



PARENTAL LEAVE

IBI LEAVE MANAGEMENT BENCHMARKING SERIES

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Executive summary

Leave for employees who are new parents but are not birth mothers—often referred to generally as *parental leave* or *bonding leave*—includes time off from work for a spouse or partner of a mother who is pregnant or has recently given birth, parents who have newly adopted a child (other than cases of adopting step-children), and parents who have newly taken a foster child into their home. As part of its Leave Management Benchmarking series,¹ the Integrated Benefits Institute (IBI) surveyed over 1,000 organizations about their formal leave policies and received 193 in-depth responses specific to parental leave. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

- **Two in five employers reported having formal parental leave policies.** Another 45% reported that employees could take time off after the birth or adoption of a child, using consolidated leaves such as paid time off (PTO) or leave banks, sick leave or vacation. Formal parental leave policies were less common among employers in health care and in social assistance, and more common among employers in information, in educational services, and in finance and insurance. Generally, larger employers were more likely to have formal leave policies. Among states for which we received responses from at least 30 employers, Florida, Missouri and Ohio employers were less likely to have formal parental leave policies. California employers, Washington employers, and those with workers in multiple states were more likely to have formal parental leave policies.
- **Nearly two in five employers offered parental leave to all employees.** There were slightly fewer in manufacturing than in finance and insurance. Compared with larger employers (500 or more employees), employers with fewer than 500 employees were more likely to offer benefits to all employees. Among employers that did not offer parental benefits to all employees, nearly half of employers that referenced full- or part-time status offered parental benefits to part-time employees. Salaried employees are offered parental benefits slightly more often than hourly employees, whereas less than half of employers that referenced collective bargaining offered parental benefits to employees covered by collective-bargaining agreements. Only 15% of employers that referenced the location of employees indicated that parental benefits were offered to employees outside the United States.
- **Three-fifths of all employers required a waiting period for new employees to become eligible for parental leave.** Waiting periods were more common among finance and insurance employers. Employers with a waiting period typically made leave available sometime after the first year of employment. Both the largest and smallest employers were less likely to have a waiting period. Waiting periods longer than one year were less common among employers that have less than 500 employees.
- **Less than half of employers outsourced responsibilities for managing and tracking parental leaves.** Manufacturers were more likely to outsource the management and tracking of parental leaves than employers in finance and insurance. Generally, larger employers were more likely to outsource the management and tracking of parental leaves. No employer with fewer than 100 employees outsourced the managing and tracking of parental leaves.
- **About 40% of employers allowed one to three months off for parental leave.** Less than one in five employers allowed more than three months of parental leave. Manufacturers were more likely to allow employees to take one to three months off for parental leave. There were no obvious patterns between company size and duration of parental leave—though all employers that have 500 and 999 employees allowed at least 2 weeks of parental leave.

¹ <https://ibiweb.org/research-resources/detail/leave-management-benchmarking-project>

- **Less than one-fifth of employers reported that pay rates during parental leave varied depending on the employee.** Among employers with a fixed rate of leave pay, almost two-thirds paid 100% of wages during parental leave. Employers in finance and insurance were more likely to pay 100% of an employee's wages during parental leave. Employers that have fewer than 100 employees were also more likely to pay 100% of wages during parental leave, while those that have 100 to 499 employees were the least likely.
- **Other time-off policies.** Almost three-quarters of employers required employees to authenticate their need for parental leave. Half of all employers—and three-quarters of finance and insurance employers—reported that the durations of parental benefits went beyond what is required by law. Nearly all employers made leave time available all at once (as opposed to accruing), with smaller employers more likely to use an accrual system. About one in four employers allowed unused time to roll over.
- **Other pay policies.** Among employers with formal parental leave policies, 100% reported that employee benefits such as health care continued for the duration of leave. More than four in five employers indicated that their leave pay went beyond what is required by law, and more than three-quarters of employers indicated that employees received their pay for the entire leave duration. All employers that have 100 to 499 employees indicated that their leave pay went beyond what is required by law. But only two in five indicated that employees received their pay for the entire leave duration.

Background

Since the end of the Great Recession and the return of several economic indicators to prerecession levels,² many employers have been reviewing and updating their employee leave policies. While providing time off from work is intended to address several strategic goals—including attracting and retaining talent, helping employees meet challenging life events and signaling corporate social values³—employers often take their cues from their peers and competitors when considering the design of their leave benefits.

As part of its Leave Management Benchmarking series, the **Integrated Benefits Institute (IBI)** surveyed 1,013 **organizations** about their formal leave policies, including the following:

- Maternity leave
- Parental leave for non-birth mothers
- Family leave
- Elder care leave
- Sick days
- Short-term disability (STD)
- Long-term disability (LTD)
- Bereavement leave
- Career development leave

The surveys also included a block of questions about paid-time-off (PTO) programs for employers that implemented this approach to leaves.

Recognizing that most employers have complex workforces comprising many different categories of workers, fulfilling a diversity of functions and sometimes spread across multiple locations and legal jurisdictions, the intent of the benchmarks is to provide some basic guidance on what is typical for specific types of leaves. This will give senior leaders, human resource (HR) and benefits professionals and their third-party partners a starting point for considering how to craft policies that best address their specific business goals for their own workforce needs.

This report focuses only on leave for employees who are new parents but are not birth mothers—often referred to generally as *parental leave* or *bonding leave*.⁴ Parental leave is defined as time off from work for a spouse or partner of a mother who is pregnant or who has recently given birth, parents who have newly adopted a child (other than cases of adopting step-children), and parents who have newly taken a foster child into their home.

SURVEY APPROACH

The survey began by asking all employers about formal policies for all leaves listed above. Employers were instructed that formal leave policies are those that go beyond any applicable federal, state and local laws or that the company has implemented where there are no legal requirements for leave. Formal policies are specific rules or instructions that define who can take leave, for what reasons and for how long.

² See, for example, the Federal Reserve Bank of St. Louis for historical series on indicators such as unemployment, personal consumption, gross domestic product (GDP) and wages as a share of GDP. <https://fred.stlouisfed.org>

³ Gifford B, Zong B, Presutti J. *And Baby Makes Three (Months Off): Paid Parental Leave at 15 High Technology Firms*. Integrated Benefits Institute, August 2016. <https://ibiweb.org/research-resources/detail/and-a-baby-makes-three-months-off-paid-parental-leave-at-15-high-tech-firms>

⁴ Birth mothers' time-off policies are reported in IBI's Leave Management Benchmarking series on maternity leaves. In July 2014, the Equal Employment Opportunity Commission issued a ruling clarifying that paid parental leave is separate from medical time off for childbirth and that employers who offer paid parental leave must do so for men and women on equal terms. See Equal Employment Opportunity Commission, June 25, 2014, "EEOC Enforcement Guidance on Pregnancy Discrimination and Related Issues." https://www.eeoc.gov/laws/guidance/pregnancy_guidance.cfm

After employers reported whether or not they had each of the listed leaves, they were given the option of requesting benchmark reports for each type of leave. For a requested leave report, employers with no formal policies were asked to provide contact information confidentially and were then given the option of requesting any of the remaining reports. Employers with formal parental leave policies were asked to provide additional information about eligibility for leave, before providing contact information to receive the reports.

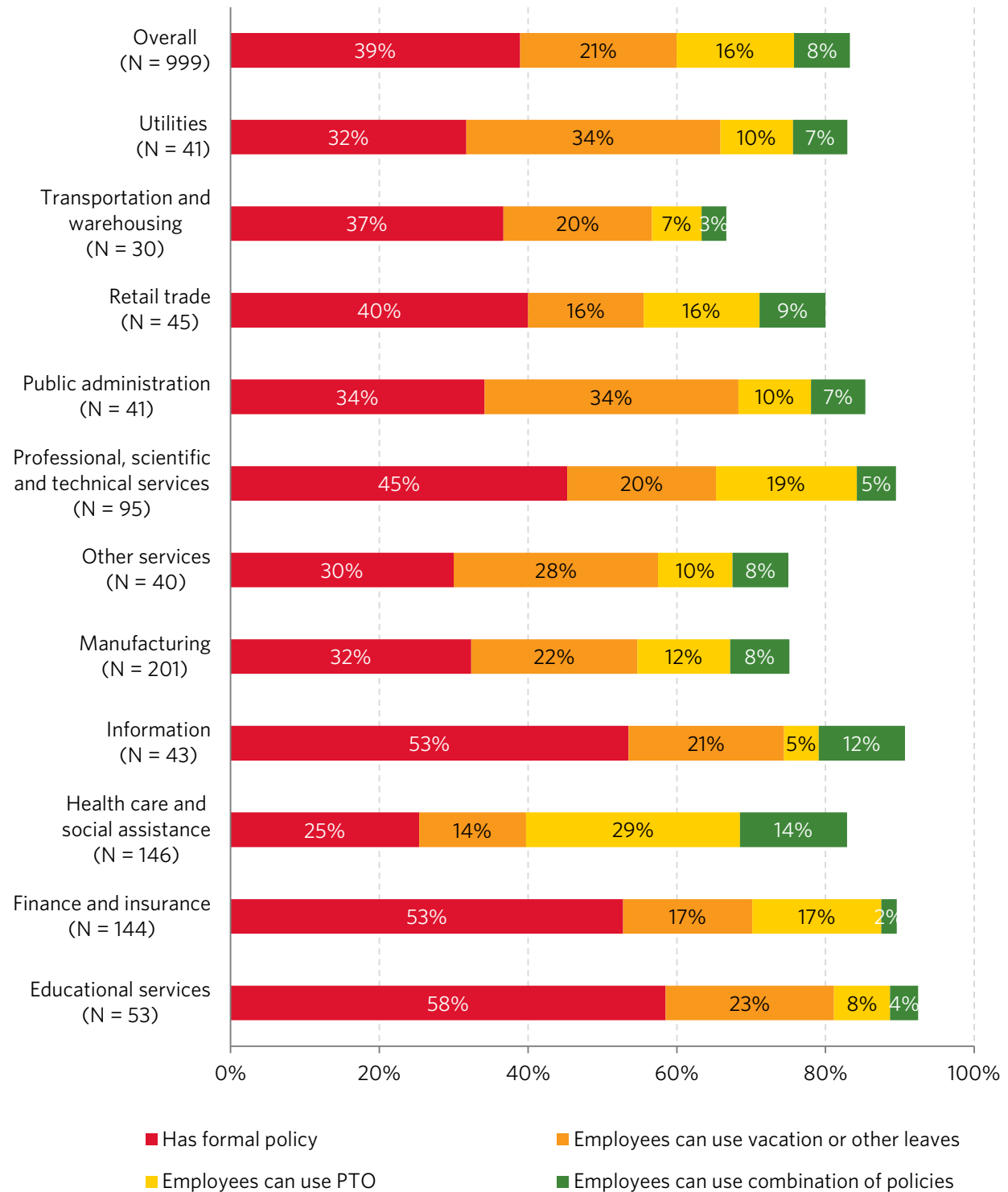
We received in-depth responses for approximately 193 employers' formal parental leave policies. Those responses are reported in this document for the entire sample, for employers in industries for which we had at least 30 responses and across employers of different sizes. Results for other leave policies are provided in separate reports. See the appendix for more information about the survey and the participating organizations.

How many employers have formal parental leave policies?

As illustrated in Figures 1 through 3, two in five employers reported having parental leave policies that go beyond any applicable federal, state and local laws or that the company had implemented policies where there are no legal requirements for leave. Another 45% reported that employees could take time off after the birth or adoption of a child, using consolidated leaves such as PTO or leave banks, sick leave or vacation.

