



# The Right and Wrong Ways to Think About Parental Leave in 2024

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# Great to meet you!



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# Agenda

- Paid leave: a brief history
- The case for paid leave now
- Your policy: top 5 considerations
- The employee experience
- Next horizon of paid leave
- Q&A



# Paid leave: a brief history

# In the beginning...

Legislated leave was unpaid job protection only

Progressive states began enacting unpaid, job-protected leave laws prior to the FMLA (enacted in 1993)

We see a potentially similar trend in paid leave legislation



# A brief history of paid leave

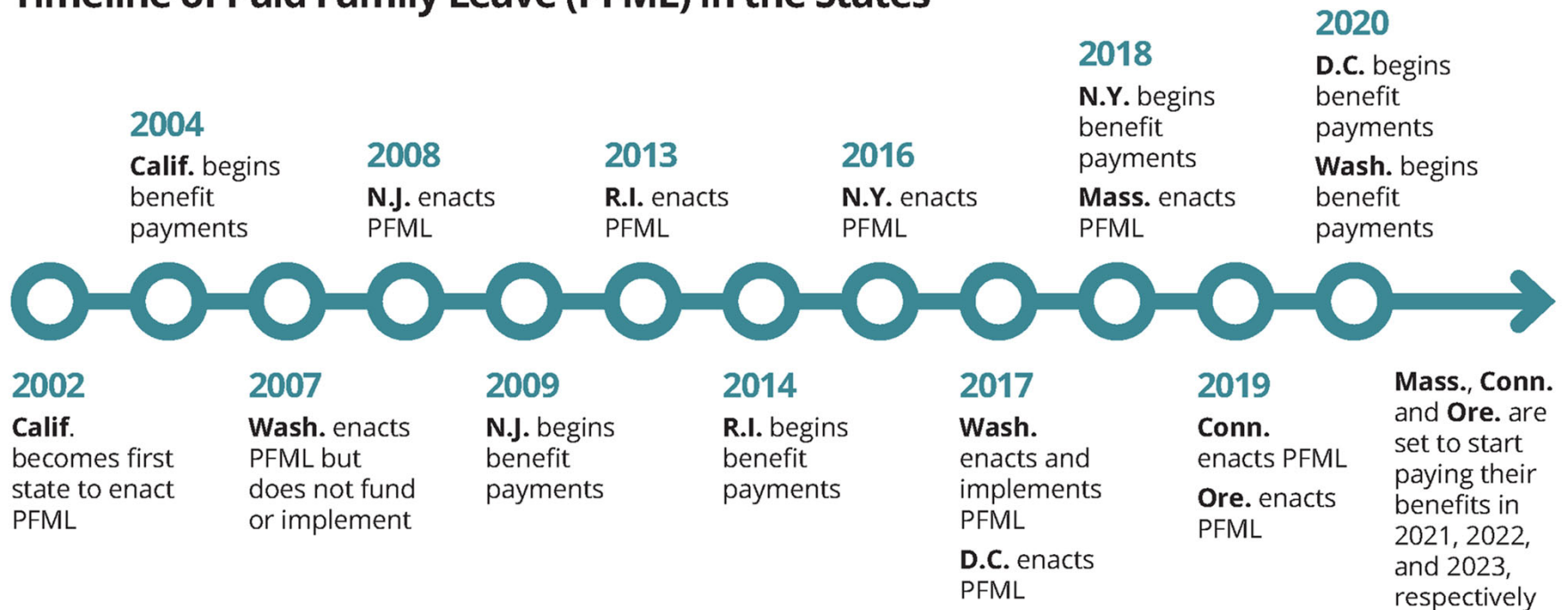
Out of **193 countries in the United Nations**, only a small handful **do not have a national paid parental leave law**: New Guinea, Suriname, a few South Pacific island nations...

