

Calculating Paid Family Leave (“PFL”) Contributions

The New York Department of Financial Services has determined that the premium rate for use during 2022 will remain the same as the 2021 rate. The PFL maximum employee contribution for PFL coverage beginning January 1, 2022 will be 0.511% (*0.00511 when calculating*) of an employee's weekly wage up to and not to exceed the statewide average weekly wage. The statewide average weekly wage as of July 1, 2021 will be \$1,594.57.

To Begin: Split your workforce into two groups:

Group #1: Consists of those employees ***that make less than*** the annualized statewide average weekly wage of \$82,918. For these employees, the calculation is simple. There is no cap to be concerned about, so their full weekly wages are subject to the 0.00511 contribution rate.

Group #2: Consists of those employees ***that make more than*** the annualized statewide average weekly wage of \$82,918. For this group, no matter how much they make, you simply use the maximum annual wage of \$82,918 for each person.

As an example, let’s consider this sample group of 6 employees:

	<u>Annualized Employee Gross Wages</u>	<u>Amount Subject to PFL Contribution Rate</u>
Employee 1	\$25,250	\$25,250
Employee 2	\$76,000	\$76,000
Employee 3	\$148,756	\$82,918
Employee 4	\$21,108	\$21,108
Employee 5	\$254,264	\$82,918
Employee 6	\$95,409	\$82,918
Employee 7	\$13,458	\$13,458
	<u>\$634,245</u>	<u>\$384,570</u>

As you can see, of the \$634,245 annualized employee gross wages, only \$384,570 is the portion that is subject to the contribution rate of 0.00511.

So, contributions held by the employer, for use in fully funding the PFL premium payment, during the above sample year would be: $\$384,570 \times 0.00511 = \$1,965.15$.