Formal parental leave policies were less common among employers in health care and social assistance and in utilities, and more common among employers in information, in educational services, and in finance and insurance. Generally, larger employers were more likely to have formal leave policies. Among states for which we received responses from at least 30 employers, Florida, Missouri and Ohio employers were less likely to have formal parental leave policies. California employers, Washington employers, and those with workers in multiple states were more likely to have formal parental leave policies.

Figure 1: Parental leave policies by selected industries (% of employers)



Note: Industries with fewer than 30 responding employers are not shown.

Figure 2: Parental leave policies by number of employees (% of employers)

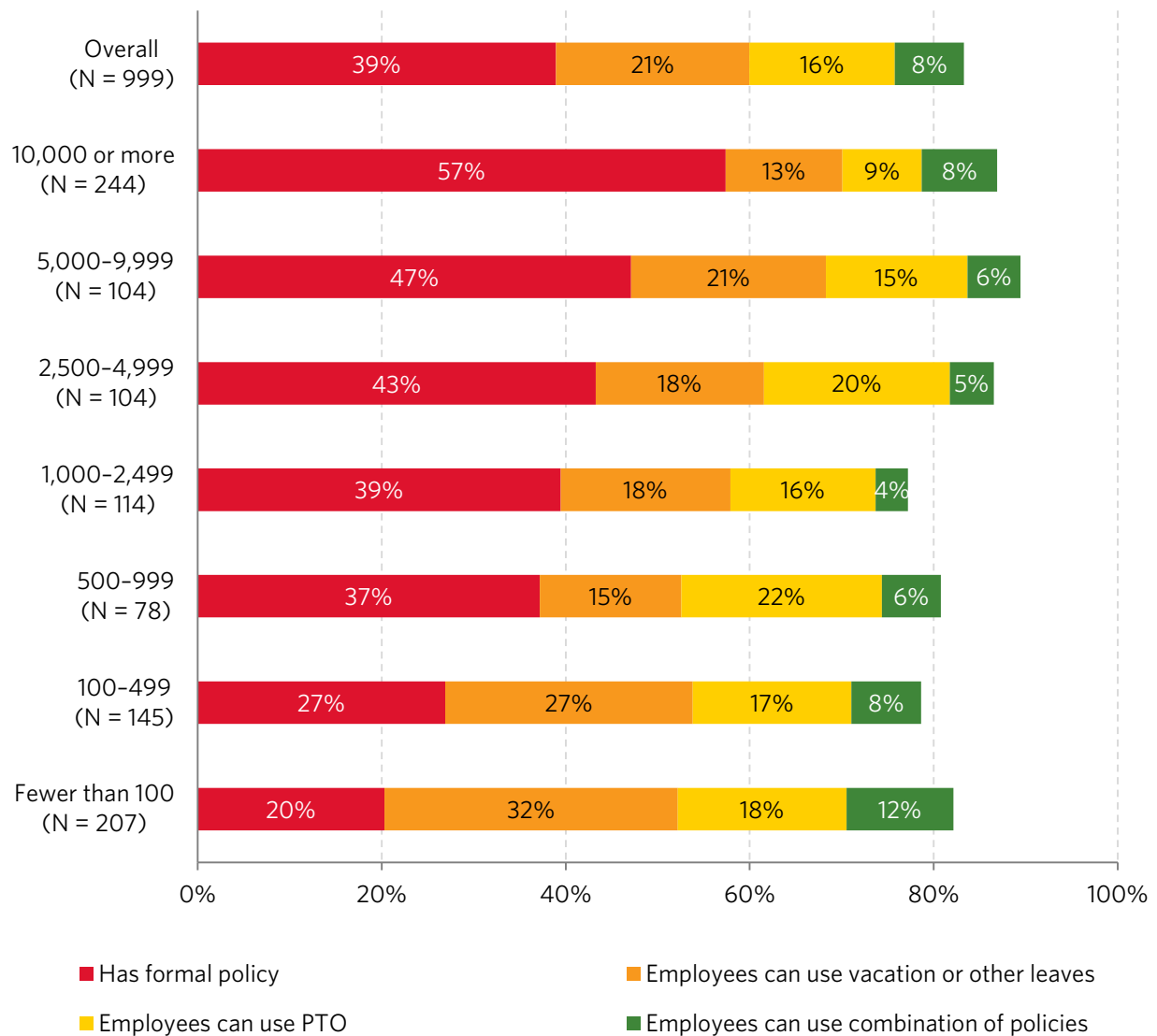
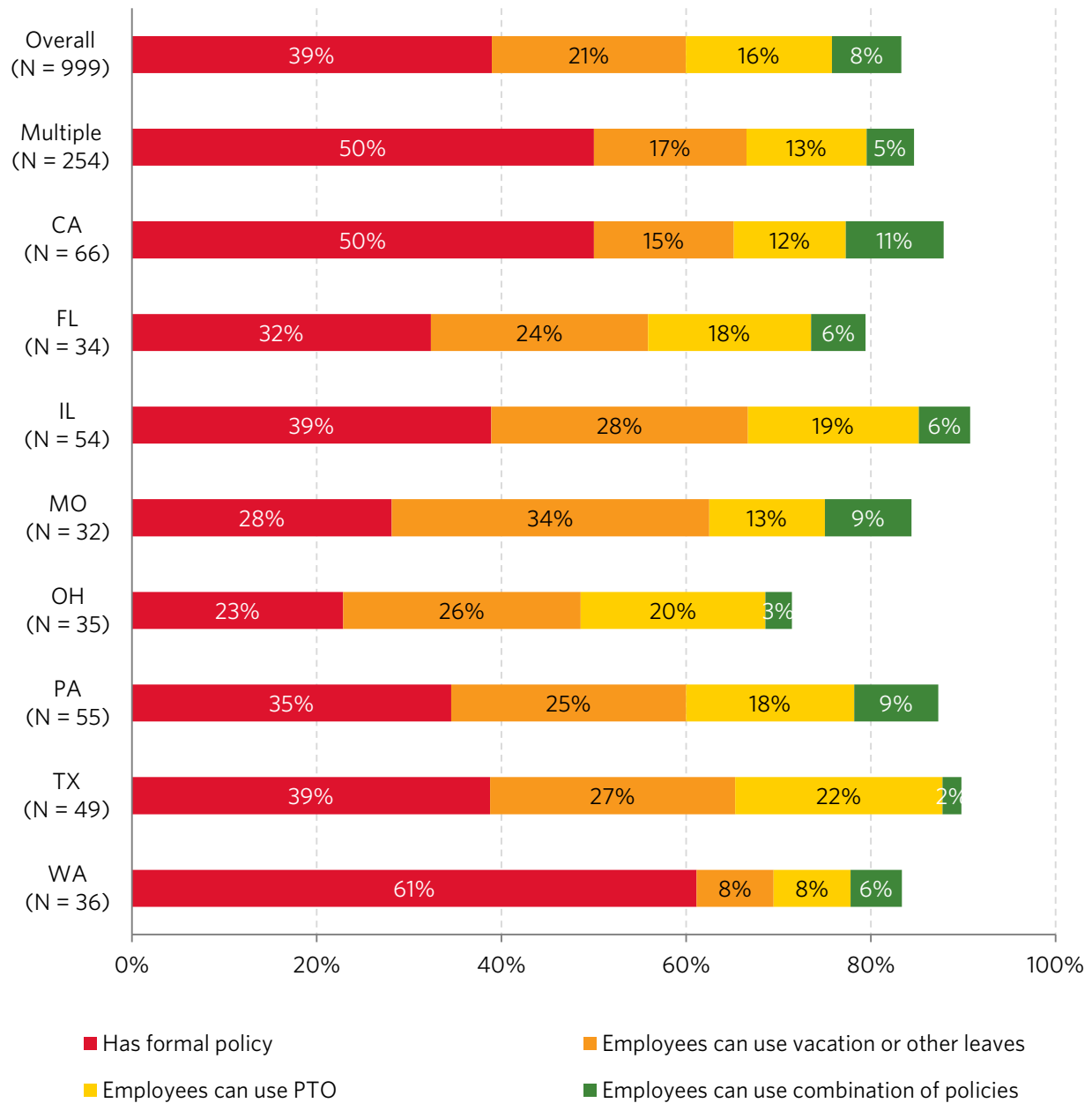


Figure 3: Parental leave policies by selected states (% of employers)



Note: States with fewer than 30 responding employers are not shown.

Who can take parental leave?

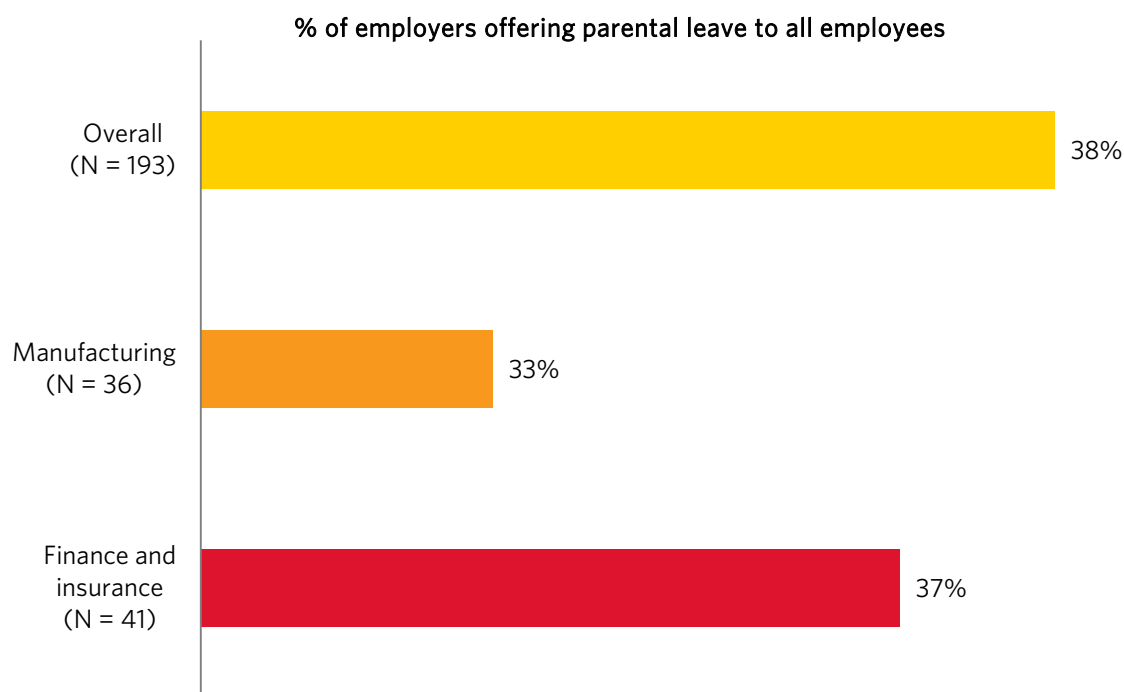
UNIVERSAL ELIGIBILITY

Employers with formal parental leave policies were asked to provide additional information about eligibility for leave. About 193 employers opted to provide this information (out of 389 employers with any formal policies to describe).

Figures 4 and 5 illustrate employers' responses to whether parental leave was offered to all employees, by industry and employer size. As of this date, no single state had responses from at least 30 employers. For that reason, results are not reported by state.

