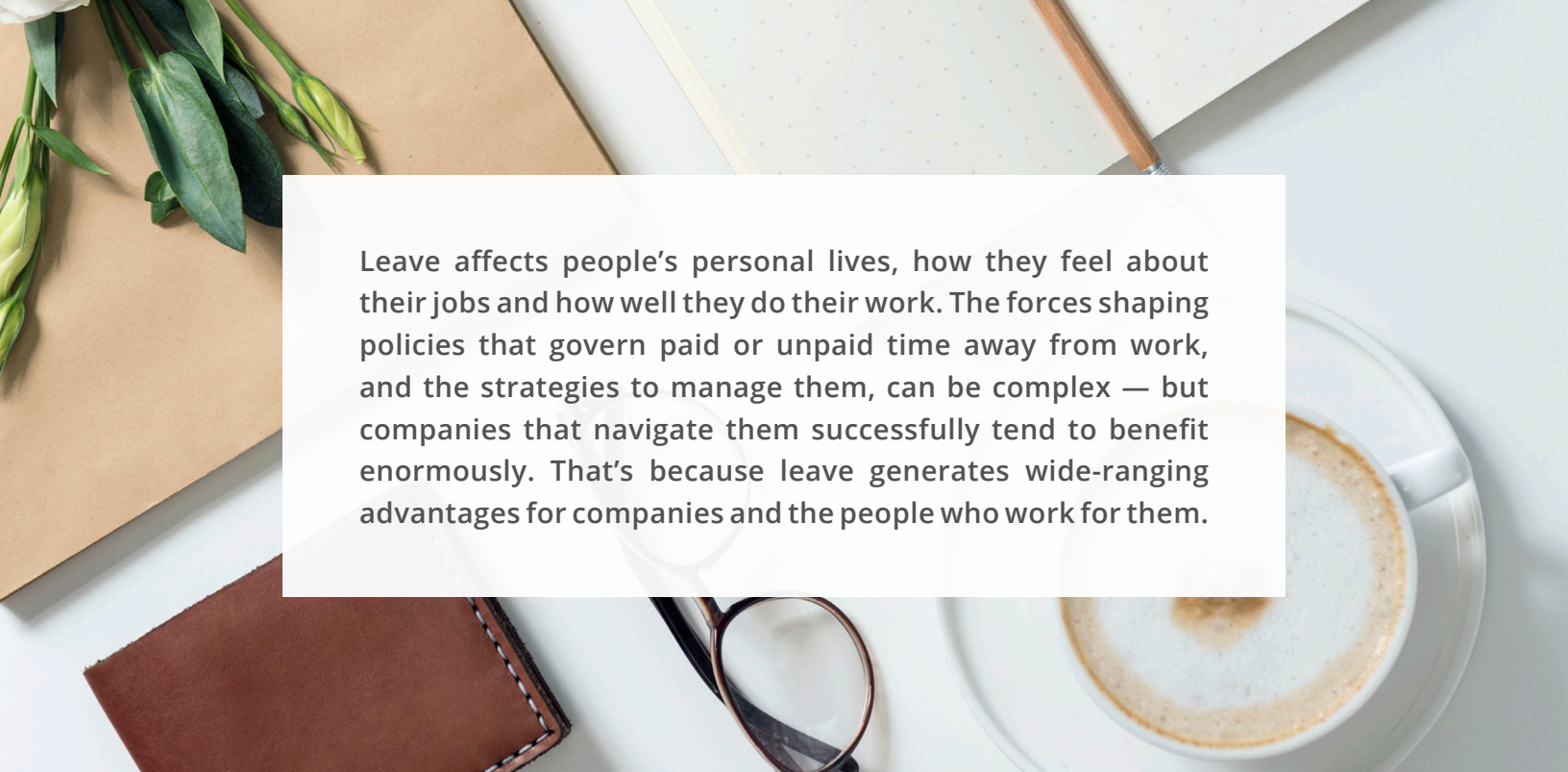




LEAVE BY EXAMPLE

Paid leave around the
world and its impact on
employee engagement



Leave affects people's personal lives, how they feel about their jobs and how well they do their work. The forces shaping policies that govern paid or unpaid time away from work, and the strategies to manage them, can be complex — but companies that navigate them successfully tend to benefit enormously. That's because leave generates wide-ranging advantages for companies and the people who work for them.

Employees benefit in their personal lives because leave makes a major — and positive — difference in how they manage their responsibilities and their time outside of work.

These are just some of the ways people use time off:



Recovering
from an
illness



Welcoming
a new baby



Taking care of
a sick family
member



Planning a
funeral



Taking a
vacation



Recuperating
from an injury

Employees benefit at work because leave helps them feel better about their jobs and employers — feelings that are critical to their day-to-day well-being, as well as their ability to perform their work well.

93%

of employees say paid time off is an important or very important contributor to their job satisfaction.¹

Employers benefit because offering a strong leave package improves productivity. It can also make a big difference in attracting and retaining talent. If a key recruit is considering competing offers with similar titles, responsibility and pay, but one has a much stronger leave package, guess which one she'll choose?

When Google increased the length of its maternity leave from 12 to 18 weeks, the attrition rate among its employees who were new mothers dropped

50%²

Governments around the world recognize that the rationale for paid leave and absence benefits is strong, and their long-standing policies reflect that understanding. But the U.S. government is a striking exception, with policies that lag far behind the norm. As a result, U.S. corporations must make their own choices about how much paid leave to offer to employees, even as they try to navigate the staggering array of state, county and municipal paid-leave laws rapidly being enacted across the country. The demand for solutions is strong — and compelling solutions are beginning to emerge.

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THE LEAVE LANDSCAPE

Governments in most advanced economies around the world mandate paid time off for a variety of reasons.³ This approach often leads to uniform policies across companies in a given country.⁴ What's more, many employers in those countries shut down altogether for a period of time and/or encourage their workers to take advantage of paid-leave opportunities, on the grounds that it contributes to higher morale and better performance.⁵

European Union countries are required to offer workers at least 20 days of paid vacation per year, and they often provide even more. In France, Spain, Italy, Germany and Finland, workers get 30 days of paid vacation. The figures for many non-European countries are similar: Companies in Japan, Australia and New Zealand all must offer at least 20 days off to employees, while companies in Brazil and the United Arab Emirates must offer at least 30.⁶

The EU requires that workers get at least **20 days** paid vacation a year.

