

EMPLOYEE BENEFITS COMPLIANCE UPDATE

A Parker, Smith & Feek Benefit Alert

NOVEMBER 2023

Washington Paid Family & Medical Leave Premiums for 2024

The Washington Employment Security Department (WA ESD) has announced the 2024 premium rates for the Paid Family and Medical Leave (WA PFML). This rate is calculated every October and is based on premiums received and benefits paid during the previous year.

Beginning January 1, 2024, the WA PFML rate will decrease from 0.80% to 0.74%. Employers will pay 28.57% of the total premium and employees will pay 71.43%.

WHO MUST COMPLY?

WA PFML applies to most employers and employees in Washington State. This includes businesses of all sizes and non-profits, charities and faith organizations. Public or private businesses that have even one employee in Washington state and submit reports to the ESD will need to collect and remit WA PFML premiums.

There are some exceptions which include federal employees and individuals who perform "casual labor", as defined by law. Federally recognized tribes and self-employed individuals are also exempt, but can opt in.

WHO PAYS THE PREMIUM TO FUND THE WA PFML?

Paid Family and Medical Leave is funded by premiums paid by both employees and employers (if over 50+ employees).

Employee premium (mandatory for all employees)

Employers are required to either withhold this amount from each employee's paycheck or pay it on their employees' behalf. Employers then submit this portion of the premium to the state along with their quarterly reports.

Employer premium (mandatory for businesses with 50+ employees)

Business size is determined each September and is based on average employee headcount from quarterly filings for the last four quarters. ESD will notify the business if there are any changes. Businesses with fewer than 50 employees do not have to pay the employer premium unless they have received a small business assistance grant.

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All employers may either withhold employees' premiums from their paychecks or pay some or all of the premium on their employees' behalf. Employers cannot collect missed premiums in later pay periods.

The CBA provision in the Paid Leave law is sunseting December 31, 2023.

Starting January 1, 2024, employees covered under a Collective Bargaining Agreement (CBA) are treated as regular employees. The ESD will provide additional information about premium withholding and quarterly reporting for these employees. For more information on CBA-covered employees visit paidleave.wa.gov/help-center/employers/collective-bargaining-agreements/.

NOTE: CBA-covered employees remain excluded from the WA Cares Fund (WA LTC).

NEXT STEPS FOR EMPLOYERS

- + Notify your employees that you will begin collecting the new rate on January 1, 2024. An updated employer toolkit, mandatory poster and paycheck insert are available in the Paid Leave Help Center at paidleave.wa.gov/help-center/employers/.
- + On January 1, 2024, start collecting the new premium rate each pay period from employees' total gross wages, not including tips. Once an employee meets the Social Security cap, you need to stop collecting premiums but continue to report their wages. The Social Security cap for the 2024 calendar year will increase to \$168,600.
- + First quarter premiums using the new rate are due by the end of April 2024. Remember: You cannot retroactively withhold premiums from employees

For more information, employers can visit the WA PFML site paidleave.wa.gov/updates/. Additionally, the website indicates that employers will receive a letter communicating the premium change in the month of November.

As always, should you have any questions, please contact your [Parker, Smith & Feek Benefits Team](#). While every effort has been taken in compiling this information to ensure that its contents are totally accurate, neither the publisher nor the author can accept liability for any inaccuracies or changed circumstances of any information herein or for the consequences of any reliance placed upon it.

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