employees will vote.</p> <p>Reliance can assist clients with preparing for and conducting the employee vote.</p> <p>The materials provided to employees must be language and disability accessible.</p> <p>This is a good opportunity to tell employees about any benefits of your proposed private plan that are better than the state plan, if applicable.</p>	<p>At least 2 weeks prior to the date scheduled for the anonymous employee vote, provide all employees working in Connecticut and on your payroll ("CT Employees") with a copy of the Self-Insurance Declaration, the Plain Language Guide provided by Matrix, and information regarding the process by which CT Employees will vote.</p> <p>Matrix can assist clients with preparing for and conducting the employee vote.</p> <p>The materials provided to employees must be language and disability accessible.</p> <p>This is a good opportunity to tell employees about any benefits of your proposed private plan that are better than the state plan, if applicable.</p>
Hold the employee vote	<p>For the vote, CT Employees will answer only the following question: "Do you approve the company's private plan to provide benefits required by the CT Paid Family Leave Insurance Act?" Yes or No.</p> <p>The vote must be conducted in a manner that is language and disability accessible.</p>	<p>For the vote, CT Employees will answer only the following question: "Do you approve the company's private plan to provide benefits required by the CT Paid Family Leave Insurance Act?" Yes or No.</p> <p>The vote must be conducted in a manner that is language and disability accessible.</p>

## Summary of process for employers who are considering a private plan (continued)

	Insured plan	Self-funded plan
Tabulate the votes and retain all records of the voting process	A majority (50% +1) of your Eligible CT Employees (not just those who chose to vote) must approve your private plan.	A majority (50% +1) of your Eligible CT Employees (not just those who chose to vote) must approve your private plan.
Obtain a surety bond	Not applicable.	If your employees vote in favor of your private plan, you will need to obtain a surety bond running to the State Fund in the amount of the total annual employee payroll contributions that would have been withheld had you not elected a private plan.  Surety bonds are available from Reliance Standard's sister companies, Tokio Marine HHC and Philadelphia Insurance Company.
Complete the private plan application process and obtain "provisional" approval by the authority	<p>The Authority expects that in December the portal to apply for private plan approval will be active. When it is, and if your CT Employees approved the plan, you will be able to:</p> <ul style="list-style-type: none"> <li>• Upload the Declaration of Insurance and Plain Language Guide. New contribution rates effective January 1, 2021.</li> <li>• Follow a series of check boxes to validate the employee voting process and results of that process.</li> </ul> <p>If all is in order, the Authority will issue a provisional approval.</p> <p>Any provisional approval received on or before <b>March 31, 2021</b>, exempts employers from the requirement to remit employee payroll deductions for the first quarter of 2021 and thereafter, as long as the plan is in place.</p> <p><i>(Continued on next page)</i></p>	<p>The Authority expects that in December the portal to apply for private plan approval will be active. When it is, and if your CT Employees approved the plan, you will be able to:</p> <ul style="list-style-type: none"> <li>• Upload the Self-Insurance Declaration and Plain Language Guide.</li> <li>• Upload the surety bond.</li> <li>• Follow a series of check boxes to validate the employee voting process and results of that process.</li> <li>• Attest that you will comply or will direct your insurer or third-party administrator to comply with various provisions of the law and directives from the Authority.</li> </ul> <p>If all is in order, the Authority will issue a provisional approval.</p> <p>Any provisional approval received on or before <b>March 31, 2021</b>, exempts employers from the requirement to remit employee payroll deductions for the first quarter of 2021 and thereafter, as long as the plan is in place.</p>

## Summary of process for employers who are considering a private plan (continued)

	Insured plan	Self-funded plan
After provisional approval	<p>In early 2021, the state is expected to issue Formal Policy Guidance.</p> <p>Within 60 days of that Policy Guidance being issued, insurance companies will draft or revise their policies to comply with any new or changed requirements.</p> <p>Upload the final insured policy to your account at the Authority's website.</p> <p>The Authority will issue Final Approval, effective for 3 years from the date of approval, provided that the final insurance policy is not materially different from the Declaration and Plain Language Guide your CT employees voted on.</p>	<p>In early 2021, the state is expected to issue Formal Self-Insured Policy Guidance.</p> <p>Within 60 days of that Policy Guidance being issued, draft or revise your CT PFML private plan to comply with any new or changed requirements.</p> <p>Upload the final self-funded plan to your account at the Authority's website.</p> <p>The Authority will issue Final Approval, effective for 3 years from the date of approval, provided that the final self-insured plan is not materially different from the Self-Insured Declaration and Plain Language Guide your CT employees voted on.</p>
Going forward	<p>Employer Reporting: The PFML statute anticipates that the Authority may impose some reporting requirements on private plans. The law provides no details on such reporting but the Authority has stated in its Policy and Procedures for private plans that annual reporting is expected to include the number of claims submitted and data on how many have been approved or denied, the reasons for leave taken and amount of leave benefits paid.</p> <p>Private plans are approved for a 3-year period or until a change is made to the plan, whichever occurs first. Plan changes may require a new employee vote.</p>	<p>Employer Reporting: The PFML statute anticipates that the Authority may impose some reporting requirements on private plans. The law provides no details on such reporting but the Authority has stated in its Policy and Procedures for private plans that annual reporting is expected to include the number of claims submitted and data on how many have been approved or denied, the reasons for leave taken and amount of leave benefits paid.</p> <p>Private plans are approved for a 3-year period or until a change is made to the plan, whichever occurs first. Plan changes may require a new employee vote.</p> <p>Annually: Renew the surety bond.</p>

Be sure to watch the Matrix Radar Blog for updates! <https://matrix-radar.com/>

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*The information in this document is based on the most current information available about CT Paid Family and Medical Leave. This is not intended to be and should not be construed as legal advice.*

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