PARENTAL LEAVE ON THE RISE GLOBALLY

Parental leave — including both maternity and paternity leave — has been expanding worldwide in recent decades. A recent study of the 35 developed countries in the Organisation for Economic Co-operation and Development (OECD) found that the availability of paid parental leave has increased substantially since 1970.⁷ In that year, mothers in these countries had access to an average of just 17 weeks of paid leave. By 1990, that figure had increased to about 40 weeks, and by 2016 to about a year.

To take one dramatic example, Canada went from offering no maternity leave in 1970, to 17 weeks in 1990, to 52 weeks in 2016. Four countries — Finland, Hungary, the Czech Republic and the Slovak Republic — offer more than 100 weeks of paid leave to mothers.

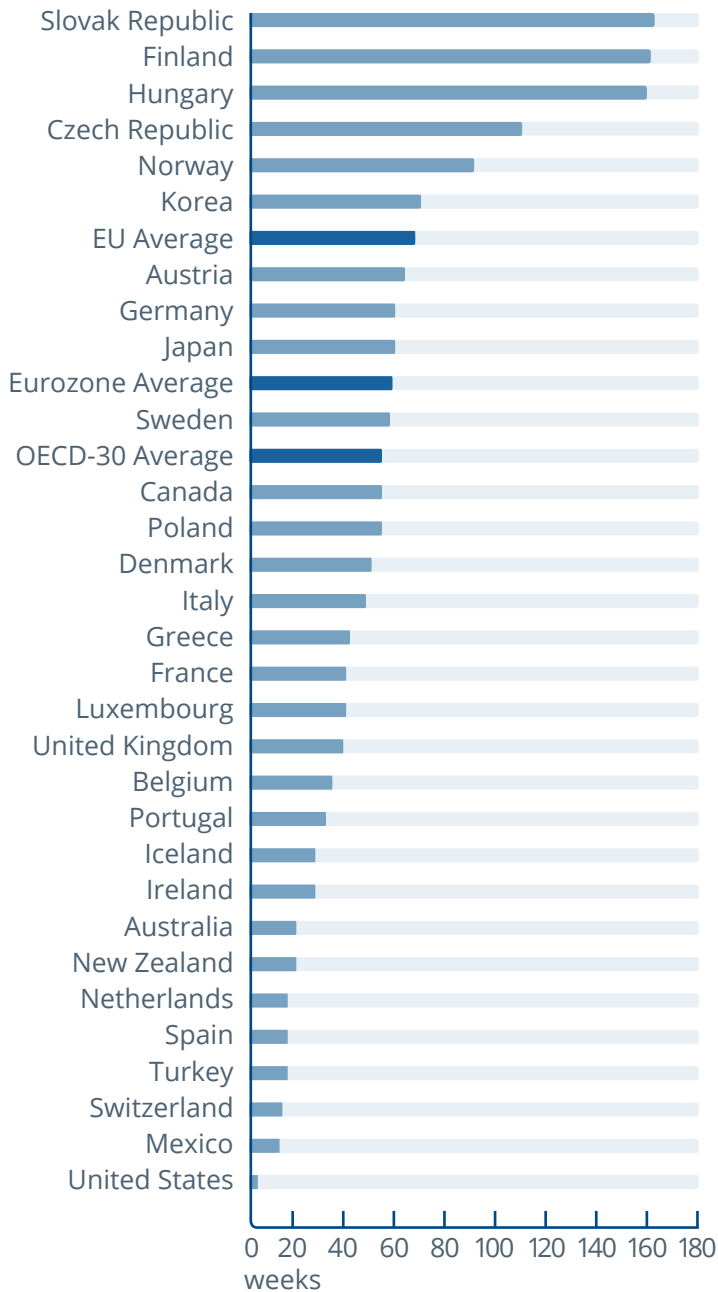
Increases in paid father-specific leaves have been more recent and modest, but they too are trending upward. In 1970, only three countries offered fathers any paid leave at all, and by 1990 just two more countries had followed suit. Since then, however, most major economies have introduced some sort of paid father-specific leave, with an average among the 35 countries surveyed of just over nine weeks of leave offered to fathers. Korea and Japan both offer fathers a full year of paid parental leave, while several European countries offer 10 weeks or more.



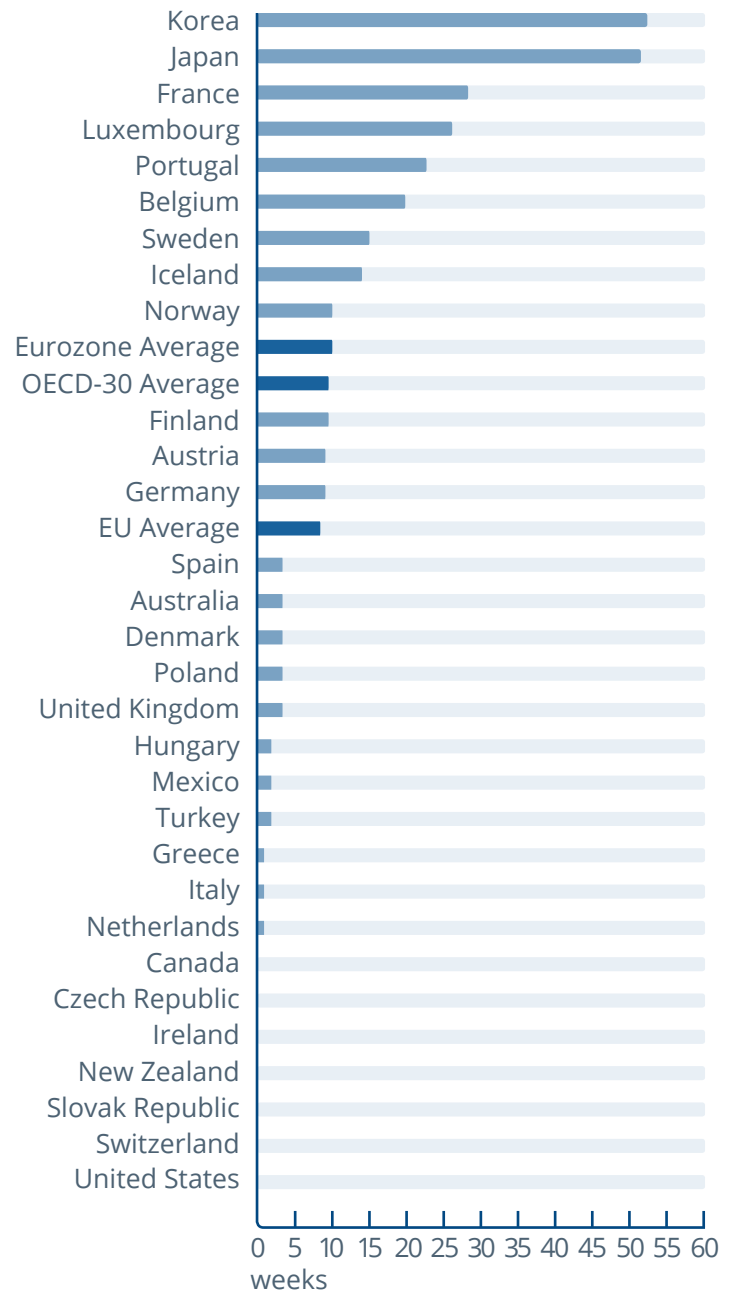
Korea and Japan offer a full year of paid leave to new fathers.