...and **the United States.**



# A brief history of paid leave

## Timeline of Paid Family Leave (PFML) in the States



Source: NCSL, 2020

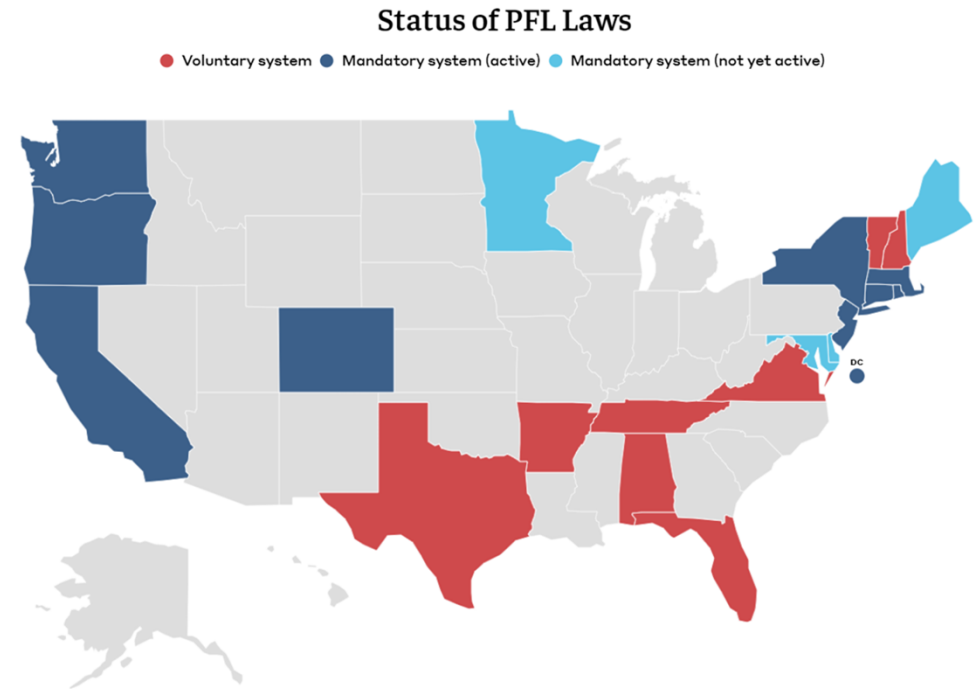


# The case for paid leave now



# Expansion of legislation

- Expect the **number of states offering paid leaves to continue to grow**
  - DE, ME, MD, & MN (2026)
- Other state advancements:
  - NH & VT (**voluntary PFML**)
  - AL, AR, FL, TN, TX, VA (**added Family Leave Insurance** as a class of insurance)
- **Support for federal paid leave** continues grow – November election looms large on near-term future

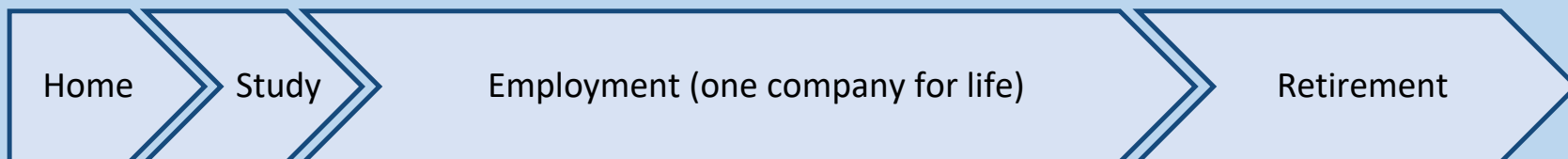


*Regardless of the near-term prospects of federal legislation, paid leave requirements will continue to expand and likely accelerate. Being proactive will build **reputation capital and a foundation to better adapt to the future.***

# The new career path...and resulting battle for talent

The days of staying with a single company for 30+ years is likely a thing of the past...which results in **increasing turnover** and more emphasis on **effective recruiting and retention**

## Career Path of the Past



## Career Path of the Future



# What we know from global studies

## Economic

- More women in the workforce
- Higher productivity
- Improved retention
- Better economic growth
- Lower poverty

## Health

- Reduced postpartum depression
- Lower infant mortality
- Higher vaccination rates

## Social

- Enhanced gender equity
- Long term child development
- Improved educational outcomes