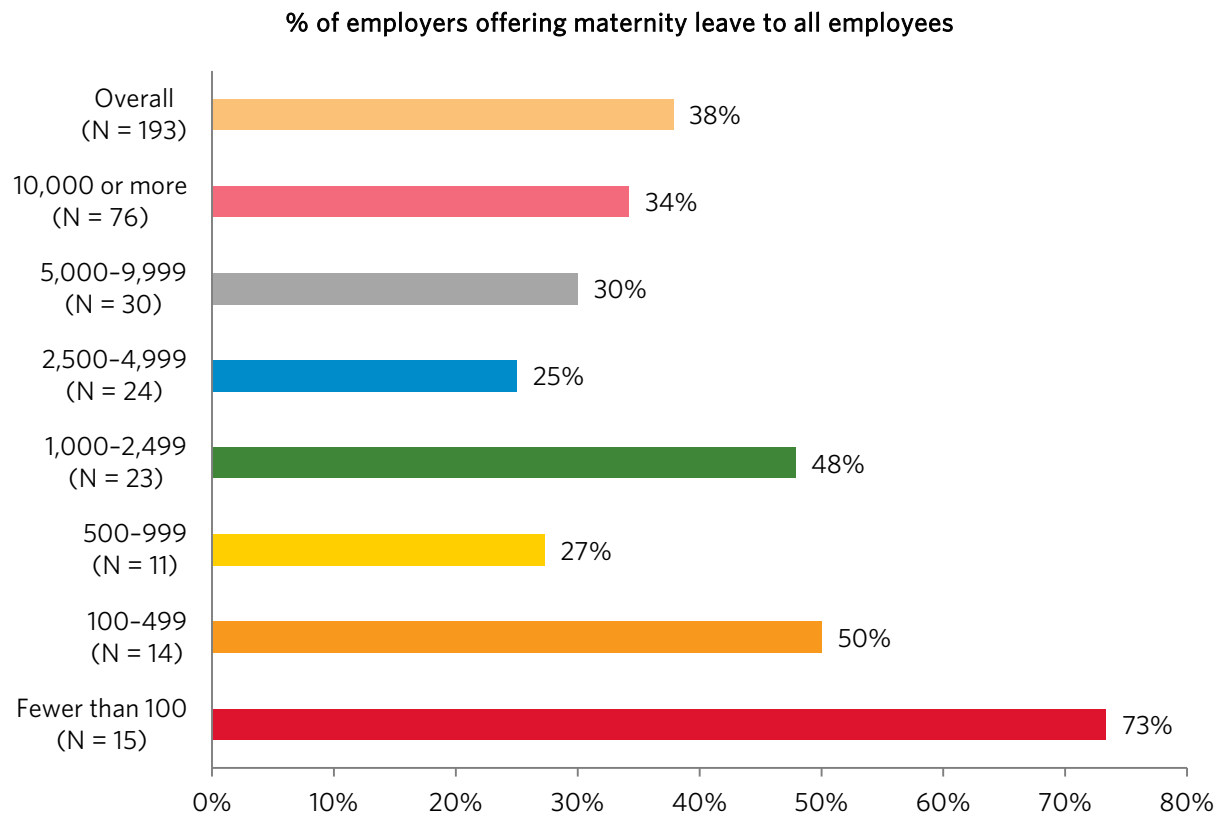
Nearly two in five employers offered parental leave to all employees. There were slightly fewer in manufacturing than in finance and insurance. Compared with larger employers (500 or more employees), employers with fewer than 500 employees were more likely to offer benefits to all employees.

Figure 4: Universal eligibility by selected industries



Note: Includes only employers that provided information about their formal parental leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 5: Universal eligibility by number of employees



Note: Includes only employers that provided information about their formal parental leave policies.

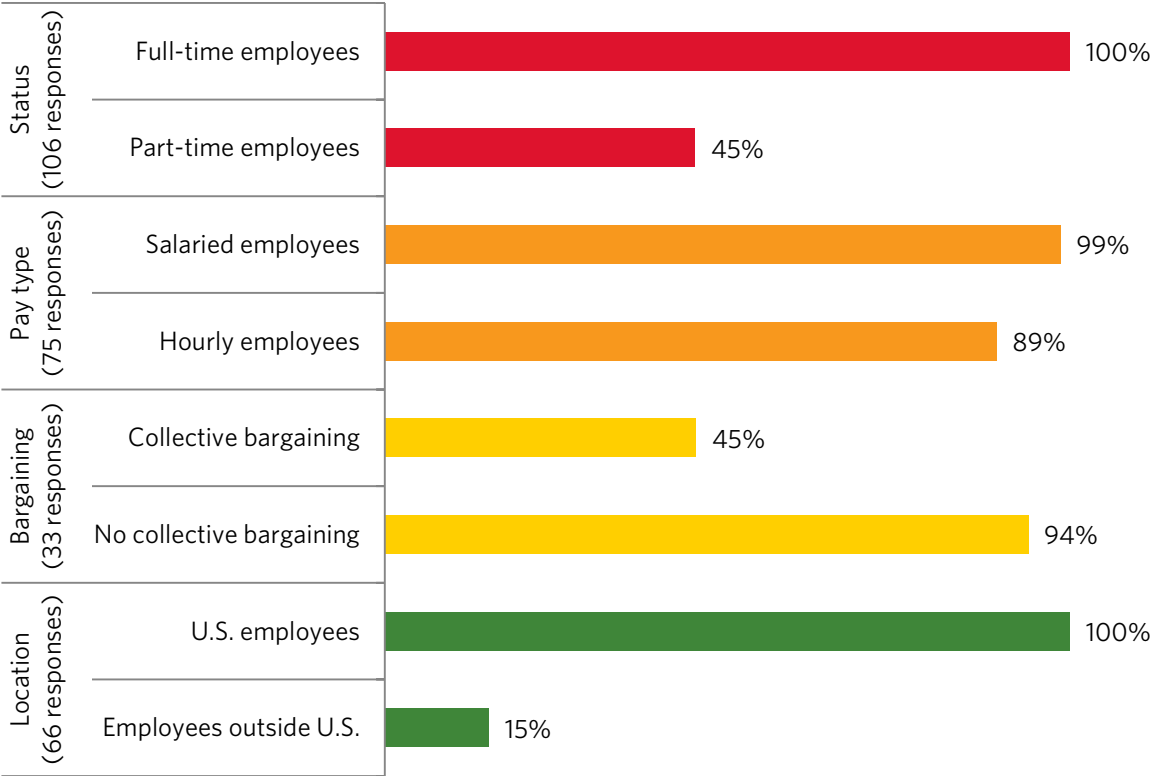
ELIGIBILITY BY EMPLOYEE CATEGORY

Employers that did not offer parental leave to all employees were provided the opportunity to identify categories of employees who were eligible for leave. These categories included full- or part-time status, salaried or hourly pay status, employees covered/not covered by collective-bargaining agreements and employees inside or outside the United States.

Figure 6 shows the percentage of employers that identified specific categories of employees in their formal leave policies. Because not all categories of employers are relevant to all employers, the proportions represent employers that responded about different ways to classify employees (e.g., by pay status or by full- or part-time status).

Nearly half of employers that referenced full- or part-time status offered parental benefits to part-time employees. Salaried employees are offered parental benefits slightly more often than hourly employees, whereas less than half of employers that referenced collective bargaining offered parental benefits to employees covered by collective-bargaining agreements. Only 15% of employers that referenced the location of employees indicated that parental benefits were offered to employees outside the United States.

Figure 6: Categories of employees identified in formal parental leave policies (% of employers)

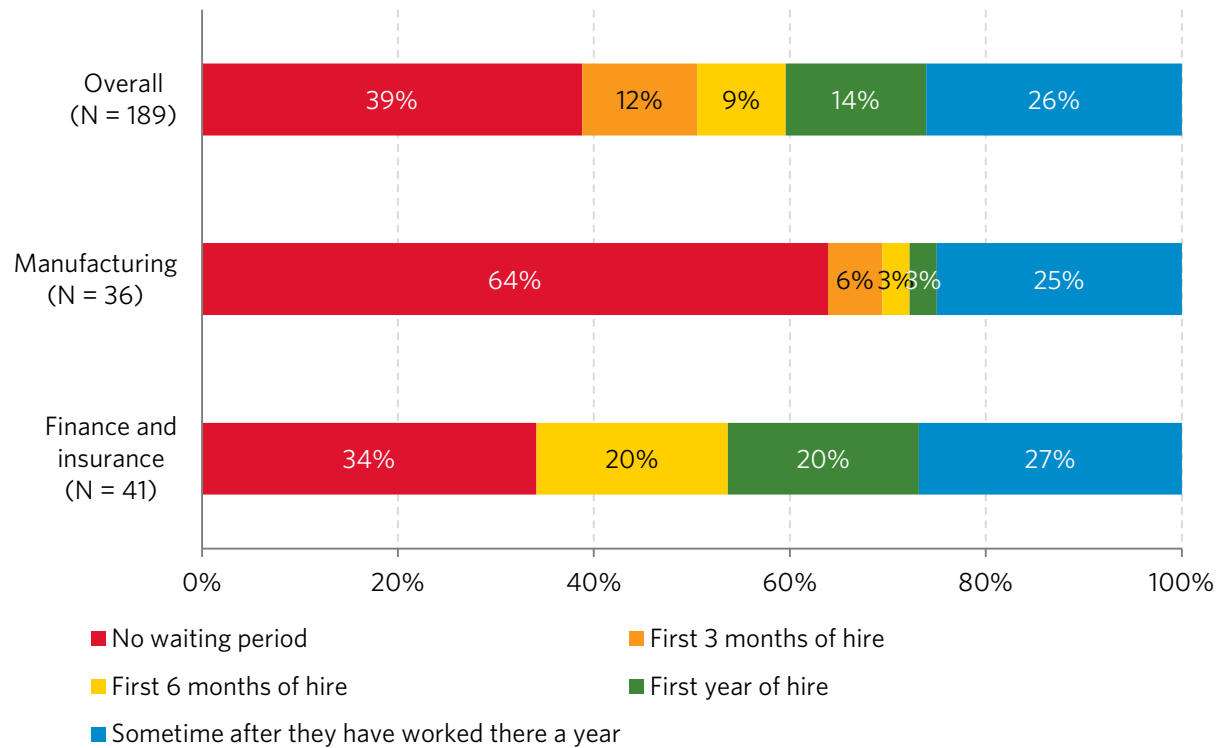


Note: Includes only employers that provided information about their formal parental leave policies.

How long must new hires wait until they become eligible to take parental leave?