Paid maternity leave available to mothers, 2016 (in weeks)



Paid paternity leave reserved for fathers 2016 (in weeks)



Source: Organisation for Economic Co-operation and Development, *Trends in parental leave policies since 1970*, March 16, 2017.

The expansion of parental leave has coincided with the rise of the number of women in the workplace. In most developed countries today, many families rely on income from both parents. Increasing the amount of maternity leave and introducing leave for fathers allow both parents to maintain a steady income even as they start families and raise children. The funding for parental leave generally comes from a social insurance system, ensuring that no business in a given country carries a heavier burden than any other.



THE U.S. — A CONSPICUOUS OUTLIER

The U.S. stands apart as the only advanced economy that does not guarantee workers paid time off of any kind. This is not to say that American workers don't take time off, of course — only that it's less regulated than in other countries, and more of it is unpaid.

The U.S. is the only advanced economy that doesn't guarantee workers paid time off of any kind.

The Family and Medical Leave Act (FMLA), which went into effect in 1993, requires private employers with 50 or more employees to allow workers to take up to 12 weeks of unpaid leave to care for a newborn, adopted or foster child, or to care for a family member's or the employee's own serious medical condition. This 12-week figure is based not on scientific recommendations but on political compromise. Indeed, early backers of the bill — which took almost a decade to pass — pushed for six months of paid leave.⁸

Meanwhile, five states currently require employers to offer paid sick leave (Washington state's leave law becomes effective in 2020),⁹ and an array of counties and municipalities has adopted their own family- and sick-leave mandates. Though there is no federal policy that mandates paid leave, the tax law that was signed in late 2017 does provide a credit to employers that offer paid family and medical leave. Combine that mixed message with a patchwork of other regulations, and it's no wonder that confusion abounds for companies and employees as they attempt to navigate issues related to time off from the workplace. A recent report shows that 88% of organizations believe it necessary to offer some type of paid leave in order to be competitive in the labor market,¹⁰ but that benefits vary widely from employer to employer, depending on their industry and type of plan.



Mixed messages from the federal government, combined with a patchwork of state and local leave regulations, create confusion.

The amount of paid leave available to employees often depends on the length of their tenure. On average, companies offer 10 to 22 days of paid vacation time and 7 to 11 days of paid sick leave annually.¹¹ But more than one in four American private-sector workers enjoy no paid vacation at all,¹² and only a quarter of part-time workers qualify for paid sick days.¹³

However, more U.S. companies are coming to realize that paid leave creates value in the form of increased morale, higher productivity and increased ability to attract and retain employees. Some high-profile companies are expanding their leave policies, extending benefits to fathers and providing employees with more choice over how and when to take advantage of paid leave.



THE U.S. PAID PARENTAL LEAVE MOVEMENT

When it comes to paid parental leave, workers want it.¹⁴ Companies report strong results when they offer it. And yet it's generally not required in this country.

Still, momentum for paid parental leave is growing in the United States. Top officials in both parties have supported a national mandate. Meanwhile, state and local parental leave benefits have expanded relatively quickly in recent years. Since 2002, five states (California, New Jersey, Rhode Island, New York and Washington) and the District of Colombia,¹⁵ as well as more than 30 municipalities,¹⁶ have passed paid parental leave laws.

Simultaneously, U.S. employers — particularly large companies — have taken the initiative by introducing or expanding their own parental leave plans. In 2016, paid parental leave was offered by about one-third of employers surveyed — and the figure was 46% among firms with 1,000 or more employees.¹⁷

Many of these policies are available to both women and men, as support for paternity leave has risen in the U.S. Companies have several reasons for offering such leave:

- They want to provide equal benefits to opposite- and same-sex couples.
- They aim to comply with the U.S. Equal Employment Opportunity Commission, which states that “parental leave must be provided to similarly situated men and women on the same terms.”¹⁸
- They recognize the shifting expectations around fathers’ roles in child rearing.
- Paternity leave can improve productivity and job satisfaction among female workers as well as their partners. Though there is little U.S. research on this topic, a study of Quebec’s paid family leave, which includes five weeks available only to fathers, is enlightening. It found that mothers whose partners took advantage of this “daddy leave” “spent more time in paid work, spent more time physically at the workplace and were more likely to be full-time employed” than their peers who didn’t use the program.¹⁹

Tech and finance companies have led the way in providing more paid leave to U.S. workers, due to the firms’ need to compete in a tight labor market and their historical challenges in hiring women. They have typically adopted policies that offer six weeks — and often considerably more — of paid parental leave, which often includes support for adoption and surrogacy. And they tend to offer paid leave for both men and women, though women typically receive more.

