



ACTUARIAL REPORT

State of Maine Paid Family and Medical Leave Program Annual Actuarial Report as of December 31, 2025

December 12, 2025

Harindra Sebastian

1.470.747.9320

Harindra.Sebastian@SpringGroup.com

30 Federal Street, 4th Floor

Boston, MA 02110

TABLE OF CONTENTS

1	EXECUTIVE SUMMARY	2
2	INTRODUCTION	3
	2.1. Purpose	3
	2.2. Background.....	4
3	SUMMARY OF RESULTS	6
	3.1. Actual Results and Financial Projection.....	6
	3.2. Fund Solvency	10
4	ACTUARIAL CERTIFICATION	11
	4.1. Reliances.....	11
	4.2. Nature of Actuarial Calculations	11
	4.3. Actuarial Opinion	12
APPENDIX A	KEY ASSUMPTIONS	13
APPENDIX B	METHODS	16
	B.1. Development of Premium, Claims and Expense Projections.....	16
	B.1.1. Premium Projection	16
	B.1.2. Claims Projection	17
	B.1.3. Other Expenses	17
APPENDIX C	SUMMARY OF DATA	18
	C.1. Summary of Premiums Received: Q3 2025 Data.....	18
APPENDIX D	CERTIFICATION BY MAINE DEPARTMENT OF LABOR	19

1 EXECUTIVE SUMMARY

This report has been prepared for the Maine Department of Labor (MDOL) and presents the results of the annual actuarial review as of December 31, 2025, for the Maine Paid Family and Medical Leave Program (the PFML program).

The actuary study was based on actuarial experience up to the end of October 2025, and provide a ten-year financial projection of the PFML program revenue, expenses, and fund balance.

Based on the study, the baseline results indicate the following:

- Revenue is projected to increase from \$195M in 2026 to \$281M in 2035
- Expense is projected to increase from \$118M in 2026 to \$270M in 2035
- The net fund balance is projected to increase from an expected level of \$209M as of December 31, 2025, to \$429M as of December 31, 2035.

Overall, the projection indicates that the net fund balance meets the target funding metrics determined in discussion with the MDOL

This report provides detailed financials, as well as assumptions and methods supporting the results.

2 INTRODUCTION

2.1. Purpose

MDOL engaged Spring Consulting Group LLC, an Alera Group Company, (“Spring”) to perform an independent actuarial analysis of the solvency of the Fund.

The purpose of this report is to provide the following:

- Develop financial projections for the PFML program revenue and expenses
- Assess adequacy of the fund balance to meet claims and expense obligations, and target funding requirements
- Provide analysis to support decision on commencement of payment of benefits from the PFML fund on May 1, 2026

2.2. Background

In 2023, the State of Maine passed legislation to create a comprehensive paid family and medical leave insurance program, signed into law by Governor Janet Mills on July 11, 2023. The Maine Paid Family and Medical Leave Program (the PFML program) is established in Title 26 § 850-A through § 850-R. The Maine Department of Labor (MDOL) is responsible for administration of the program. The Paid Family and Medical Benefits Authority (the Authority), established by statute Title 26 § 850-O, is responsible for advising on the program administration. The Paid Family and Medical Leave Insurance Fund (the PFML Fund) was established to carry out the goals of the PFML program.

Funding

The PFML program is funded by premium contributions from employers and employees. Premium contributions began effective January 1, 2025. The contribution amount depends on employer size. Employers with 15 or more employees contribute 1% of wages and are allowed to deduct up to half of that amount (0.5%) from their employees' wages. Employers with less than 15 employees contribute 0.5% of wages and can deduct the entire amount from their employees' wages. Contributions are capped at the U.S. Social Security Administration wage cap, which is currently \$176,100 for 2025. Employers must show any PFML premium deductions on employee pay statements and are responsible for submitting their quarterly wage reports and premium payments to the PFML Fund through the Maine Paid Leave Contributions Portal. Wage reports and payments are due on or before the last day of month following the close of a quarter.

Benefits

Benefits are projected to start on May 1, 2026. Under the PFML program, eligible workers are entitled to take up to 12 weeks of paid time off. Leave does not have to be taken all at once and can be taken intermittently if needed.

The majority of Maine employees are eligible to receive benefits as long as they meet a qualifying reason and the earnings requirement. The few exceptions include federal government employees, incarcerated individuals, and if the employee's work is solely done for a work-study program. Self-employed individuals and tribal governments must opt in to the program to be eligible. To qualify for the earnings requirement, the employee must have earned six times the State Average Weekly Wage (SAWW) during the first four of the last five full calendar quarters before their leave begins, defined as the Base Period.