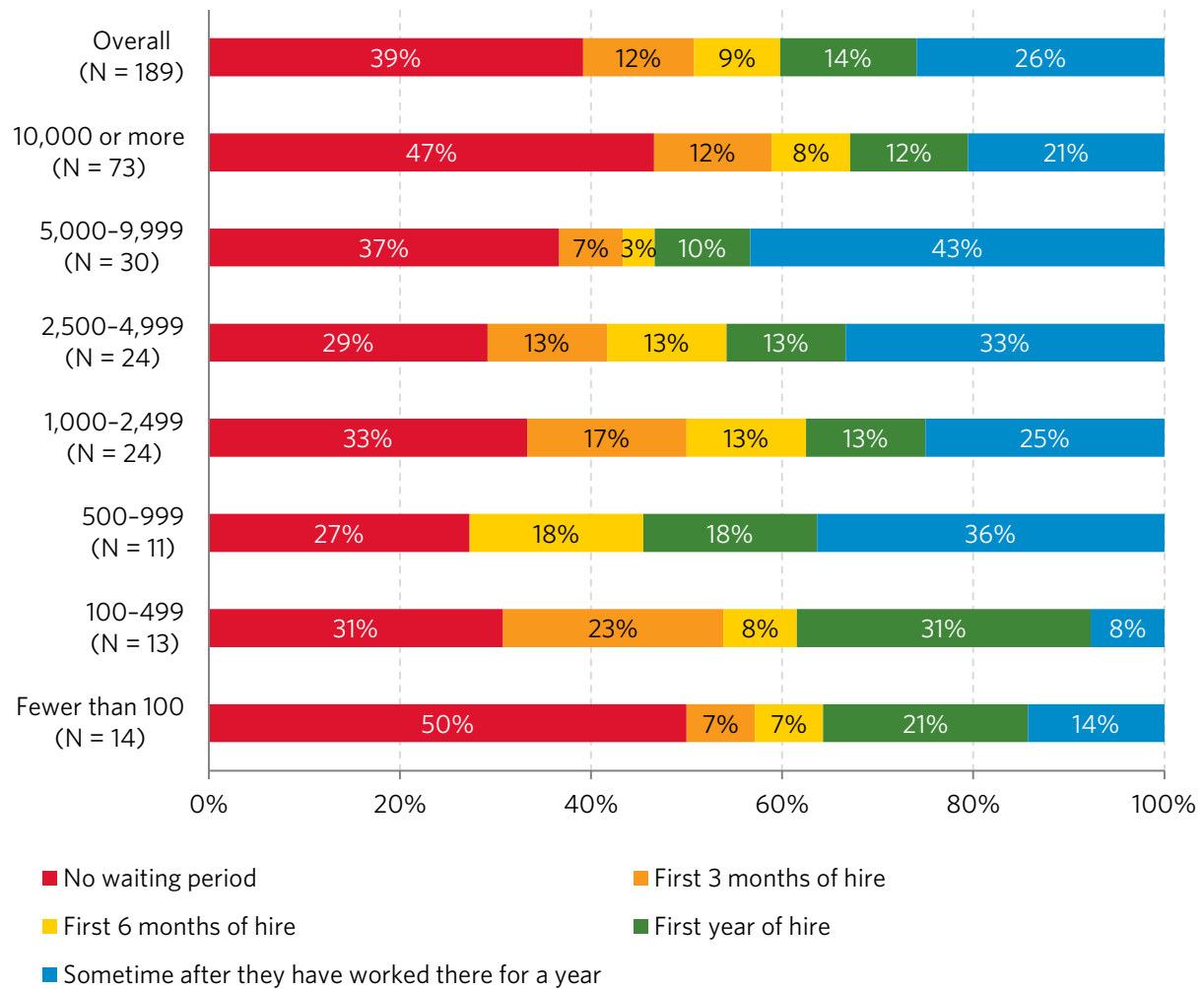
Figures 7 and 8 show the waiting periods before new employees become eligible for parental leave. Three-fifths of all employers required a waiting period for new employees to become eligible for parental leave. Waiting periods were more common among finance and insurance employers. Employers with a waiting period typically made leave available sometime after the first year of employment. Both the largest and smallest employers were less likely to have a waiting period. Waiting periods longer than one year were less common among employers that have less than 500 employees.

Figure 7: Waiting periods for parental leave eligibility by selected industries (% of employers)



Note: Includes only employers that provided information about their formal parental leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 8: Waiting periods for parental leave eligibility by number of employees (% of employers)



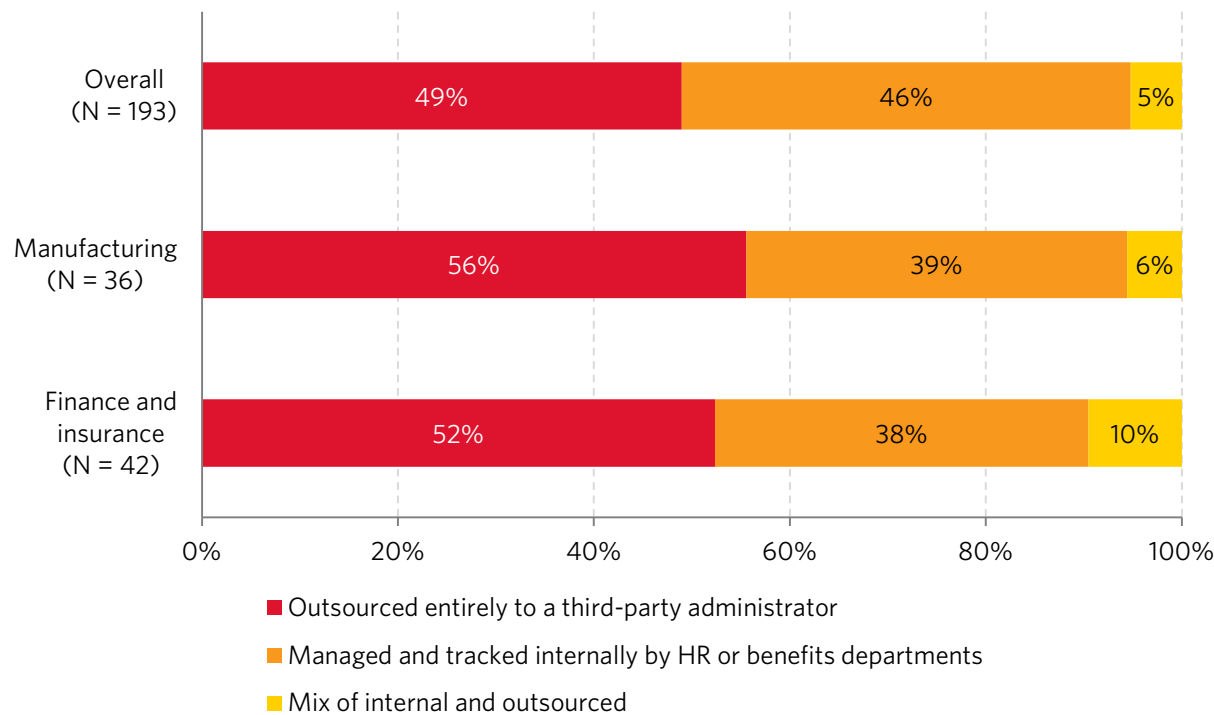
Note: Includes only employers that provided information about their formal parental leave policies.

How is parental leave managed and tracked?

Figures 9 and 10 show how many employers manage and track parental leave using internal resources (such as an HR or benefits department) or outsource their leaves to a third-party administrator.

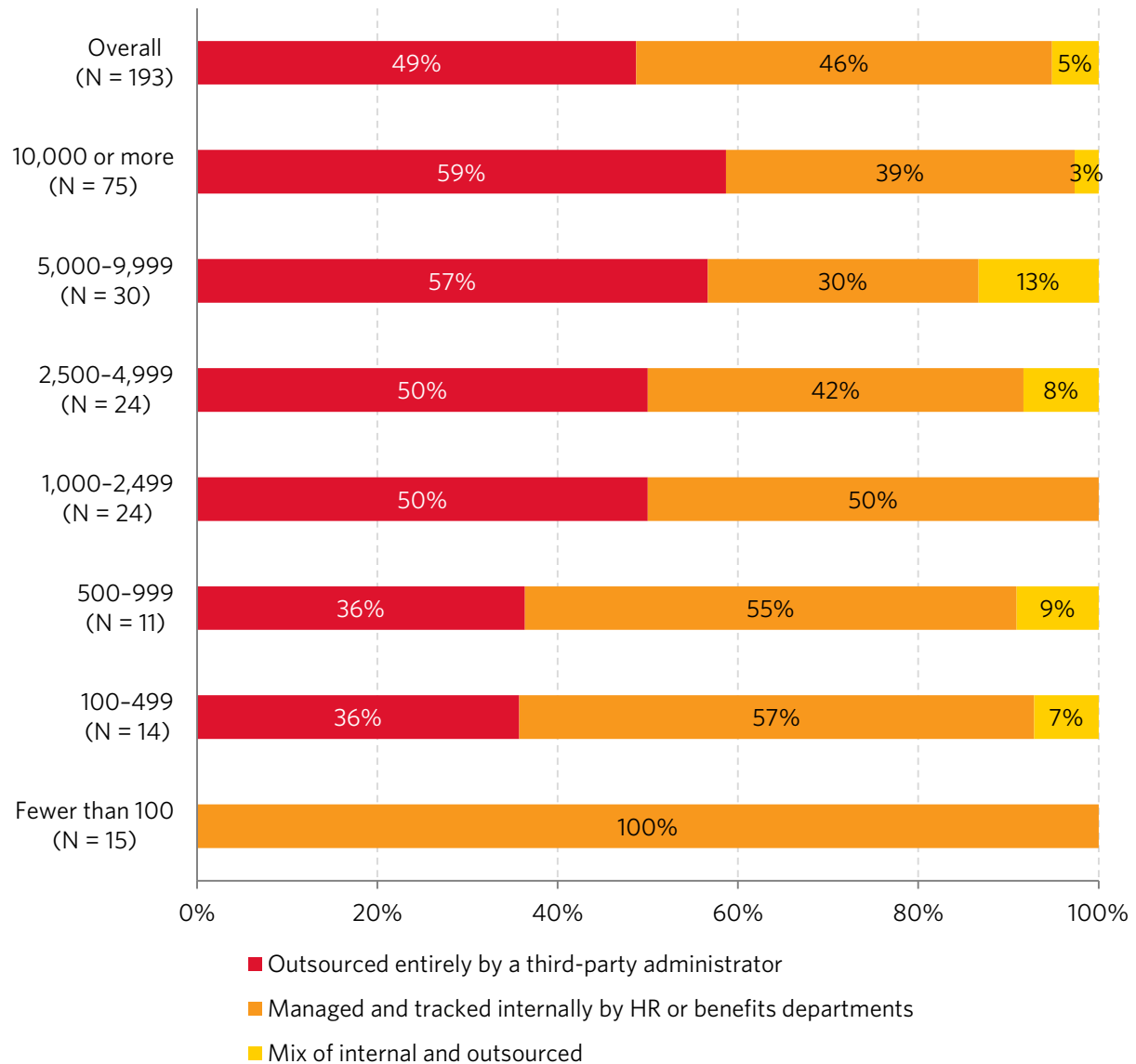
Very few employers split responsibility for managing and tracking leaves between internal and external resources. Less than half of employers outsourced managing and tracking parental leaves. Manufacturers were more likely to outsource the management and tracking of parental leaves than employers in finance and insurance. Generally, larger employers were more likely to outsource the management and tracking of parental leaves. No employer with fewer than 100 employees outsourced the managing and tracking of parental leaves.