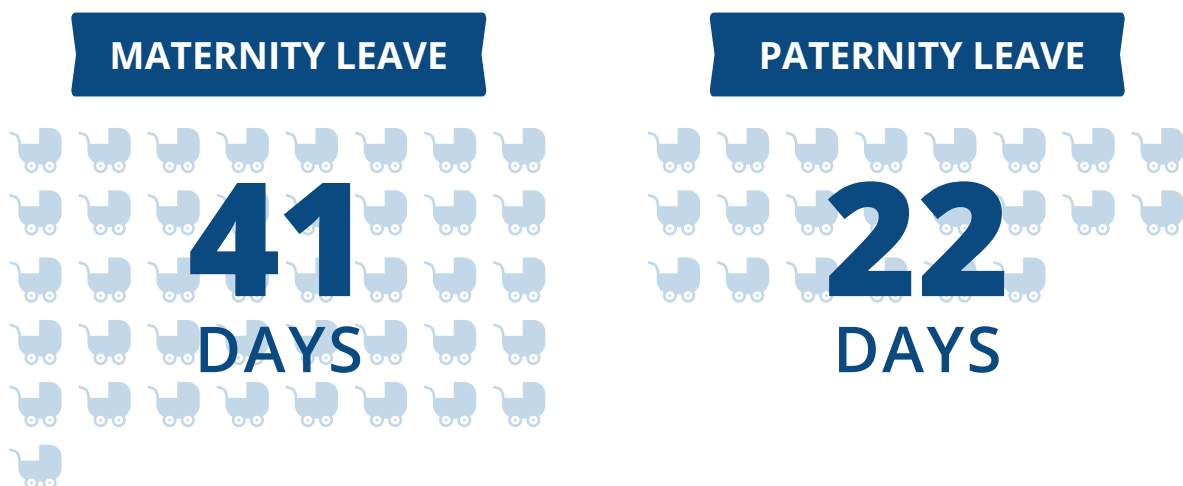


Tech and finance companies — competing in a tight labor market — have led the way in providing paid parental leave.

Consider American Express, which in late 2016 expanded its plan to offer 20 weeks of paid leave to U.S. employees of either gender who have a child “through any means,” including adoption and surrogacy. Birth mothers receive an additional six to eight weeks of paid medical leave.²⁰ These benefits are part of a comprehensive family-benefits package, which also includes financial support for reproductive and fertility treatments, reimbursement for adoption or surrogacy expenses, free access to board-certified lactation consultants and access to a “parent concierge,” who can help parents navigate the resources and benefits the company provides. The company said that, in addition to supporting families in general, the benefits expansion is part of its efforts to meet the needs of LGBTQ employees.²¹ (See “A Parental Leave Sampler” for more examples of paid parental leave policies.)

Despite the trends toward longer leave for more parents, inequities persist: The average days of maternity leave awarded per year were almost double the number awarded for paternity leave, according to the Society for Human Resource Management (SHRM).²² The organization notes that this disparity “indicates that organizations still expect mothers to take on the majority of early infant child care. Differences in leave benefits based on gender could, however, be increasingly questioned by employees, both in relation to gender equality and equality of paid parenting leave benefits offered to same-sex and opposite-sex couples with children.”²³

AVERAGE PAID PARENTAL LEAVE OFFERED BY U.S. EMPLOYERS



Source: SHRM, *SHRM Survey Findings: Paid Leave in the Workplace*, Oct. 6, 2016.

EXPECTATIONS IN THE CHANGING WORKFORCE

Changing employee expectations are a significant driver of the growth in corporate leave policies. Millennials, of course, are leading the way — and they're also affecting the expectations of their older and younger colleagues. As the lines between work and home blur, employees are looking for flexibility so they can better balance their personal and professional lives. And that's true for workers in all five generations currently in the workplace. In fact, 65% of workers across generations believe that a flexible work schedule increases productivity.²⁴

Millennials have different expectations for leave — and those are rubbing off on their colleagues from other generations.

Understanding that expectation is critical for recruiters, especially given that millennials are the largest generation yet, and will dominate the workforce for decades to come.²⁵ For instance, high percentages of millennials say they would be willing to change jobs, change careers or give up an opportunity for a promotion in order to better manage their work and family responsibilities.²⁶ Employers who respond accordingly will find themselves winning the war for talent. They'll also save a substantial amount of money in the process: Millennial attrition costs are substantial, given that this group has turnover rates three times higher than those of other workers, according to Gallup.²⁷

At Coca-Cola, a group of millennial employees who'd been tasked with helping the company attract and retain employees and consumers of their generation advocated for an expanded parental leave policy that applies to all new parents, including birth mothers and fathers, and foster and adoptive parents. "Increasingly, Millennials are becoming moms and dads," said Katherine Cherry, 27, one of the Millennial Voice members who worked on the policy, in an article Coca-Cola published about the changes. "Paid parental leave isn't just a nice thing to do — it's the smart thing to do for our business. To remain competitive, Coca-Cola must preserve and enhance its talent pipeline. We know paid parental leave will go a long way in supporting our current associates, and it will be a great selling point for recruitment."²⁸



"Paid parental leave isn't just a nice thing to do — it's the smart thing to do for our business."

— Coca-Cola

Social and economic forces are also driving support for paid parental leave: A majority of full-time employees in the U.S. have a spouse or partner who works full-time. That's especially true for millennials, who are more likely than their Gen X or baby boomer counterparts to be part of a couple in which both partners are working full-time.²⁹ So it's no wonder that millennials value leave and absence programs (particularly parental leave) even more than the generations before them, according to research by EY³⁰:

- Nearly 4 of 10 U.S. millennials say they would move to another country with better paid parental leave benefits.
- 86% say they are less likely to quit if their employer offers paid parental leave — for women and men.


The workers of the future also feel much more strongly about the importance of paid leave for fathers than their predecessors did. The size of the gap is striking.

SUPPORT FOR PAID PATERNITY LEAVE AMONG AMERICANS

AGES 18-29:
82%



AGES 65+:
55%



Source: Pew Research Center, *Americans Widely Support Paid Family and Medical Leave, but Differ Over Specific Policies*, March 23, 2017.

