




## EY Payroll NewsFlash

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## Delaware enacts law to implement a paid family and medical leave insurance program with contributions starting in 2025

On May 10, 2022, Delaware Governor John Carney signed into law [Senate Substitute 2 for SB 1](#), which establishes a state paid family and medical leave (PFML) insurance program funded by employers and employees with contributions starting in 2025. In lieu of participating in the state's PFML program, employers may establish a qualified private PFML plan.

### PFML contributions

Delaware PFML contributions will apply to wages up to the federal Social Security wage limit. Employers may deduct from employee's wages up to 50% of the total required PFML contribution. The total PFML rate is 0.8% of covered wages, appropriated as follows:

- **Medical leave.** For 2025 and 2026, the contribution rate for medical leave benefits as a percentage of wages is 0.4%.
- **Family caregiving leave.** For 2025 and 2026, the contribution rate for family caregiving leave benefits as a percentage of wages is 0.08%.
- **Parental leave benefits.** For 2025 and 2026, the contribution rate for parental leave benefits as a percentage of wages is 0.32%.

For years after 2027, the state will set the contribution rate using actuarial principles. Additionally, an employee and employer may opt to file a waiver of the payroll contributions when an employee's work schedule or length of employment with the employer is not expected to meet the requirements for eligibility for PFML benefits.

### Covered employers

A covered employer when they have employees working anywhere in the state.

- Employers with 10 to 24 employees during the previous 12 months are subject only to the parental leave provisions of the PFML requirements.
- Employers with 25 or more employees during the previous 12 months are subject to the parental, family caregiving, and medical leave provisions of the PFML requirements.
- Exempt employers include (1) anyone who employs fewer than 10 employees in the state during the previous 12 months, (2) the federal government and (3) any business that is closed in its entirety for 30 consecutive days or more per year.

### **PFML employee benefits**

A covered individual is eligible for a maximum of 12 weeks of family and medical leave benefits and 12 weeks of parental leave in an application year. The maximum aggregate number of weeks during which medical leave and family caregiving leave benefits are payable is 6 weeks in any 24-month period. Except for parental leave benefits, a covered individual is eligible for benefits not more than once in a 24-month period.

The maximum weekly benefit in 2026 and 2027 must be \$900.

### **Ernst & Young LLP insights**

Delaware joins 11 other US jurisdictions that have adopted programs to provide PFML insurance benefits to employees – California, Connecticut, Colorado, District of Columbia, Massachusetts, New Hampshire, Maryland, New Jersey, Oregon, Rhode Island, and Washington.

For information concerning the taxation and reporting of paid family and medical leave insurance benefits, see our [special report](#).

**Contact us for more information**

**Workforce Tax Services - Employment Tax Advisory Services**

**Kristie Lowery**  
[kristie.lowery@ey.com](mailto:kristie.lowery@ey.com)

**Ken Hausser**  
[Kenneth.hausser@ey.com](mailto:Kenneth.hausser@ey.com)

**Debera Salam**  
[debera.salam@ey.com](mailto:debera.salam@ey.com)

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