Figure 9: Method of managing and tracking parental leaves by selected industries (% of employers)



Note: Includes only employers that provided information about their formal parental leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 10: Method of managing and tracking parental leaves by number of employees (% of employers)

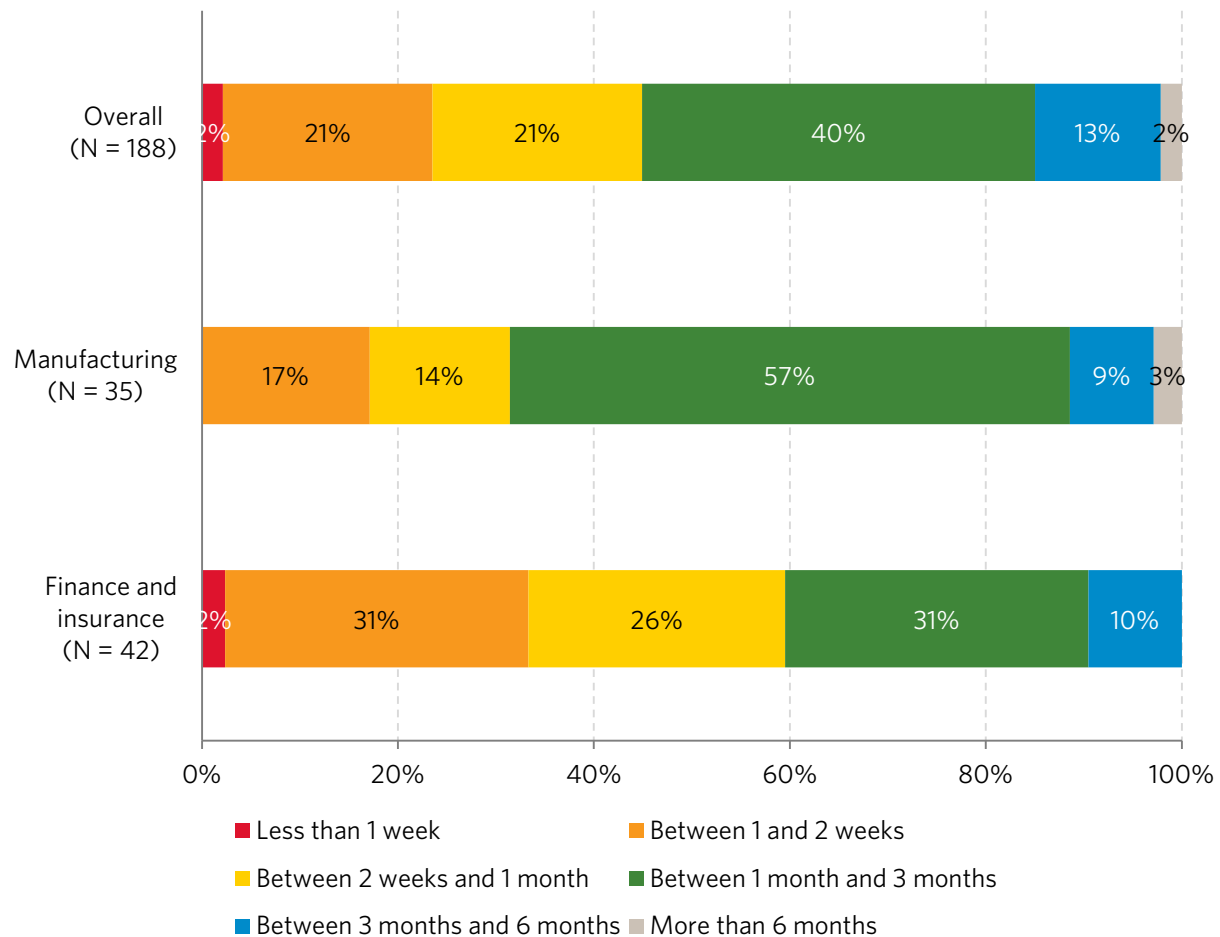


Note: Includes only employers that provided information about their formal parental leave policies.

How much time off is allowed for parental leave?

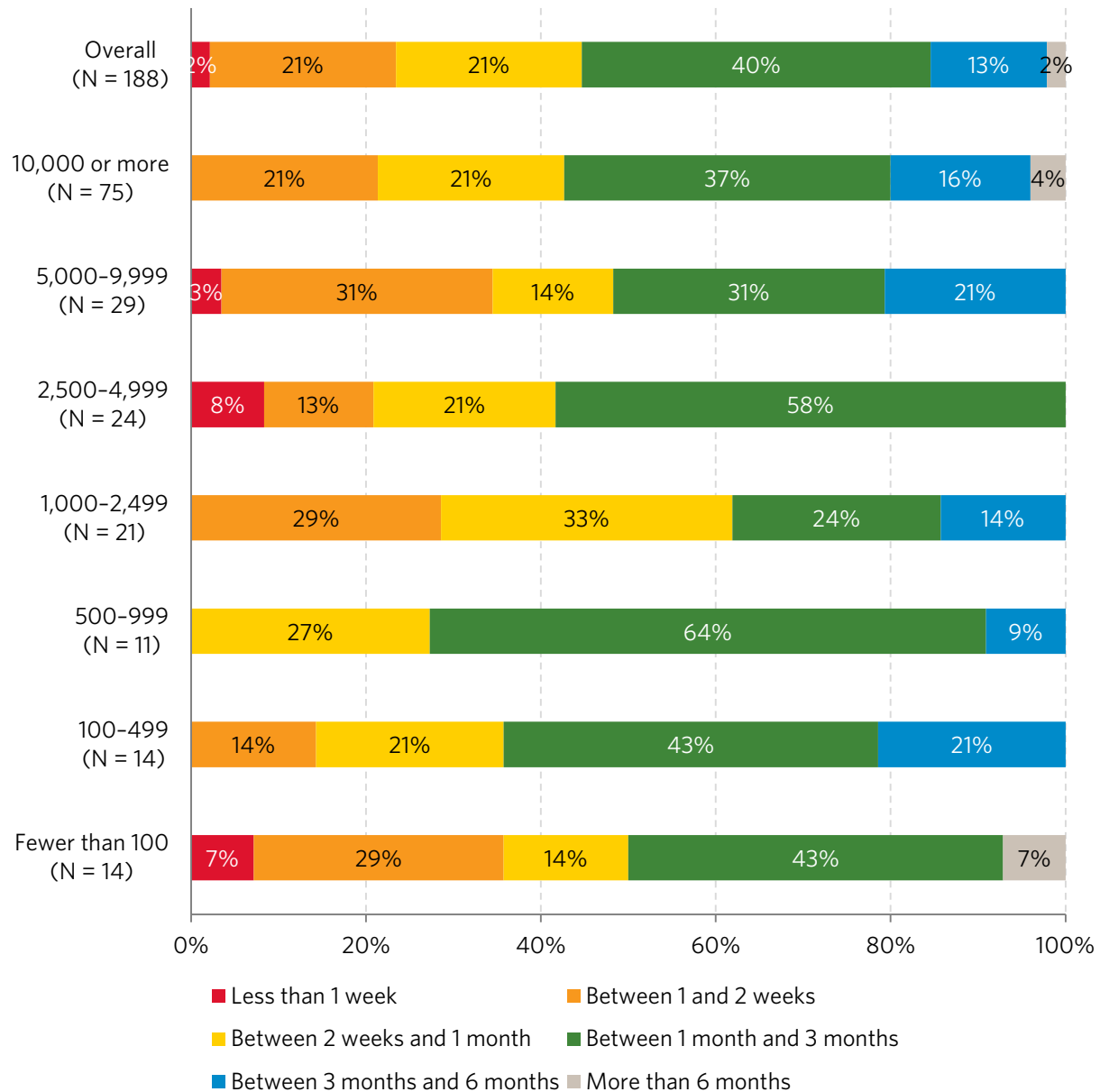
Figures 11 and 12 show the durations of parental leave. About 40% of employers allowed one to three months off for parental leave. Less than one in five employers allowed more than three months of parental leave. Manufacturers were more likely to allow employees to take one to three months off for parental leave. There were no obvious patterns between company size and duration of parental leave—though all employers that have 500 to 999 employees allowed at least 2 weeks of parental leave.

Figure 11: Allowed time off for parental leave by selected industries (% of employers)



Note: Includes only employers that provided information about their formal parental leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 12: Allowed time off for parental leave by number of employees (% of employers)

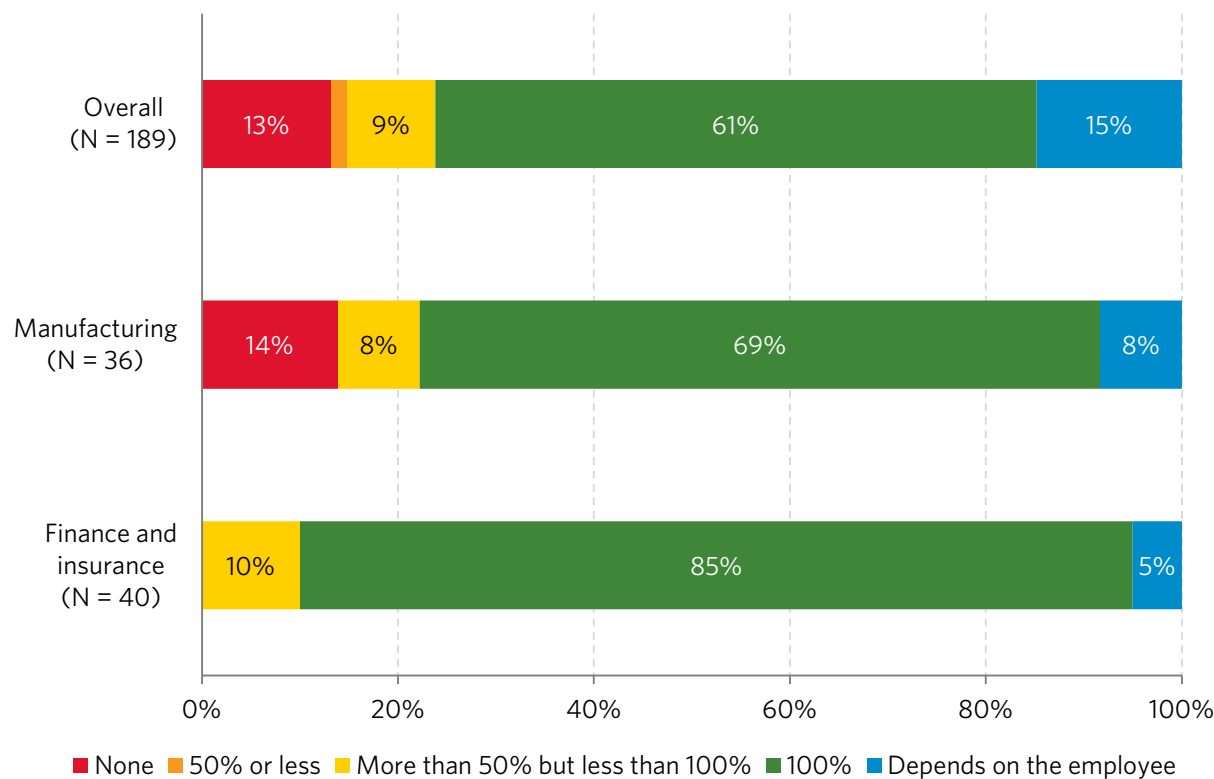


Note: Includes only employers that provided information about their formal parental leave policies.

How much of their usual pay does an employee receive while on parental leave?