Reasons that qualify for paid leave coverage include:

- Addressing the worker's own serious health condition;
- Bonding with the worker's child following birth, adoption, or foster care placement;
- Caring for a family member with a serious health condition;
- Addressing qualifying needs arising from the military deployment of a family member; and
- Taking safe leave related to domestic violence or sexual assault.

The weekly benefit calculation is based on the employee's average weekly wage (AWW) and Maine's state average weekly wage (SAWW) which is \$1,198.84 as of July 1, 2025. The benefit amount is calculated in two parts. First, the employee will receive 90% of their AWW, up to 50% of the SAWW. Second, if the employee's AWW exceeds that amount, they will receive 66% of the remainder of their wages. The total weekly benefit is the total of those two amounts, with a weekly benefit cap of the SAWW.

There is a 7-day waiting period if a leave is taken for an employee's own medical condition, during which benefits are not payable. Any other qualifying reason does not have a waiting period. Job protection is mandatory for employees who have been with their employer for at least 120 consecutive days before their leave starts.

Private Plan Opt-Out

Employers may choose to opt out of the state-run program if they are able to offer a substantially equivalent private plan. These plans must be either a self-funded plan, which requires a surety bond or a fully insured plan that has been approved by the Maine Bureau of Insurance and certified by the MDOL to be a substantially equivalent insurance plan. The insurance carrier must be authorized to do business in Maine. The MDOL is responsible for reviewing these applications. If a private plan substitution is approved, it is valid for three years, yet it does have the possibility of being revoked if a violation is found.

3 SUMMARY OF RESULTS

3.1. Actual Results and Financial Projection

The projected financials up to December 31, 2035, are provided in the following pages.

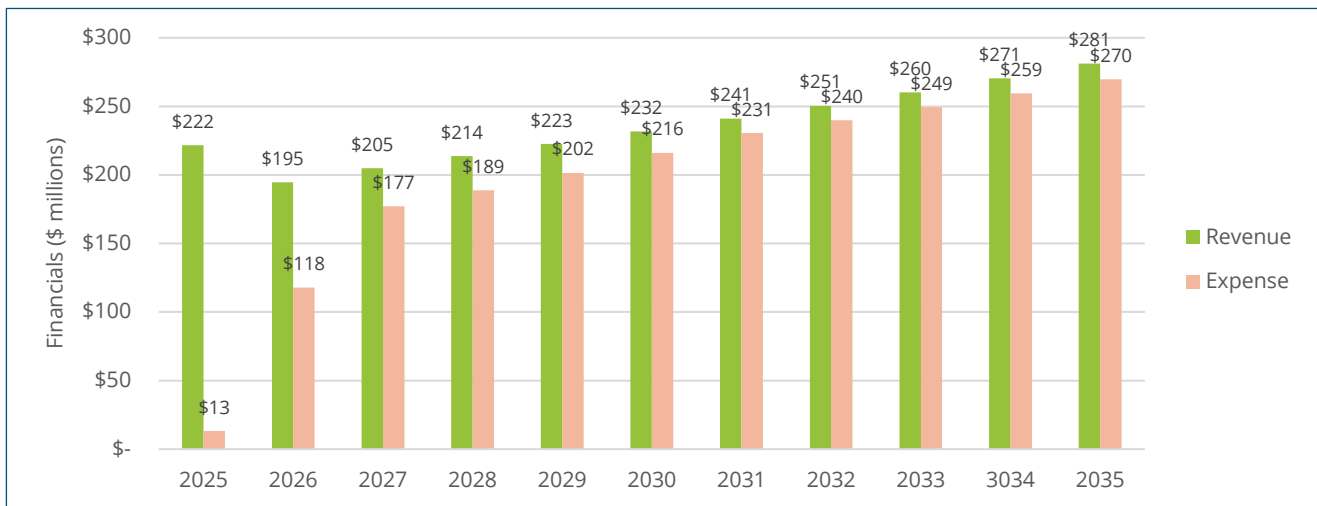
Please note the following:

- The figures shown are on an incurred basis. I.e.:
 - The financials include reserves for contributions due and earned that have not yet been collected, as premiums are due on or before the last day of the month following the close of the quarter.
 - The financials shown for 2026 and onwards include reserves for claims that have occurred but payments remain outstanding.
- The figures are provided on a calendar year basis.
- All figures are shown in \$ millions.
- The results shown are based on available data and assumptions about future events that cannot be predicted with certainty. Sensitivity analyses were performed to illustrate the impact of potential differences in actual experience compared to the underlying assumptions used for the baseline scenario.
- The projected financials assume that the premium rate will remain at the current levels. I.e.,
 - Employers with 15 or more employees contribute 1% of wages.
 - Employers with less than 15 employees contribute 0.5% of wages.