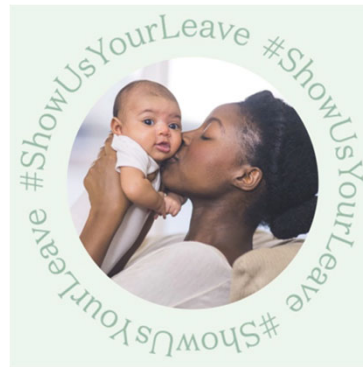


# Building your parental leave policy: **Top 5 factors to consider**

# 1: How many weeks

## Step 1:

**Benchmark vs. your competitors  
(theSkimm database)**

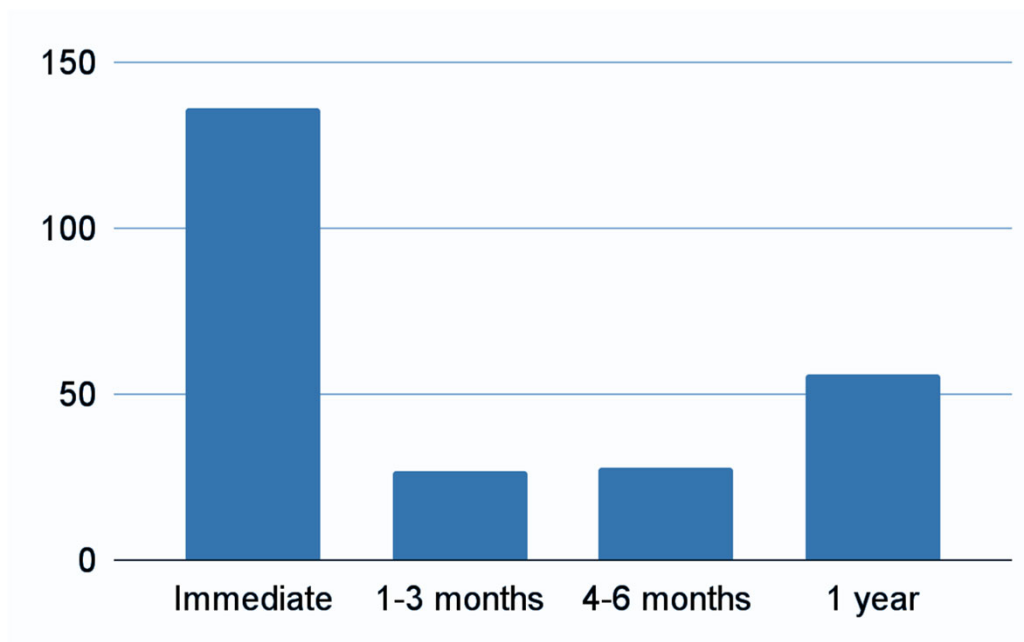


## Step 2:

**Make your business case  
(template)**



## 2: Tenure requirements for eligibility



### 3: Impact of leave on variable pay & benefits



**Sales commission**  
Guaranteed OTE  
Ramp  
Pipeline







**Bonus**  
Quarter  
Annual



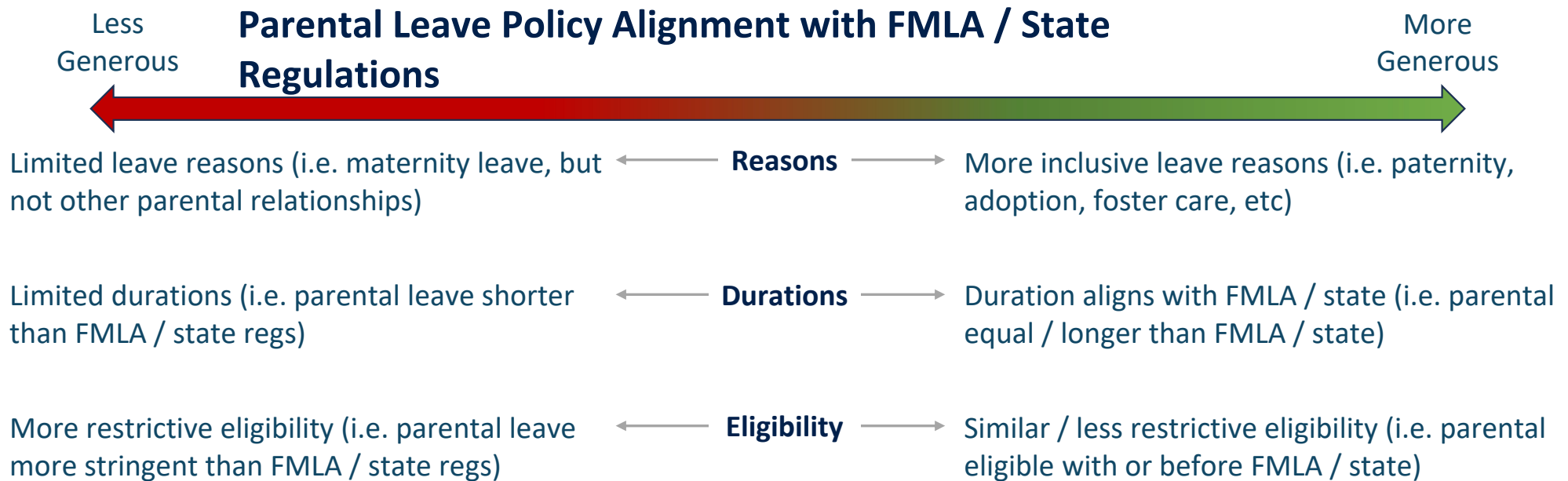
**Vesting**  
401K  
Options/equity

## 4: Establishing a “phase back to work” policy

Company	Phase back policy
	Work 60% of hours for 100% pay first month back
	Work 50% of hours for 100% pay first month back
	Work 4 days per week for the first 12 weeks back
	Design your own return schedule for the first month (recommend 1, then 2, 3, 4 days/week leading up to the end of the first month back)
	One month “Welcome back!” program that allows employees to work part-time or flexible schedules for full pay



# 5: Compliance considerations



*Leverage best practices that maximize company benefit and minimize compliance conflicts.*

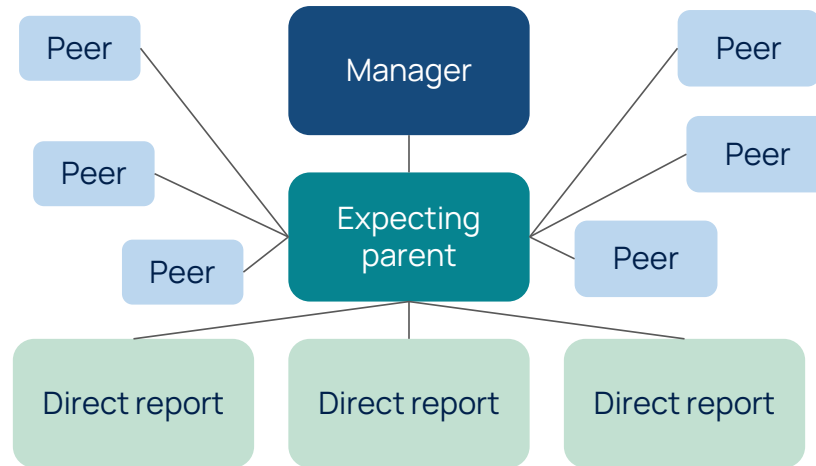
*This will lead to a policy that is **easier to manage**, provides **better employee experience**, and is **more adaptable** with shifts in the legislative environment.*



Now that you have the policy ... **let's talk  
about the employee experience**



# Parental leave impacts almost every employee



# More people - with more seniority - are taking longer parental leaves



## More people ...

Fathers  
States  
Adoptive parents  
Companies



## More responsibilities...

A woman with a master's degree  
on average has her first baby at 29,  
up from 25 two decades ago



## Longer leaves ...

Top employers offering 4+  
months

# Parental leaves impact the bottom line

**Sales goals** missed

**Product roadmap** slowed

**Project deliverables** delayed

**Client relationships** disturbed

+

For every 100 parental leaves per year, companies spend **\$3M** in salaries for just that parental leave time  
*(This doesn't even include paying for backfills!)*

# Priority #1: Manager training

68% of managers feel “totally unprepared” to support an employee through parental leave

## Questions include

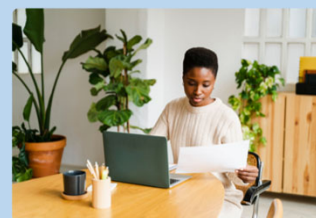
- What am I “allowed” to ask about?
- How will this impact my team?
- How should we handle coverage planning?
- How do I handle performance reviews?
- What is my role in this process?
- How does this impact career progression
- How should I re-onboard a new parent?