A PARENTAL LEAVE SAMPLER

A look at the paid parental leave policies offered by some leading employers

Company	Who's affected	Amount of paid leave
Adobe ³¹	Birth mothers	Up to 26 weeks
	Primary caregivers, including mothers and fathers who become parents through childbirth, surrogacy, adoption or foster care	16 weeks
Amazon ³²	Birth mothers who are full-time hourly and salaried employees	14 weeks , including 4 weeks of pre-partum leave
	New parents (birth and adoptive) who have been at Amazon for at least a year and who are full-time hourly and salaried employees	6 weeks
American Express ³³	Birth mothers	26-28 weeks , based on medical necessity
	New parents (birth, adoptive and surrogacy-assisted; male and female)	20 weeks
Apple ³⁴	Birth mothers	Up to 18 weeks , including 4 weeks of pre-partum leave
	Birth fathers and other non-birth parents	6 weeks
Bank of America ³⁵	New parents (birth and adoptive; male and female)	16 weeks , plus 10 weeks unpaid
Bill & Melinda Gates Foundation ³⁶	New parents (birth and adoptive; male and female)	Up to 52 weeks during the first year of their child's birth or adoption placement

THE BENEFITS OF LEAVE FOR WORKERS AND THEIR FAMILIES

Paid leave confers an enormous set of benefits on individuals and families. Paid parental leave is particularly beneficial for families according to an array of studies, which found benefits in areas including:

- Income and gender equality
- Reductions in infant and parent mortality
- Improved physical and mental health for children and adults
- Greater family stability and economic security



Paid parental leave helps parents and babies physically, mentally and financially.

Some studies even find that the effects of paid leave begin in pregnancy. Families with access to paid family leave tend to have fewer low-birth-weight and early-term babies — as well as fewer infant deaths.⁴⁴ Given that third-trimester stress has been established as a driver for pre-term delivery and other health issues, academics theorize that the prospect of paid leave may minimize stress for pregnant mothers and thereby improve the health of their babies.⁴⁵

In the absence of a federal paid parental leave mandate, many parents return to work soon after birth due to financial necessity — often taking less time off than they would like.⁴⁶ This situation is challenging for both parents and babies, as parents struggle to find adequate care for their newborns so they can work, while also needing to take time off for medical checkups and the inevitable minor illnesses, all on minimal sleep and potentially while fearing for their job security. At the same time, a vast body of research indicates the importance of early parental bonding on child development. In fact, “longitudinal studies have reported that a child’s ability to form and maintain healthy relationships throughout life may be significantly impaired by having an insecure attachment to a primary caregiver⁴⁷ — something that may occur if that caregiver has to rush back to work early in the child’s infancy.

Goldman Sachs ³⁷	Primary caregivers (birth, adoptive and surrogacy-assisted; male and female)	16 weeks
	Non-primary caregivers (birth, adoptive and surrogacy-assisted; male and female)	4 weeks
Google ³⁸	Birth mothers	18 weeks, plus 4 additional weeks for mothers who experience complications during childbirth
	Primary caregivers (adoptive and surrogacy-assisted; male and female)	12 weeks
Ikea U.S. ³⁹	New parents (birth, adoptive and foster; male and female) who are salaried or hourly employees with 3 or more years’ tenure	16 weeks (100% of base wage for the first 8 weeks, and 50% for the next 8 weeks)
	New parents (birth, adoptive and foster; male and female) who are salaried or hourly employees with 1 to 3 years’ tenure	12 weeks (100% of base wage for the first 6 weeks, and 50% for the next 6 weeks)
Johnson & Johnson ⁴⁰	Birth mothers (U.S.)	17 weeks
	New parents (birth, adoptive and surrogacy-assisted; male and female)	Up to 8 weeks during the first year of the child’s birth or adoption placement
Microsoft ⁴¹	Birth mothers	20 weeks
	Non-birth parents	12 weeks
Netflix ^{42, 43}	New parents (birth and adoptive; male and female) who are salaried workers	Unlimited for the first year after a child’s birth or adoption
	Hourly employees	12-16 weeks

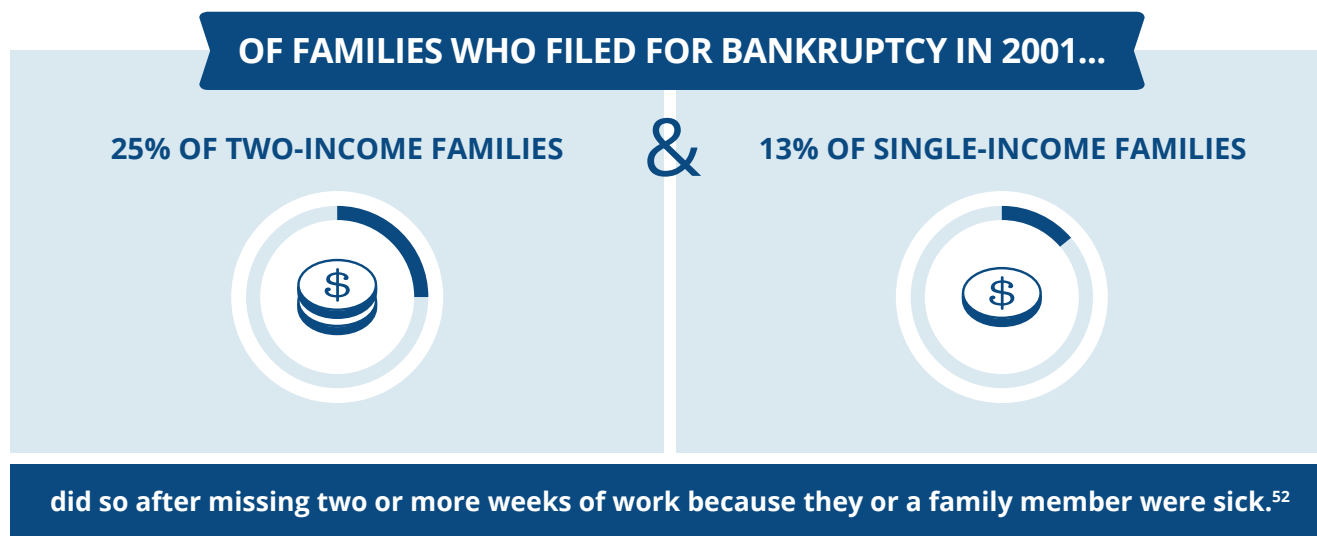
Paid parental leave may also have some far-reaching effects, based on what researchers theorize is its ability to reduce parental stress. For instance, after California's six-week paid family leave law went into effect in 2004, the state's incidence of abusive head-trauma injuries — the chief cause of deaths from child abuse — decreased significantly compared to states that did not offer paid leave.⁴⁸ This analysis controlled for both unemployment rate and parents' education level, and covered the period of the Great Recession, when other states experienced increases in rates of abusive head-trauma injuries.