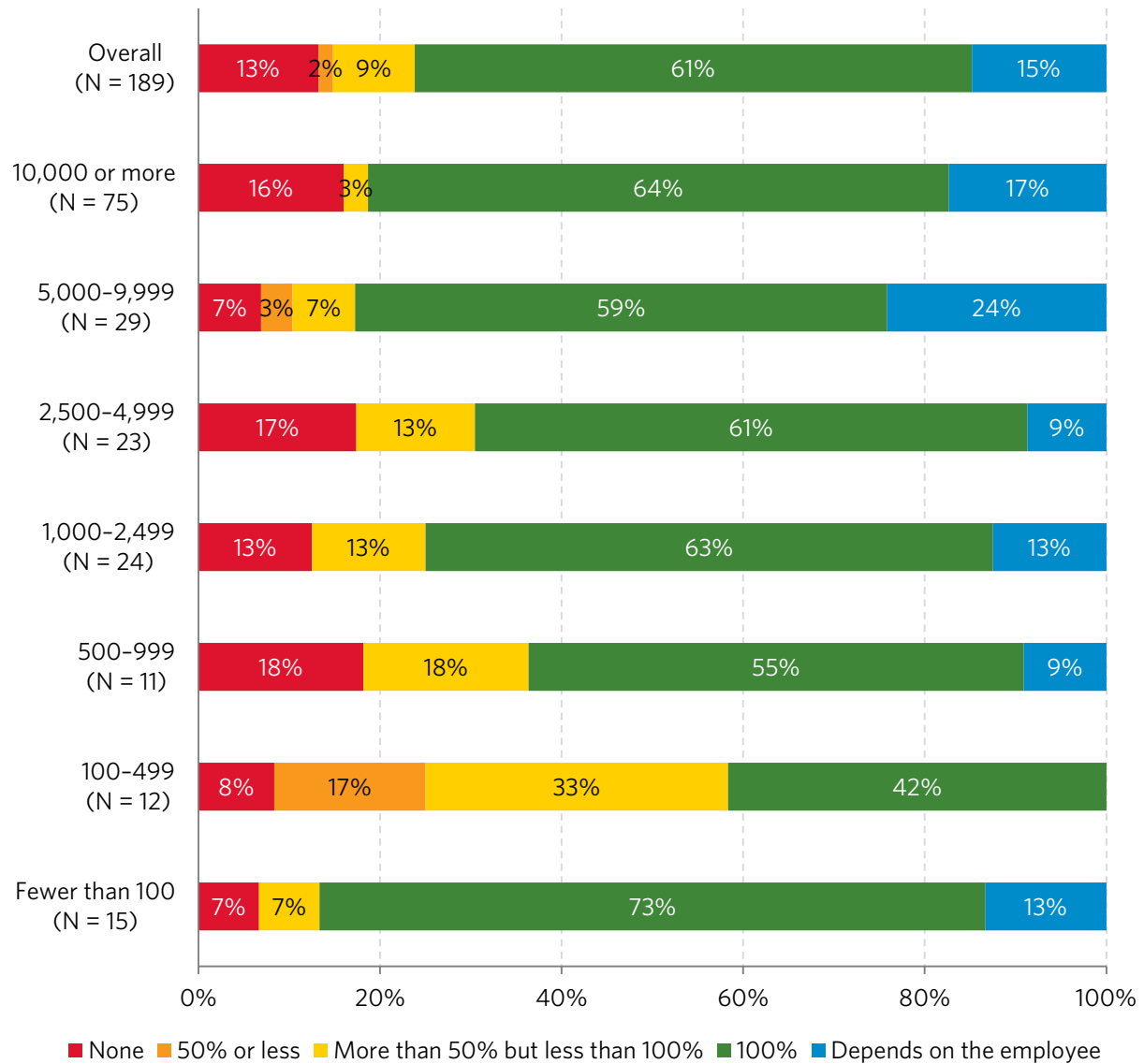
Figures 13 and 14 show the percentage of wages paid to employees during parental leave. Less than one-fifth of employers reported that pay rates during parental leave varied depending on the employee. Among employers with a fixed rate of leave pay, almost two-thirds paid 100% of wages during parental leave. Employers in finance and insurance were more likely to pay 100% of an employee's wages during parental leave. Employers that have fewer than 100 employees were also more likely to pay 100% of wages during parental leave, while those that have 100 to 499 employees were the least likely.

Figure 13: Pay received during parental leave by selected industries (% of employers)



Note: Includes only employers that provided information about their formal parental leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 14: Pay received during parental leave by number of employees (% of employers)



Note: Includes only employers that provided information about their formal parental leave policies.

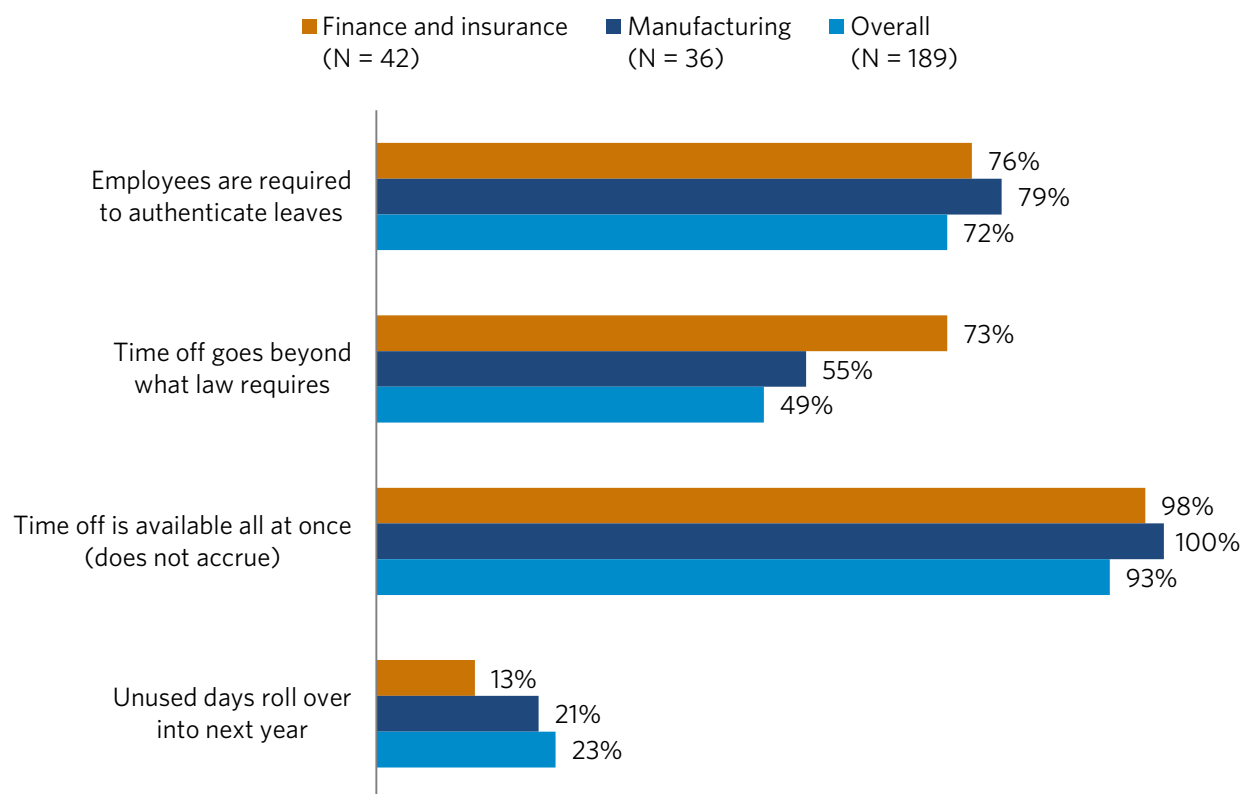
What other policies are applied to parental leaves?

Employers with formal parental leave policies were also asked about rules that applied to time off and pay during leave. Time-off policies include the requirements that employees authenticate the reason for leave, whether the amount of allowed time off exceeds what is required by applicable leave laws, whether allowed time off accrues over time or is available all at once and whether unused time in one year rolls over for use in the next year. Pay policies include whether employee benefits such as health care continued for the duration of leave, whether amounts of leave pay exceed what is required by applicable leave laws and whether employees receive pay during the entire duration of leave.

TIME-OFF POLICIES

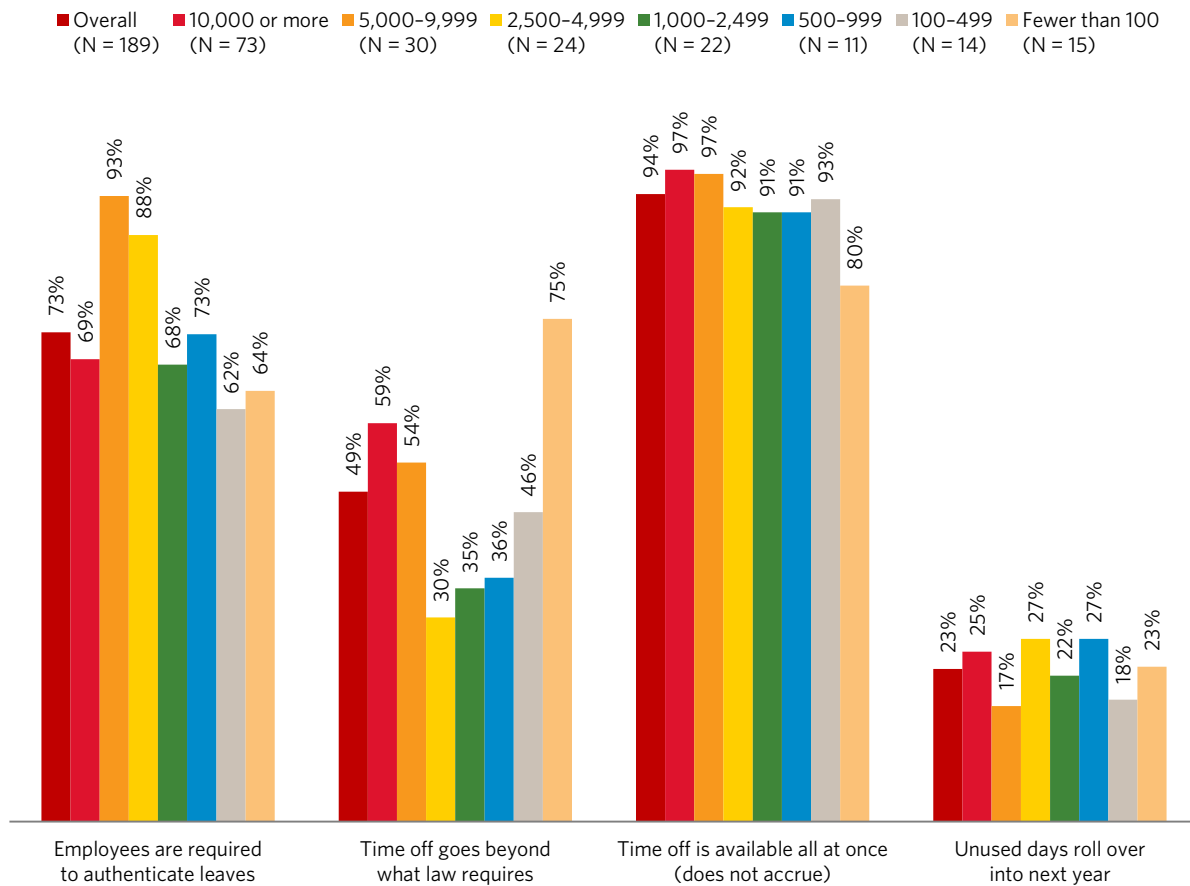
Figures 15 and 16 show the percentage of employers that apply different types of time-off policies. Almost three-quarters of employers required employees to authenticate their need for parental leave. Half of all employers—and three-quarters of finance and insurance employers—reported that the durations of parental benefits went beyond what is required by law. Nearly all employers made leave time available all at once (as opposed to accruing), with smaller employers more likely to use an accrual system. About one in four employers allowed unused time to roll over.

Figure 15: Other time-off policies by selected industries (% of employers)



Note: Includes only employers that provided information about their formal parental leave policies. Industries with fewer than 30 responding employers are not shown.