Bias and assumptions



Fear of doing the wrong thing

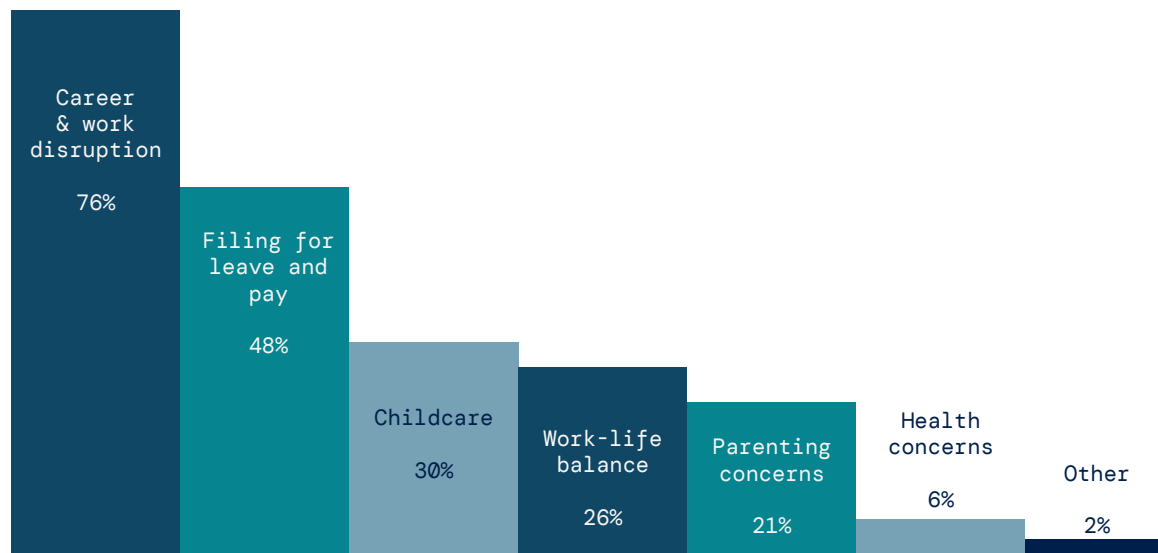


Lack of personal experience



Lack of training or support

# Priority #2: Coverage planning



# Priority #3: Administering the policy

Administration is how your employees will *experience the policy*. A streamlined policy will be easier to successfully manage, but the choice of administration model is critical. Aligning with other leave administration for consistency is likely best, but may be a good time to re-evaluate overall administration model.

## Insource

Manage internally with available tools

Your employees taking care of your employees on leave, but case management and tracking is very challenging without specialized tools

## Co-Source

Manage internally partnering with technology provider

Your employees taking care of your employees on leave leveraging a leave admin system to ensure compliance and provide operational efficiency

## Outsource

Third party administers policy (carrier or TPA)

Outsource all handling of employee leaves to a specialized external partner allowing experts to administer leaves, but losing control of employee exp



# Priority #4: Return to work success



## The manager drives this experience

- Re-onboarding plan
- Conversations
- Flexibility



## Benefits and policies support

- Part-time return
- Backup childcare
- WFH options

The BEST thing you can do for return to work success?

Coverage planning

# When this goes **wrong**: Biggest mistakes we see

“No contact while on  
leave”

“The manager should  
build the coverage plan”

Performance reviews

# When this goes **right**: Major ROI

McKinsey  
& Company

**2X retention of women**  
after providing career  
coaching through parental  
leave

***Handshake***

**2.6X more likely to be  
promoted after parental  
leave** when provided with  
coverage planning support,  
career coaching and  
manager training



Sarah Tucker-Ray, a partner at McKinsey, had a reintegration plan all set before going on parental leave. ELIZABETH FRANTZ FOR THE WALL STREET JOURNAL