Lack of paid parental leave has implications for mothers, too. The lack of widespread paid maternity leave in the U.S. has made it difficult to research this topic here. But analysis of data from a longitudinal study that followed 14,000 American children from birth through kindergarten found that having less than eight weeks of paid maternal leave is associated with both an increase in mothers' depressive symptoms and a reduction in their overall health status.⁴⁹

At the same time, access to paid leave programs has obvious implications for family financial stability — in particular, for women's earning and career potential. One example: New Jersey's paid maternity leave policy for state employees has helped close the gender wage gap between male and female employees by increasing the likelihood that women return to the workforce after childbirth.⁵⁰

Paternity-leave programs have their own positive impacts on families. While these programs are relatively new and research on their effects is limited, early findings are promising. Using the longitudinal data mentioned above, researchers at Rutgers University found that fathers who take leave of at least two weeks are more likely to be involved in hands-on child care nine months after their baby's birth.⁵¹

Paid medical leave also makes a difference for families, whether that leave is taken due to an employee's illness or so the employee can provide care for a sick family member. In fact, the lack of such leave can be disastrous for families facing a significant health issue. While an employee may qualify for FMLA leave in the event of a health crisis, that benefit is substantially less valuable in cases where taking advantage of it means going without income.



Nearly 40 million Americans serve as unpaid caregivers for other adults.⁵³ This figure has substantial implications for employers. Employees who are caregivers are relatively likely to have their own health problems. In fact, people who serve as caregivers to older relatives report higher levels of stress and poorer health than the population at large.⁵⁴ Access to paid medical leave, along with connections to an employee assistance program (EAP) and other resources, can provide caregivers with some relief, and reduce the possibility that they may need to make a secondary FMLA claim for their own health problems.

THE BENEFITS OF LEAVE FOR EMPLOYERS

Employers have long seen benefits packages, including leave programs, as a key part of their efforts to attract and retain top talent. That's not just a gut feeling: Evidence from employees suggests leave programs improve job satisfaction, which also improves employee retention. Fully 93% of employees said paid time off was an important or very important contributor to job satisfaction.⁵⁵ Meanwhile, another study found that employees with access to paid family and medical leave consistently reported higher levels of job satisfaction than employees without access.⁵⁶

It's a fact: Leave programs help employees win the war for talent.

Consider the results at Google. In 2007, the tech giant increased its paid maternity leave from 12 weeks to 18 weeks, and changed the compensation during that leave from partial to full pay. The attrition rate of new mothers fell by 50%, according to Susan Wojcicki, who was the company's first employee to go on maternity leave back in 1999 and who went on to become CEO of YouTube.⁵⁷ Accenture and KPMG reported similar results after expanding their own paid parental leave policies⁵⁸ — compelling results, given the costs of recruiting and training replacement workers. KPMG employee surveys indicated that “if we could get people through their first year after the birth of a child, we had a much higher success rate of retaining them for the long term,” according to Barbara Wankoff, the firm's executive director for diversity and inclusion.⁵⁹

The ability to take paid time off also has clear effects on employees' stress — and their level of engagement. A 2017 study looked at how much workers check in with the workplace while they're on vacation and reported some interesting findings. Employees who are more connected to the workplace while they're on leave take less time off and report feeling more stress — both at home and at work — than those who unplug completely when they're on vacation. Meanwhile, employees who work for companies that support totally unplugging are actually more likely to put in extra effort when it's needed: 71% say they're willing to work outside their normal hours when a deadline requires it, compared to 64% of employees in cultures that don't support truly unplugging.⁶⁰

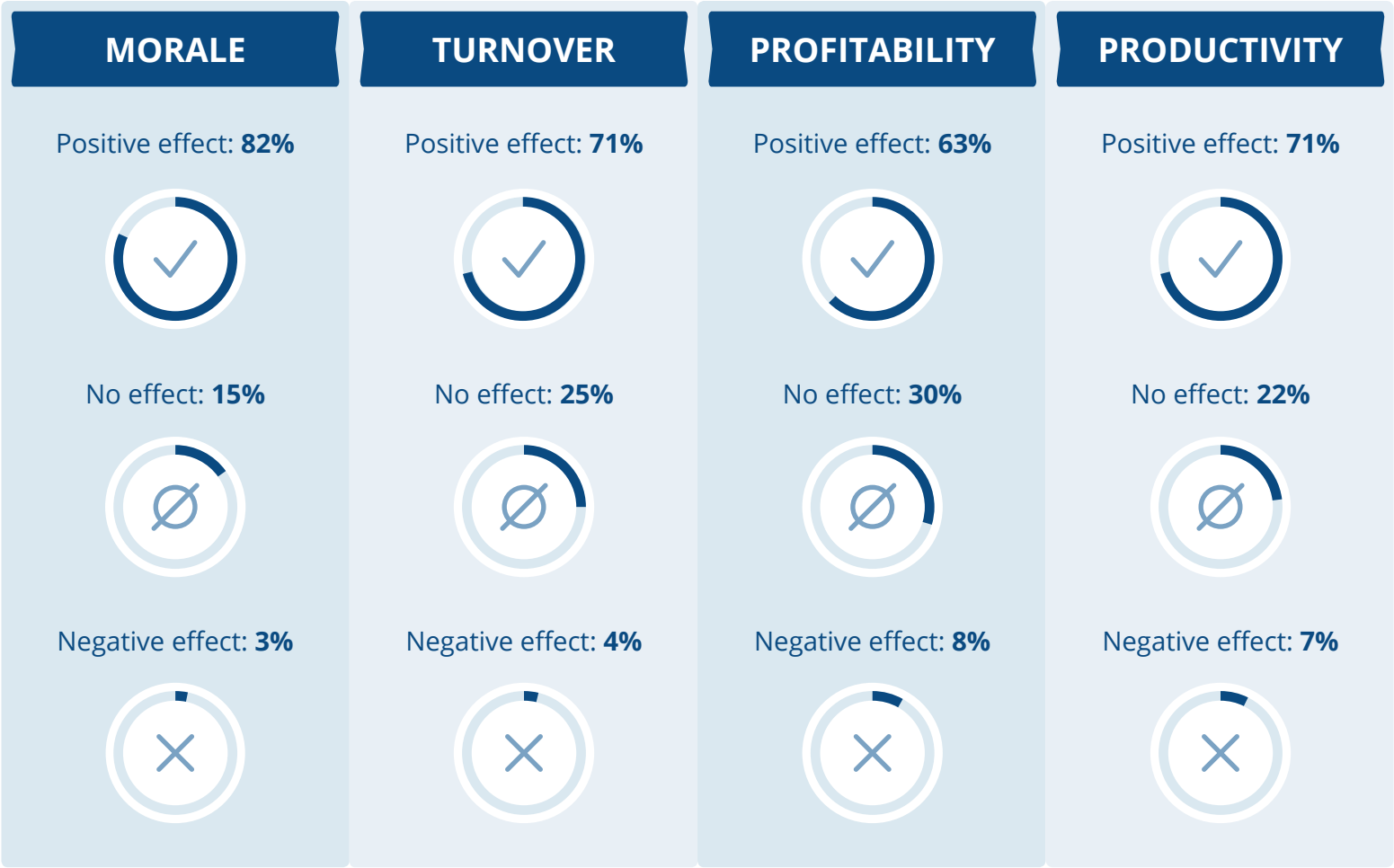
Finally, and perhaps most saliently for employers, access to paid leave supports employees' performance on the job: A SHRM study found that employees who take most or all of their paid time off (PTO) perform better, are more productive and experience higher levels of satisfaction than those who take less PTO.⁶¹