Projection on Revenue and Expense

The projection of revenue and expenses is illustrated below. Overall, the baseline results show that revenue is estimated to be \$195M in 2026, generally increasing over 10 years to \$281M in 2035.

Expenses include claims payments, administration costs and other expenses associated with the PFML program. 2026 expenses assume claims begin in May 2026, with a projected expense level of \$118M in 2026, increasing to \$270M in 2035.



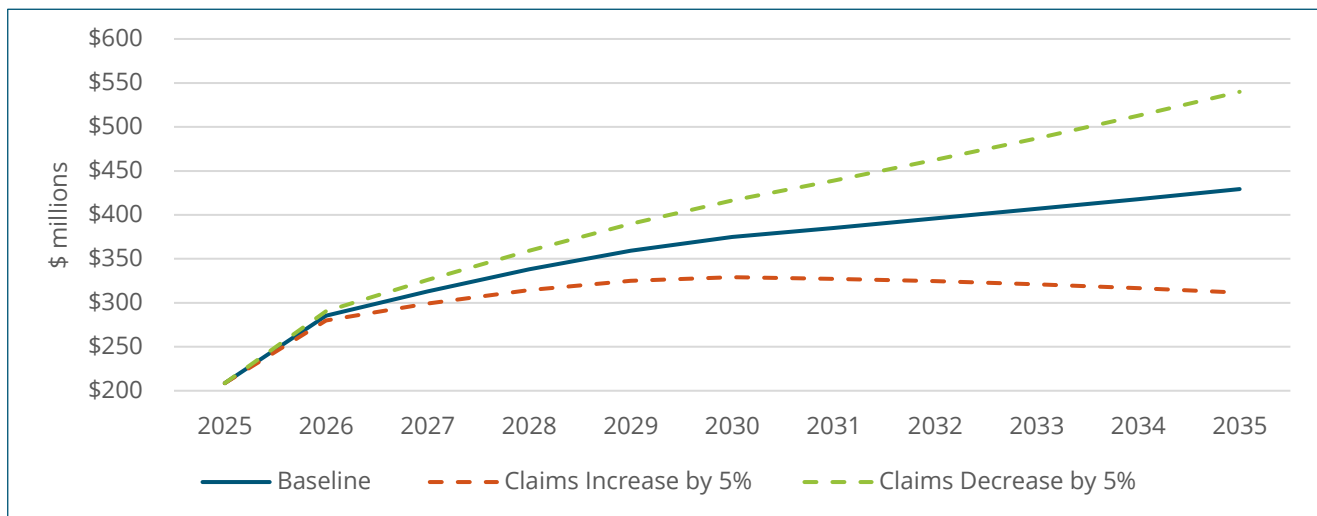
Projection of Net Fund Balance (Including Sensitivity Scenarios)

A projection of the net fund balance at the end of each calendar year, including sensitivity scenarios is shown below. The net fund balance reflects the projected fund balance net of reserves for outstanding earned contributions and reserves for outstanding payments for incurred claims.

The net fund balance is projected to increase from an expected level of \$209M as of December 31, 2025, to \$429M as of December 31, 2035.

An increase in incurred claims by 5% can decrease the projected net fund balance to \$312M as of December 31, 2035.

A decrease in incurred claims by 5% can increase the projected net fund balance to \$540M as of December 31, 2035.



The following page provides the detailed financial projection results. Underlying assumptions and methods are summarized in Appendices A and B.