# Next horizon of paid leave

# Times, they are a-changin'

**Then:** Gen X & Boomers were the primary insurance buyers (30-60-year-old Sweet Spot)

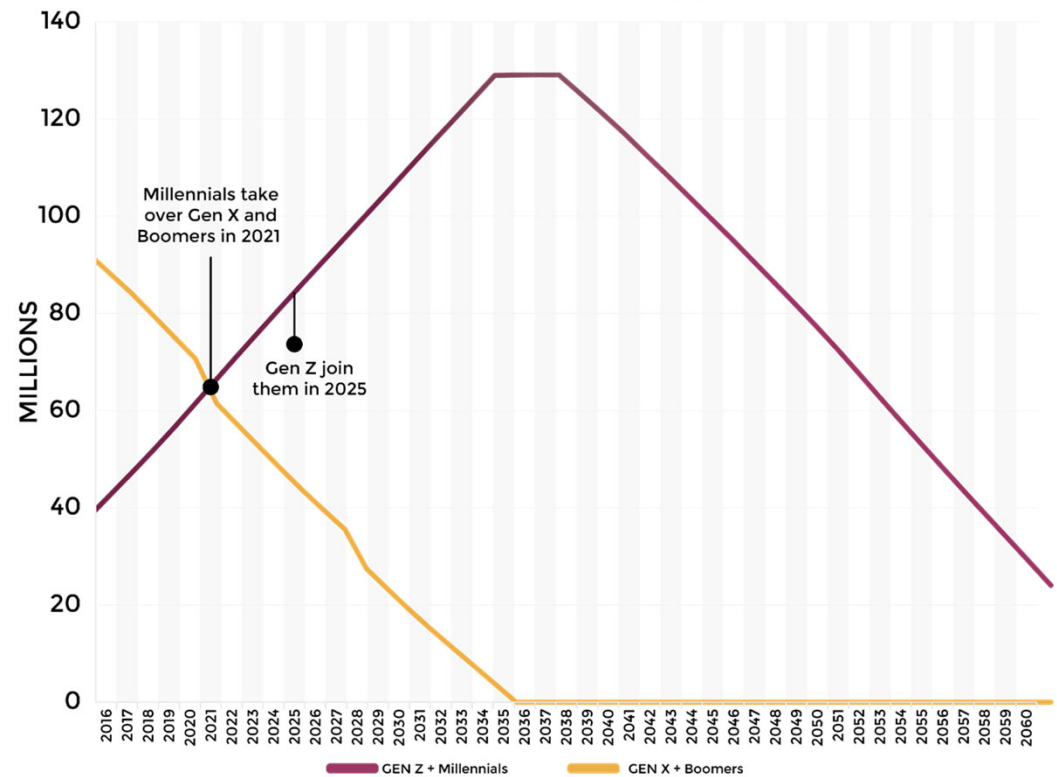
**Now:** Millennials have started a new Sweet Spot and are leading the Digital Evolution.

**Next:** Gen Z joins Millennials in 2025, vaulting the new Sweet Spot into dominance

This shift is not bringing only a cooler “business casual” and pings instead of faxes...



Annual Population Between 30 and 60 Years Old, by Combined Generations



Source: Analysis of Census data table: NP2017\_D1: Projected Population by Single Year of Age, Sex, Race and Hispanic Origin for the United States: 2016 to 2060

# Life happens...

## Expanded Reasons

Societal and demographic changes result in a growing need for paid leave for other relationships

Parental (not just maternity)

Family Caregiver

Miscarriage

Personal



# Getting a new gig

## Gig Workforce

30% of workforce Gig in 2020

Over 50% by 2030

54% of Gig workforce do not have access to benefits, including leave



# Key takeaways

- **Case for parental leave:** The legislative environment and changing employee demographics are pushing toward parental leave - Get ahead of the trend and use it to your advantage
- **Policies:** Think beyond just the weeks of pay to build a more competitive and supportive parental leave policy
- **Employee experience:** Parental leave policies will backfire (business disruption, attrition, lower engagement) unless you combine strong policies with strong execution
- **Next horizon:** This is not a once-and-done exercise - As trends evolve over time, regular review of parental leave policies to ensure they remain relevant and effective is important