Figure 16: Other time-off policies by number of employees (% of employers)

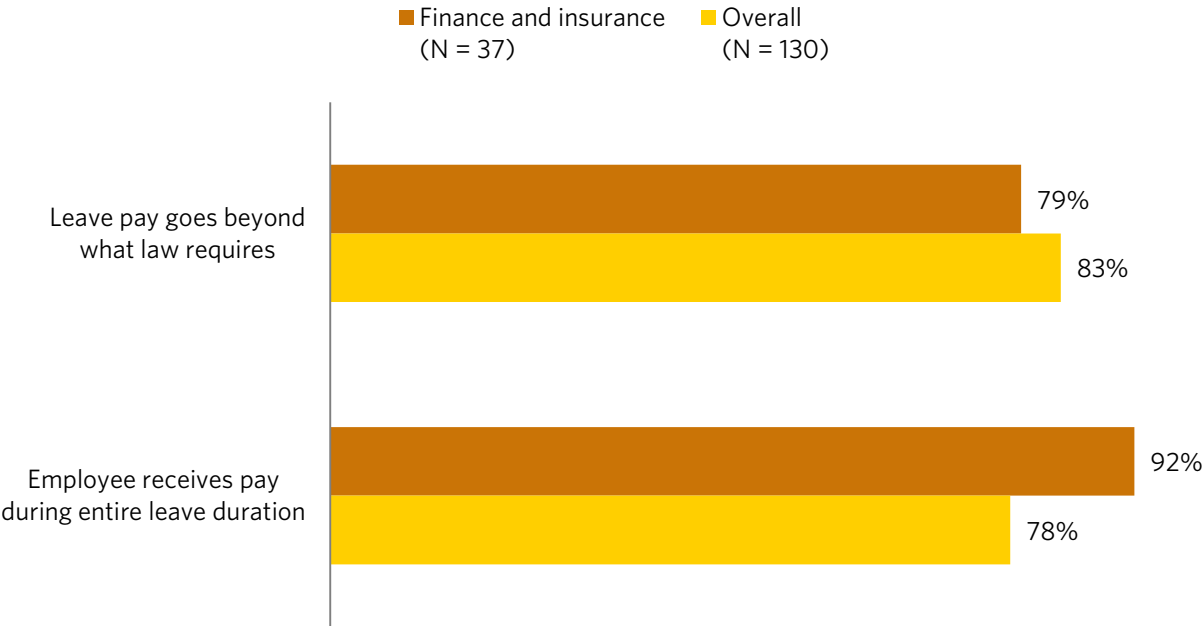


Note: Includes only employers that provided information about their formal parental leave policies.

PAY POLICIES

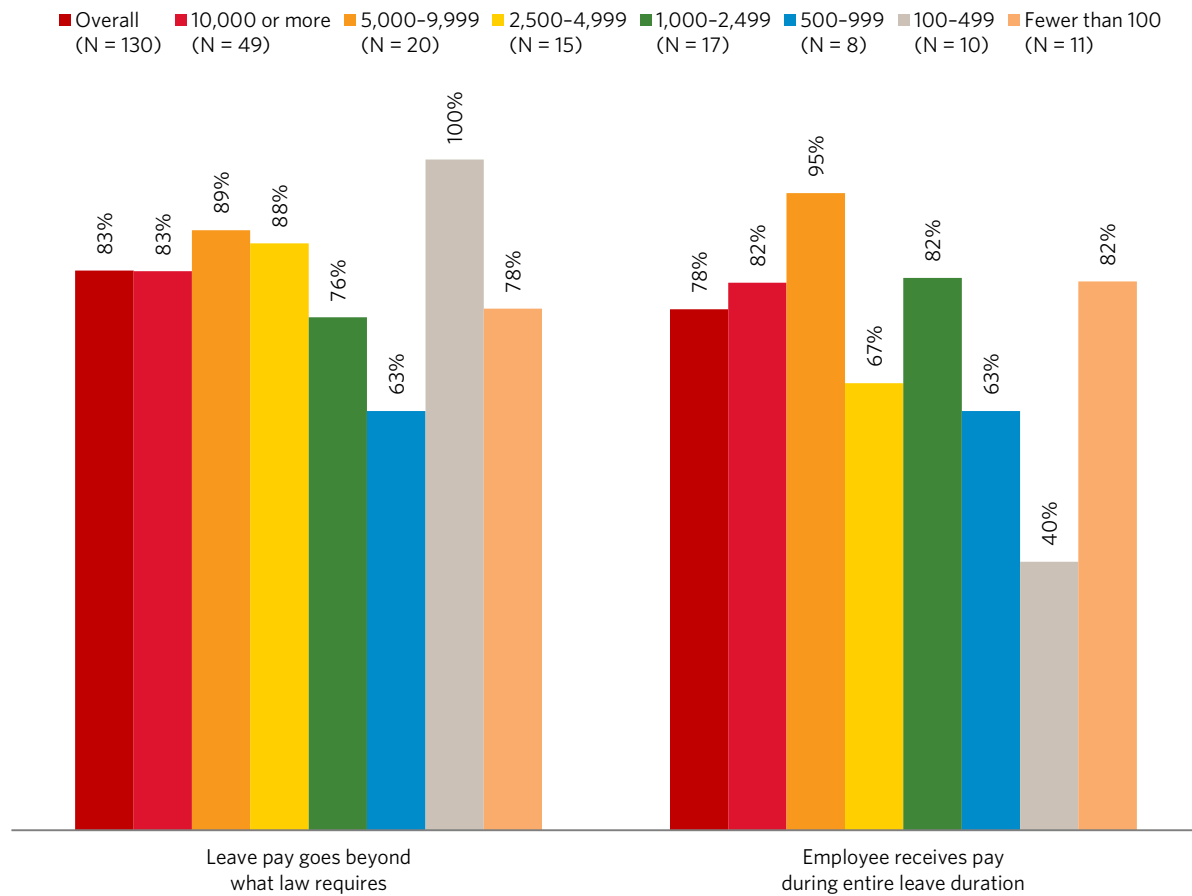
Employers that provided a specific pay rate during parental leave were asked further questions about pay and benefits policies. Figures 17 and 18 show the percentage of employers that applied different types of pay policies. Although not shown in the charts, 100% of employers with formal parental leave policies reported that employee benefits such as health care continued for the duration of leave. More than four in five employers indicated that their leave pay went beyond what is required by law, and more than three-quarters of employers indicated that employees received their pay for the entire leave duration. All employers that have 100 to 499 employees indicated that their leave pay went beyond what is required by law. But only two in five indicated that employees received their pay for the entire leave duration.

Figure 17: Other pay and benefits policies by selected industries (% of employers)



Note: Includes only employers that reported a specific pay rate as part of their formal parental leave policies. Industries with fewer than 30 responding employers are not shown. All employers with formal parental leave policies reported that employee benefits such as health care continued for the duration of leave.

Figure 18: Other pay and benefits policies by number of employees (% of employers)



Note: Includes only employers that reported a specific pay rate as part of their formal parental leave policies. All employers with formal parental leave policies reported that employee benefits such as health care continued for the duration of leave.

Appendix

SURVEY ADMINISTRATION

The Leave Management Benchmarking program collects data on nine separate types of leaves. Employers complete a survey for each type of leave for which they would like to receive a benchmarking report. Each leave is considered as a separate survey effort. Employers may complete surveys for as many leaves as they wish, and survey responses across leave types are not connected to one another.

PARTNER ORGANIZATIONS

Employers are recruited for the survey from IBI member organizations, as well as from the membership lists and client bases of partner organizations. As of the publication date of the current report, partner organizations that have invited members and clients to take surveys include the following:

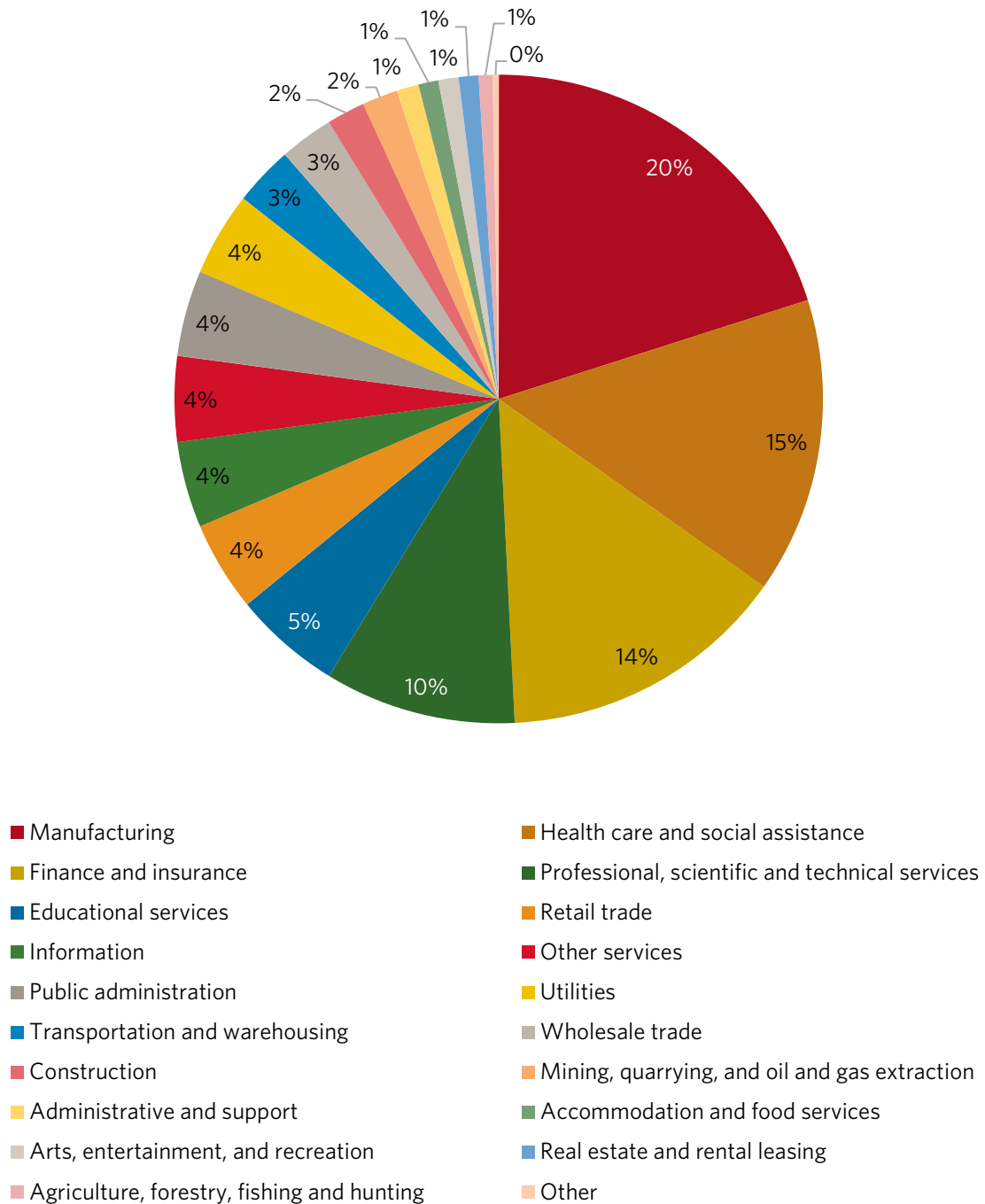
- The Alliance
- Aon Hewitt
- Broadspire
- ClaimVantage
- Employers Health
- Employers Health Coalition
- Employers Healthcare Coalition
- Florida Health Care Coalition
- Greater Philadelphia Business Coalition on Health
- HC21
- Houston Business Coalition on Health
- Liberty Mutual Insurance
- Memphis Business Group on Health
- Midwest Business Group on Health
- Mississippi Business Group on Health
- Nevada Business Group on Health
- Northeastern Oklahoma Business Coalition on Health
- Pacific Business Group on Health
- Pittsburgh Business Group on Health
- The Reed Group
- Rhode Island Business Group on Health
- Sedgwick Claims Management Services, Inc.
- St. Louis Area Business Health Coalition
- Standard Insurance
- Sun Life Financial
- Unum Group
- Washington Health Alliance
- Willis Towers Watson
- WorkPartners
- Wyoming Business Coalition on Health

The survey was opened for responses on July 5, 2017, and remains open continuously. A report on a specific leave type is released when surveys from 30 organizations provide information about their policies; it is subsequently updated for each additional 30 recorded policy descriptions. Because the interest is primarily in benchmarking employers' policies, all due diligence is made to exclude responses from persons known to represent consultants, absence management suppliers or third-party administrators. The primary method of identifying these organizations is through cross-referencing the domain in the work email address provided by the user for delivering results. Respondents who provide an email address that indicates a personal email service (such as Gmail) are asked to provide a corporate work email to verify their employer status. Responses with unverified email addresses are excluded from analysis.