Employees who take their PTO are more productive.

In short, research shows that employees’ time off improves their time on — which has positive implications for productivity and other business outcomes. A 2016 survey of U.S. private sector HR decision-makers found that few companies that offer paid family and medical leave policies have reported negative outcomes. The vast majority of employers said the impact is positive, while smaller numbers reported a neutral effect. These outcomes didn’t just apply to morale and turnover; they also held true for operating metrics such as profitability and productivity.⁶²

EFFECTS OF PAID FAMILY AND MEDICAL LEAVE



Source: EY, *Viewpoints on paid family and medical leave: findings from a survey of US employers and employees*, March 2017.

The study’s authors note that smaller employers say they are concerned about the cost of implementing a paid leave policy. Yet nearly half of companies with fewer than 100 employees said paid family and medical leave actually improved productivity.⁶³ Previous research supports this finding: A survey of more than 2,000 U.K. private-sector workplaces, weighted to be representative of U.K. workplaces overall, found that those with parental leave policies were 60% more likely to report above-average financial performance than companies without such policies.⁶⁴

Employers also see benefits when workers can take paid time off to care for themselves or a family member. A Gallup study made this tangible: Workers who have access to paid vacation time that can be used for caregiving miss one less day of work a year, on average, than those who don’t have this benefit. The only resources that reduced absenteeism more were access to counselors to discuss options for assisted living and nursing homes, and access to networks of support groups.⁶⁵ That last point speaks to the valuable role that employee assistance programs can play in helping workers manage their personal and work responsibilities.

THE CHALLENGE FOR EMPLOYERS

Given the lack of federal legislation supporting paid family and medical leave, employers must grapple with a variety of evolving leave laws in different locations. That makes it difficult to craft affordable, forward-looking leave programs and administer them appropriately. It's especially hard to track, assess and communicate issues related to FMLA, ADA, workers' compensation and local and state laws on paid leave.



Managing the alphabet soup of leave laws has grown increasingly complex for employers.

Managing regulation — including the sometimes overlapping laws that might apply to a single employee's leave request — has gotten much more complicated for employers in recent years.⁶⁶ That situation will likely worsen further in the years ahead, as more states and municipalities adopt their own paid leave laws. Municipal leave laws in particular tend to be enacted with little fanfare or publicity, making it hard (sometimes almost impossible) for companies to remain up to date on regulations in every location where they might run afoul of changing rules.

Failure to comply with regulations can cost money and damage a firm's reputation. For instance, SkyWest Airlines was found in 2017 to have violated both the ADA and FMLA when it fired an employee who suffered kidney failure. A jury awarded the employee \$450,000 in actual damages — and \$2 million in punitive damages.⁶⁷ Meanwhile, a social services organization in Massachusetts was fined nearly \$300,000 in 2017 for failure to comply with FMLA requirements — a failure that was largely caused by a single supervisor.⁶⁸ Even companies that win an FMLA or state leave lawsuit face costs that can easily amount to hundreds of thousands of dollars — not to mention the potential damage to their reputation in the course of court proceedings.

Failing to comply with federal leave laws cost one company almost

\$2.5
MILLION

Concerns about compliance in this increasingly complex environment have led employers to take an array of approaches, whether they're spending hundreds of dollars an hour on attorneys to consult on FMLA requests, approving every leave request that's submitted in a misguided attempt to avoid compliance problems, or cobbling together their own leave program based on the best practices they learn about at conferences and in law-firm email alerts.

Meanwhile, an increasing number of providers are developing programs that help, largely in the form of outsourced leave management systems. Employers are taking notice: About a third of employers outsourced their short-term disability (STD) and FMLA administration in 2016 — twice as many as in 2014.⁶⁹ Larger companies are more likely to outsource this function than their smaller counterparts — in part because large companies generally need to comply with leave laws in multiple locations.⁷⁰

IN 2016,



1/3

**OF EMPLOYERS OUTSOURCED
THEIR SHORT-TERM DISABILITY
& FMLA ADMINISTRATION.**

MAKING LEAVE WORK: SOLUTIONS FOR EMPLOYERS

Given this complexity, it can be daunting to contemplate building a strong, compliant leave management program. Employers must remain up to date on a vast web of rapidly evolving and overlapping regulation, apply those regulations accurately and consistently across their organizations, and simultaneously provide leave benefits sufficient to attract and retain workers. Consider the components of a comprehensive leave-management program:

★ *A generous paid leave policy that includes both family and medical leave.*

The evidence in support of this approach is hard to refute — and employers can call on outside experts for assistance in crafting a coherent, compliant policy.