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
1 Revenue											
Premium											
Premium Received	\$177.5	\$183.7	\$235.8	\$245.2	\$255.0	\$265.2	\$275.9	\$286.8	\$298.3	\$310.3	\$322.7
Reserve - Premium for Current Year Not Yet Received	\$40.8	\$42.6	\$44.3	\$46.1	\$47.9	\$49.9	\$51.8	\$53.9	\$56.1	\$58.3	\$60.7
Reserve - Premium for Prior Year, Received in Current Year	\$0.0	(\$40.8)	(\$42.6)	(\$44.3)	(\$46.1)	(\$47.9)	(\$49.9)	(\$51.8)	(\$53.9)	(\$56.1)	(\$58.3)
Incurred Premium	\$218.3	\$185.5	\$193.2	\$200.9	\$208.9	\$217.3	\$226.0	\$235.0	\$244.4	\$254.2	\$264.4
Investment income	\$3.5	\$9.0	\$11.7	\$12.8	\$13.7	\$14.5	\$15.0	\$15.5	\$15.9	\$16.3	\$16.8
Total Revenue	\$221.8	\$194.5	\$204.9	\$213.7	\$222.6	\$231.8	\$241.0	\$250.5	\$260.3	\$270.5	\$281.2
2 Expense											
Claims	\$0.0	(\$78.6)	(\$158.7)	(\$168.6)	(\$180.7)	(\$194.7)	(\$209.3)	(\$216.7)	(\$226.4)	(\$235.5)	(\$245.0)
Reserve for Claims Incurred in Current Year Not Yet Paid	\$0.0	(\$21.0)	(\$22.0)	(\$24.0)	(\$26.0)	(\$28.0)	(\$29.0)	(\$31.0)	(\$32.0)	(\$33.0)	(\$34.0)
Reserve for Claims Incurred in Prior Year, Paid in Current Year	\$0.0	\$0.0	\$21.0	\$22.0	\$24.0	\$26.0	\$28.0	\$29.0	\$31.0	\$32.0	\$33.0
Incurred Claims	\$0.0	(\$99.6)	(\$159.7)	(\$170.6)	(\$182.7)	(\$196.7)	(\$210.3)	(\$218.7)	(\$227.4)	(\$236.5)	(\$246.0)
Other Expenses											
Claims Administration	(\$4.0)	(\$8.8)	(\$9.7)	(\$10.1)	(\$10.5)	(\$10.9)	(\$11.3)	(\$11.8)	(\$12.3)	(\$12.8)	(\$13.3)
Department Expenses	(\$9.2)	(\$9.5)	(\$7.7)	(\$8.0)	(\$8.3)	(\$8.6)	(\$8.9)	(\$9.3)	(\$9.7)	(\$10.1)	(\$10.5)
Total Other Expenses	(\$13.2)	(\$18.3)	(\$17.4)	(\$18.1)	(\$18.8)	(\$19.5)	(\$20.2)	(\$21.1)	(\$22.0)	(\$22.9)	(\$23.8)
Total Expense	(\$13.2)	(\$117.9)	(\$177.1)	(\$188.7)	(\$201.5)	(\$216.2)	(\$230.5)	(\$239.8)	(\$249.4)	(\$259.4)	(\$269.8)
3 Net Income/(Expense)	\$208.6	\$76.6	\$27.8	\$25.0	\$21.1	\$15.6	\$10.5	\$10.7	\$10.9	\$11.1	\$11.4
4 Net Fund Balance at End of Period											
Fund Balance	\$167.8	\$263.6	\$290.7	\$315.9	\$337.2	\$352.8	\$362.4	\$373.0	\$382.7	\$392.6	\$402.6
Reserve for Outstanding Premium	\$40.8	\$42.6	\$44.3	\$46.1	\$47.9	\$49.9	\$51.8	\$53.9	\$56.1	\$58.3	\$60.7
Reserve for Outstanding Claims	\$0.0	(\$21.0)	(\$22.0)	(\$24.0)	(\$26.0)	(\$28.0)	(\$29.0)	(\$31.0)	(\$32.0)	(\$33.0)	(\$34.0)
Net Fund Balance	\$208.6	\$285.2	\$313.0	\$338.0	\$359.1	\$374.7	\$385.2	\$395.9	\$406.8	\$417.9	\$429.3
5 Reconciliation of Net Fund Balance at End of Period											
Net Fund Balance at BOY	\$0.0	\$208.6	\$285.2	\$313.0	\$338.0	\$359.1	\$374.7	\$385.2	\$395.9	\$406.8	\$417.9
Net Income/(Expense)	\$208.6	\$76.6	\$27.8	\$25.0	\$21.1	\$15.6	\$10.5	\$10.7	\$10.9	\$11.1	\$11.4
Net Fund Balance at EOY	\$208.6	\$285.2	\$313.0	\$338.0	\$359.1	\$374.7	\$385.2	\$395.9	\$406.8	\$417.9	\$429.3

3.2. Fund Solvency

Overall, the projection indicates that the net fund balance meets the target funding metrics determined in discussion with the MDOL.