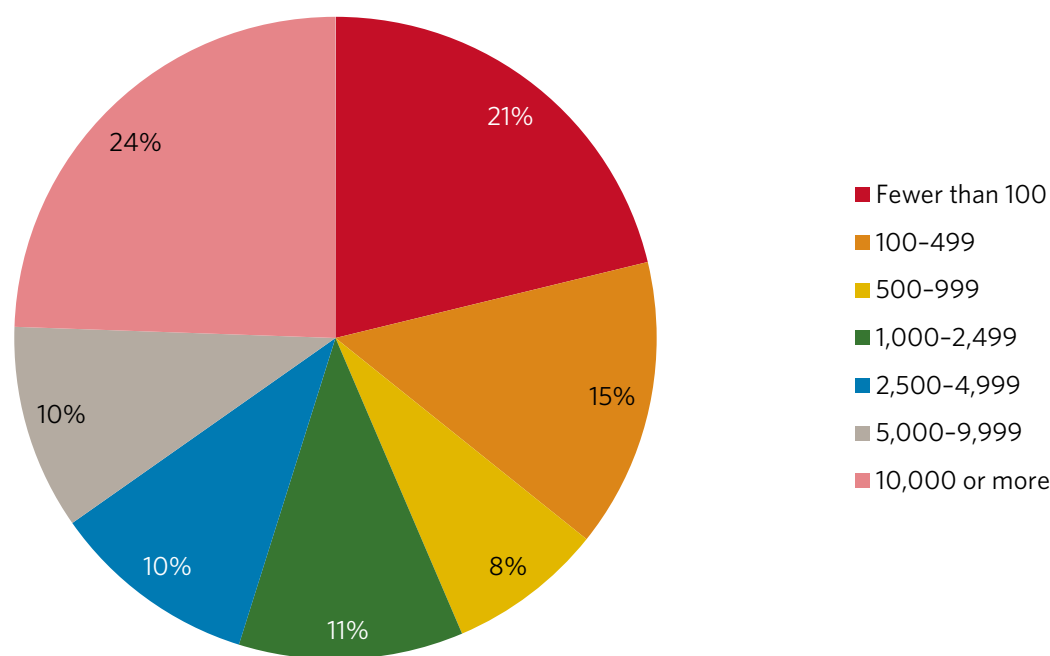
Reports are updated with industry- and state-level benchmarks when 30 additional responses are recorded.

DEMOGRAPHICS OF RESPONDING EMPLOYERS

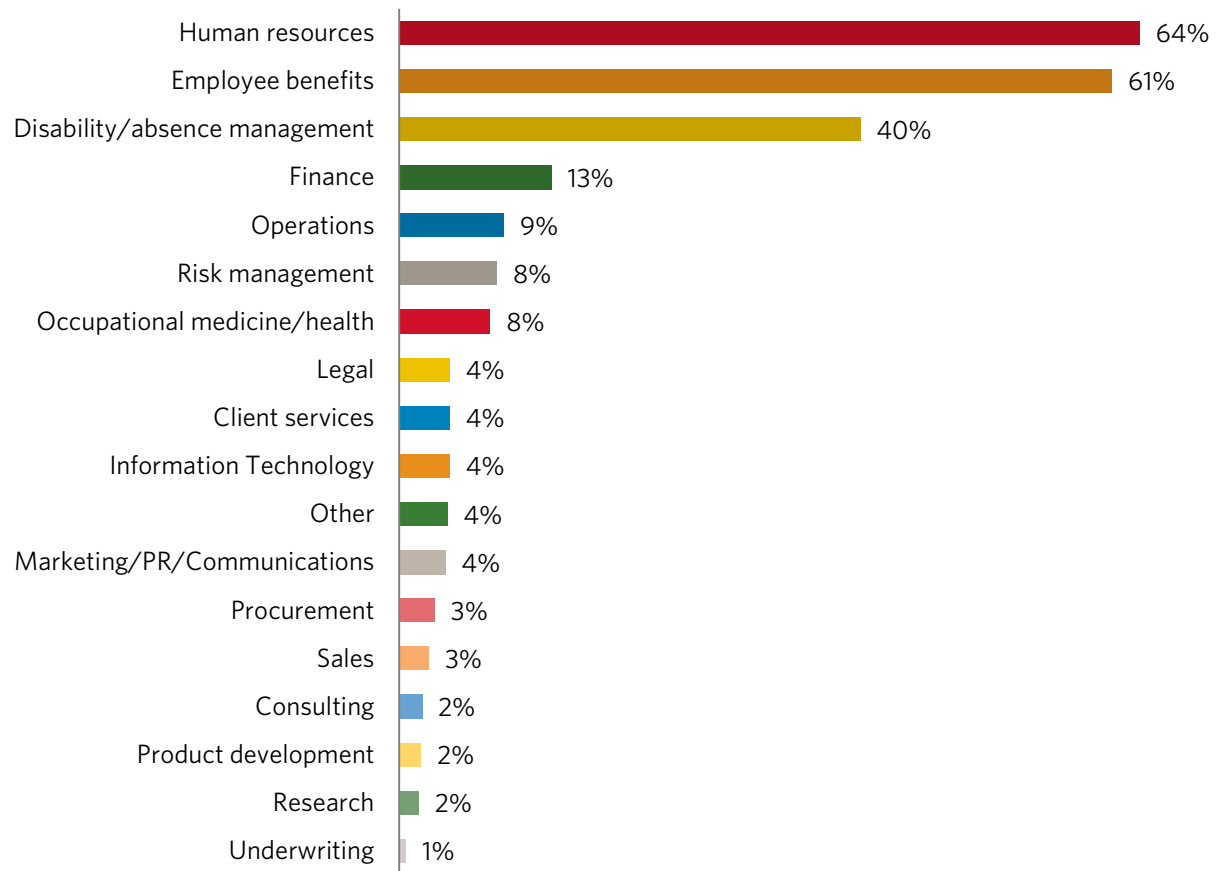
Appendix Figure 1: Industry



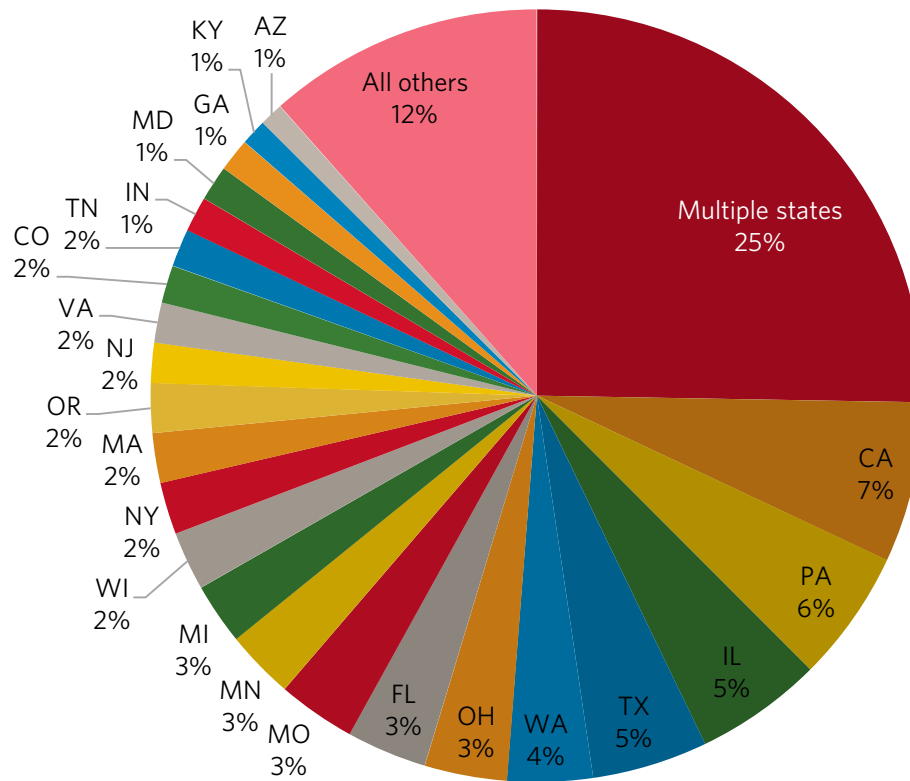
Appendix Figure 2: Company size



Appendix Figure 3: Respondents' organizational functions



Appendix Figure 4: State in which most employees work



Note: States that represented less than 1% of responses are not labeled.

Acknowledgments

Special thanks are due to the National Alliance of Healthcare Purchaser Coalitions for helping coordinate the distribution of the survey through several employer coalitions.

IBI's Leave Management Benchmarking series originated from the Leave Management Issue Group, part of IBI's Research Committee. IBI gratefully acknowledges representatives from the following organizations for providing expert guidance during the development of the Leave Policy Benchmarking Survey.

Leave Management Issue Group members:

- Angie Brown, ClaimVantage
- Ed Crouch, MD, Liberty Mutual Insurance
- Marc Cunningham, Broadspire
- Susan Fabry, Sun Life Financial
- Michelle Jackson, Unum Group
- Annie Jantz, Lincoln Financial Group
- Gene Lanzoni, The Guardian Life Insurance Company of America
- David Setzkorn, Standard Insurance

Terri Rhodes, President of the Disability Management Employer Coalition, also provided valuable guidance on the development of the survey.

IBI RESEARCH COMMITTEE MEMBERS

- | | | |
|--|----------------------------|---------------------------------------|
| • AbbVie | • Liberty Mutual Insurance | • Reliance |
| • Alliant | • Lincoln Financial Group | • Standard/Matrix Absence Management |
| • Amgen | • Lockton Companies | • Sanofi |
| • Anthem | • Mercer | • Sedgwick Claims Management Services |
| • Aon Hewitt | • Merck & Co. | • Standard Insurance |
| • Broadspire | • MMA-Trion | • Sun Life Financial |
| • CareWorks | • Morneau Shepell | • Teladoc |
| • ClaimVantage | • Novo Nordisk | • UnitedHealthcare |
| • The Guardian Life Insurance Company of America | • Pfizer Inc. | • Unum Group |
| • The Hartford | • Prudential Financial | • WorkPartners |
| • Health Care Service Corporation | • Reed Group | • Willis Towers Watson |
| | | • Zurich Insurance Group |