★ *Absence and productivity assessment.*

It can be challenging for an individual employer to understand whether it has a problem with absenteeism and, if so, whether that problem affects productivity.⁷¹ An absence and productivity assessment, conducted by an expert such as an insurer, can provide benchmarking to a company's peers and its industry overall. This assessment provides useful context — and can pinpoint areas for improvement by drilling down into specific demographic groups, occupations or divisions. For instance, the assessment might find that workers in a specific division are experiencing a higher-than-average rate of disability claims related to musculoskeletal problems, then recommend ergonomic changes to help prevent those injuries. In addition, the assessment can highlight potential compliance concerns and identify risks in an employer's policies and procedures.

★ ***Programs that ensure business goals are met while employees are on leave.***

To prevent employee absences from hurting productivity, employers must staff appropriately — something that can be difficult to pinpoint when absences are unplanned. However, data from an absence and productivity assessment can help predict times of the year, days of the week or even particular shifts when absences tend to spike. Employers can then adjust their scheduling proactively, rather than making adjustments on the fly or, in the worst-case scenario, simply accepting decreased productivity at certain times. This approach can be particularly helpful when it comes to managing intermittent FMLA absences, which are difficult to predict and, thus, to manage. In fact, 30% of employers say it's difficult or extremely difficult to track intermittent FMLA leave taken, due in part to the challenge of keeping accurate data and communicating effectively with employees.⁷²



Absence and productivity studies can help employers plan staffing and meet business goals.

★ ***Mental health and EAPs.***

Employees who are taking leave are often coping with a major life event and may not be aware of the resources at hand — or of the potential that physical issues such as heart disease or pregnancy and childbirth can cause mental health issues. A mental health or employee assistance program can direct employees to resources, such as counselors, childcare providers, eldercare supports and others, that may be helpful while they're away from work. EAPs increasingly include financial planning resources, which may be particularly helpful for employees on disability leave who are receiving partial pay. The goal is to help employees manage stress and facilitate their return to work. Historically, the investment in an EAP has paid off: Employers receive a \$3 return for every \$1 invested in an EAP.⁷³

★ ***Robust return-to-work programs.***

While return-to-work programs have traditionally been used to reduce workers' compensation costs, they can also help employers retain workers, reduce costs related to employee turnover and improve both productivity and morale. For instance, panelists from technology companies at an Integrated Benefits Institute event recommended that employees on paid parental leave retain some connection to the workplace while they're away, making it easier to reintegrate into their fast-paced work environments.⁷⁴

A holistic leave program can use absence data to inform return-to-work programs. Consider a hospital in which nurses frequently need leave to recuperate from injuries related to lifting patients. In addition to determining whether training or ergonomic improvements can reduce the incidence of such injuries, the employer can proactively create a return-to-work plan for employees who request leave for this reason, rather than waiting to act until a particular employee is ready to come back to work.

A strong return-to-work program isn't just nice to have — it's typically very cost-effective. According to the federal Department of Labor, "accommodations for employees returning to work are highly cost effective, with most incurring little or no expense at all." The DOL also reports that 74% of employers that implemented accommodations said they were very or extremely effective.⁷⁵

★ ***Social Security advocacy.***

A return-to-work plan may not be realistic for all workers, whether due to age or to long-term disability. In that case, employees likely need assistance in applying for Social Security Disability Insurance (SSDI), which can be a lengthy, stressful experience. In the best-case scenario, that employee would have an advocate, provided by his or her employer or insurer, to help navigate the system, provide documentation where appropriate and potentially even appear at an SSDI hearing on behalf of the employee.

★ ***Training programs for supervisors and managers.***

Supervisors must understand leave policies and processes well enough to explain them accurately to employees, at a time when they may be feeling stress and uncertainty about their health and finances. "Please, please, please train your managers on how to effectively and lawfully manage leaves of absence under your personnel policies and the law," writes labor and employment attorney Jeff Nowack. "Investing a couple hundred bucks now to conduct effective FMLA training will literally save you hundreds of thousands when the real-life situation presents itself."⁷⁶ This training is critical not just for employers, who may face expensive litigation in the event of a poorly managed leave situation, but for supervisors, who may be held personally liable for lack of compliance.⁷⁷

★ ***Tools for tracking leave activity and ensuring regulatory compliance.***

As the patchwork of leave mandates across the U.S. has grown more complex, vendors have responded by creating sophisticated tools and software programs to help employers track it. For example, employers of all sizes are shifting from manual FMLA tracking to automated systems, according to the Disability Management Employer Coalition (DMEC). Doing so decreases the amount of time spent on such tasks and alleviates problems stemming from lack of knowledge about regulatory issues.⁷⁸

★ ***Support from outside experts.***

Third-party providers can provide resources ranging from productivity assessments to comprehensive leave management services that give employees a single point of contact on leave requests, among other benefits, and provide employers with certainty and peace of mind about compliance. These benefits may explain why employers are increasingly outsourcing leave administration, particularly when it comes to FMLA. The trend is more pronounced among larger employers. According to DMEC, outsourcing can improve compliance and customer service while also increasing efficiency.⁷⁹ In addition, outsourcing can eliminate inconsistencies in treatment of employees across divisions and supervisors.



THE BOTTOM LINE

Leave matters. Companies that recognize and respond to this reality by offering leave packages that go beyond government mandates will find themselves better situated to win the war for talent, retain top employees and avoid compliance-related concerns. Employers should consider partnering with leave management experts, who can address compliance issues, troubleshoot problems and help ensure that employees and employers get the most out of their leave programs.



LEAVE & ABSENCE SOLUTIONS

Turn to Unum for solutions that help turn time off into productive time on.

We are committed to helping employers navigate the leave and absence landscape. With our expert analysis and advice, you can offer a leave program that's effective, consistent and guaranteed compliant with all state and federal leave laws.

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