Target Metrics	Projected Result as of December 31, 2025	Target	Result
Premium vs. Net Fund Balance	12 months	More than 6 months	Meets target
Length of Reserves	21 months	More than 12 months	Meets target

Key solvency metrics are outlined below:

1. Premiums vs. Net Fund Balance:
 - This measure is an assessment of adequacy of net fund balance to cover inadequate contributions during the year should claims run higher than expected
 - The target recommends the net fund balance should at least cover six months of contributions

2. Length of Reserves
 - This is a measure of the adequacy of the net fund balance to pay claims and expenses, particularly if claims are higher than anticipated
 - The target recommends the net fund balance should be sufficient to cover 12 months of claims and expenses

4 ACTUARIAL CERTIFICATION

4.1. Reliances

In performing this analysis, I relied on data and other information provided by MDOL. I have relied on all the data and information provided as complete and accurate. I have reviewed this information for overall reasonableness and consistency but have neither audited nor independently verified this information. Based on discussions with the concurrence of MDOL, assumptions or estimates may have been made if data were not available. I am not aware of any errors of omission in the data that would have a significant effect on the results of our calculations. Please be advised that the accuracy of this analysis is contingent upon the completeness and reliability of the data provided. Should any underlying information be incomplete or inaccurate, the resulting analysis may likewise be affected and may require further review to ensure its suitability for the intended purpose.

4.2. Nature of Actuarial Calculations

The results in this report are estimates based on data that may be imperfect and on assumptions about future events that cannot be predicted with certainty. The effects of certain provisions of the Maine program may be approximated. Assumptions may be made, in consultation with MDOL, about the data and other factors. Reasonable efforts were made in preparing the results presented in this report to confirm that items that are significant in the context of the actuarial liabilities or costs are treated appropriately and are not excluded or included inappropriately.

Any rounding (or lack thereof) used for displaying numbers in this report is not intended to imply a degree of precision.

4.3. Actuarial Opinion

In my opinion, for the purposes of the results presented in this report, the data on which the analysis is based are sufficient and reliable for the purposes of this report.

The results shown in this report were developed based on assumptions that were reviewed with MDOL and that I consider to be reasonable. The analysis should be viewed recognizing that future experience will not follow all the assumptions used in this analysis. Differences in assumptions and methods can result in different results which may also be considered to be reasonable.

Actuarial methods, considerations and analysis used in the preparation of this report conform to the appropriate standards of practice as promulgated by the Actuarial Standards Board, which standards form the basis of this report.

I am not aware of any subsequent events that will materially impact the results provided herein. The impact of unanticipated events which occur subsequent to the date of this report are beyond the scope of this analysis.

The results provided in this report are prepared for MDOL's financial reporting purposes. It is not intended and may not be used for other purposes, and we accept no responsibility in this regard.



Harindra Sebastian, FSA, MAAA
National Chief Health Actuary

December 12, 2025

APPENDIX A KEY ASSUMPTIONS

Item	Assumption	Comments
Eligible Population Covered by the State Plan	495,452	Based on Q3 2025 employer/employee data provided by the Department Excludes private plan population
Initial Average Weekly Benefit Amount (AWBA)	\$791 in 2026	Based on review of Maine Q3 2025 wages provided by the Department
Fund Investment Rate of Return	4.00% per year	Based on review of cash pool earnings from the Office of the State Treasurer
Salary Growth	Refer to table A	Based on Report of the Maine Consensus Economic Forecasting Commission dated April 1, 2025
Incidence Rate	Refer to table B	Based on review of other states' data in conjunction with Maine population demographics and Maine PFML program Rates reflect increases to move to ultimate incidence rate assumptions in future years
Duration	Refer to table C	Based on review of other states' data in conjunction with Maine population demographics and Maine PFML program
Forecasted Changes in Employment Level	Refer to table D	Based on Report of the Maine Consensus Economic Forecasting Commission dated April 1, 2025
Claims Administration and Other Expenses	Refer to table E	Based on budget data provided by the Department

Table A: Salary Growth

Calendar Year	Salary Growth (Annual Rate)
2026	4.0%
2027	4.0%
2028	4.0%
2029	4.0%
2030	4.0%
2031	4.0%
2032	4.0%
2033	4.0%
2034 and onwards	4.0%

Table B: Incidence Rate Assumption by Year (Incidence Rate Per Year)

Leave Type	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Medical Leave	2.08%	2.14%	2.20%	2.27%	2.34%	2.41%	2.41%	2.41%	2.41%	2.41%
Parental Leave	1.61%	1.65%	1.70%	1.75%	1.81%	1.86%	1.86%	1.86%	1.86%	1.86%
Family Care Leave	0.53%	0.55%	0.56%	0.58%	0.60%	0.62%	0.62%	0.62%	0.62%	0.62%
Military Family Leave	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
Safe Leave	0.11%	0.11%	0.11%	0.11%	0.12%	0.12%	0.12%	0.12%	0.12%	0.12%
Total	4.44%	4.56%	4.68%	4.82%	4.99%	5.13%	5.13%	5.13%	5.13%	5.13%

Table C: Duration Assumption

Leave Type	Proposed Assumption (Weeks)
Medical Leave	7.0
Parental Leave	11.5
Family Care Leave	6.0
Military Family Leave	6.0
Safe Leave	6.0

Table D: Forecasted Changes in Employment Level

Calendar Year	% Change
2026	100.2%
2027	100.1%
2028 and onwards	100.0%

Table E: Claims Administration and Other Expenses (\$ millions)

Expenses	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Claims Administration	\$8.8M	\$9.7M	\$10.1M	\$10.5M	\$10.9M	\$11.3M	\$11.8M	\$12.3M	\$12.8M	\$13.3M
Other Expenses	\$9.5M	\$7.7M	\$8.0M	\$8.3M	\$8.6M	\$8.9M	\$9.3M	\$9.7M	\$10.1M	\$10.5M
Total	\$18.3M	\$17.3M	\$18.0M	\$18.8M	\$19.5M	\$20.3M	\$21.1M	\$21.9M	\$22.8M	\$23.7M

APPENDIX B METHODS

This section provides a summary of the methods used to develop the reserve and budget projections provided in this report. The assumptions referenced in this section are provided in Appendix A – Key Assumptions.

B.1. Development of Premium, Claims and Expense Projections

B.1.1. Premium Projection

The projection of premium expected to be received was based on a review of premiums received in Q3 2025.

Premiums are due on or before the last day of the month following the close of the quarter.

The premium projection into future years reflects assumed wage increases and changes in the covered population.

The estimate for premiums due but not yet received at the end of each period was based on the estimated premiums outstanding at the end of each year, excluding estimated premiums received during the period.

B.1.2. Claims Projection

The covered population was projected based on anticipated changes in private plan take-up rates and employment levels.

In order to develop estimated approved leaves, incidence rate assumptions for leave were applied to the covered population.

The average weekly benefit level was projected based on wage growth and changes in weekly benefit thresholds.

The claims cost projection was based on approved leaves for each period multiplied by assumed duration and projected average weekly benefit levels.

B.1.3. Other Expenses

Details of the budget for each year were provided by the MDOL.

The projection reflects assumed increases in expense levels.

APPENDIX C SUMMARY OF DATA

C.1. Summary of Premiums Received: Q3 2025 Data

Projected contributions are based on the following Q3 2025 data provided by the Department:

- Employer Wage Reports
- Suspended Employer Wage Reports
- Employers with Private Plans

Projected 2026 contributions reflect salary growth and employment level expectations.

A summary of Q3 2025 assumed contributions is provided below:

Employer Type	Employer Count	Assumed Premium per Employer	Assumed Contribution
Over 15 Employees	6,088	\$5,668	\$34,507,000
Under 15 Employees	45,692	\$219	\$10,006,000
Total	51,780		\$44,513,000

APPENDIX D CERTIFICATION BY MAINE DEPARTMENT OF LABOR

With respect to the financial results shown for the Maine PFML program as of December 31, 2025, I hereby certify that to the best of knowledge and belief:

- a. The actuarial assumptions used in this report and described in Appendix A represent management’s best estimates of future events.
- b. This report includes all benefits covered under the Maine PFML program, as described in the Introduction.
- c. The Maine PFML program experience and supporting data provided by MDOL and summarized in Appendix C of this report are complete and includes all data available up to September 30, 2025.
- d. There have been no events which occurred subsequent to December 31, 2025, that would materially change the Maine PFML program’s financial position on or after December 31, 2025.

Laura A. Fortman

Signature

Laura A. Fortman

Name

December 15, 2025

Date

Commissioner

Title