



# Maine Paid Family and Medical Leave Program Actuarial Review

PFML Authority Q1 Meeting

January 20, 2026

# Agenda

**Background and Purpose**

**Summary of Results**

**Sensitivity Scenarios**

**Fund Solvency Metrics**

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- **Key Assumptions and Methods**
- **Reliances and Limitations**

# Background and Purpose

## Background

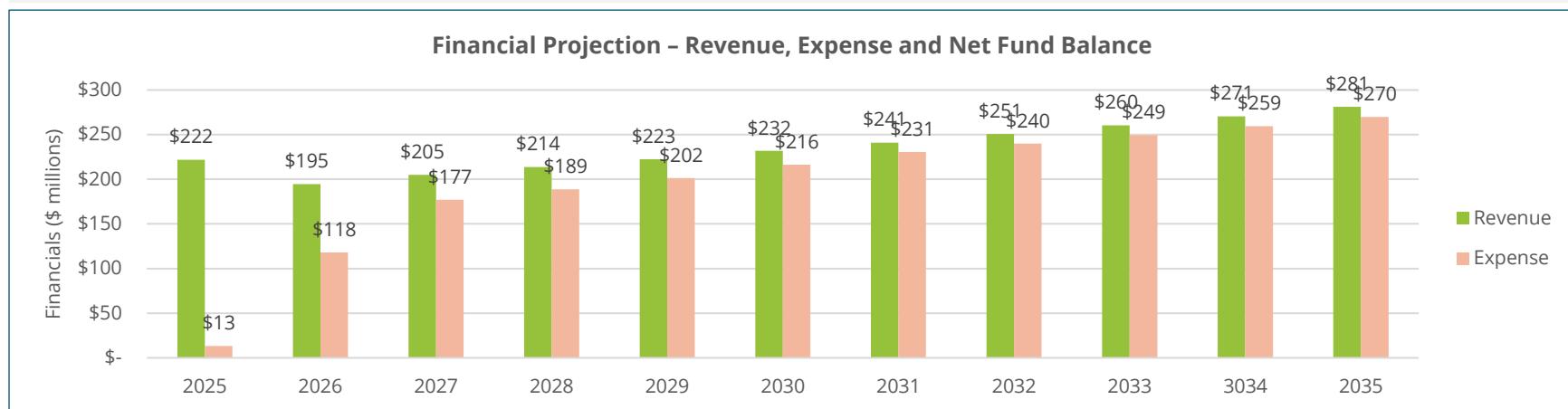
- The Maine Paid Family and Medical Leave Program (the PFML program) was signed into law in July 2023
- The Maine Department of Labor (MDOL or the Department) is responsible for administration. The Paid Family and Medical Benefits Authority (the Authority) is responsible for advising on program administration
- Premiums collections began in January 2025 (paid quarterly – wage reports and premiums are due on or before the last day of the month following the close of a quarter)
  - Employers with 15 or more employees pay 1% of wages (half of which can be deducted from employees), while those with fewer than 15 employees pay 0.5% (fully deductible from employees)
- Benefits are projected to start on May 2026
  - MDOL contracted with Aflac to administer all paid leave claims
- Eligible workers can take up to 12 weeks of paid leave, receiving 90% of their average weekly wage up to 50% of the state average weekly wage (SAWW; \$1,198.84 as of July 1, 2025), plus 66% of any remaining wages, capped at the SAWW
- Current private plan usage: approximately 33% of covered population

**Purpose:** the purpose of the actuarial analysis is to:

- 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

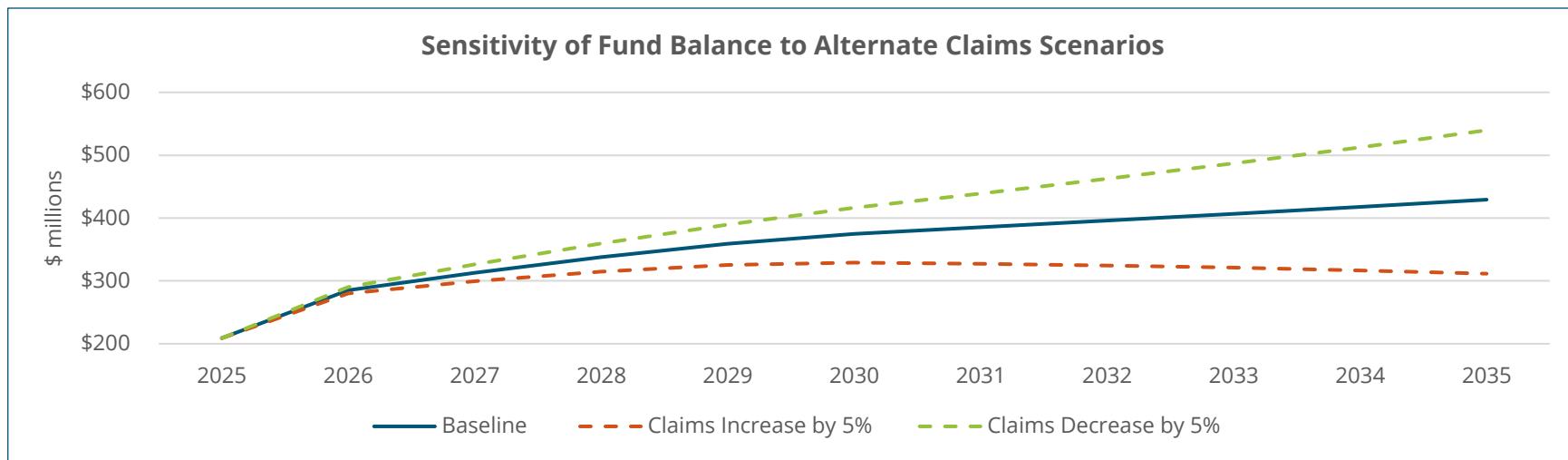
# Summary of Results

- The analysis takes into account the long-term sustainability of the PFML program in Maine
  - Scenarios under review show a 10-year financial projection
  - Assumes premium rate will remain at current levels
- Under the baseline scenario:
  - 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 from an expected level of \$209M as of December 31, 2025, to \$429M as of December 31, 2025
- Alternate scenarios can result in differences in projected net fund balance
  - Differences in actual experience compared to assumptions underlying these projections will result in a variance in the financials
  - Recommend continuing to monitor emerging claims experience (after claims payments begin), with updates to financial projections on a regular basis (e.g., quarterly)



# Sensitivity Scenarios

- A 5% change in claims experience compared to baseline scenario indicates over \$100M difference in fund balance at the end of 2035
- Additional financial strain can occur due to potential changes in environment (e.g., recession, healthcare epidemic)
  - A recession can lead to higher unemployment levels which results in lower premiums collected and higher potential for claims in the near term
  - A healthcare epidemic can lead to higher claims under own health and care for others, for the duration of the epidemic
- A strong fund balance (within target fund solvency requirements) will help the PFML fund cover years with lower premium and/or higher claims expense



# Fund Solvency Metrics

- The projection indicates that the net fund balance meets the target funding metrics

Key solvency metrics are outlined below:

- Premiums vs. Net Fund Balance (net of outstanding premiums and claims payments):
  - This measure is an assessment of adequacy of net fund balance to cover inadequate premiums during the year should claims run higher than expected
  - The target recommends the net fund balance should at least cover six months of premiums
- 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
- Fund solvency results are below:

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

# Summary of Results

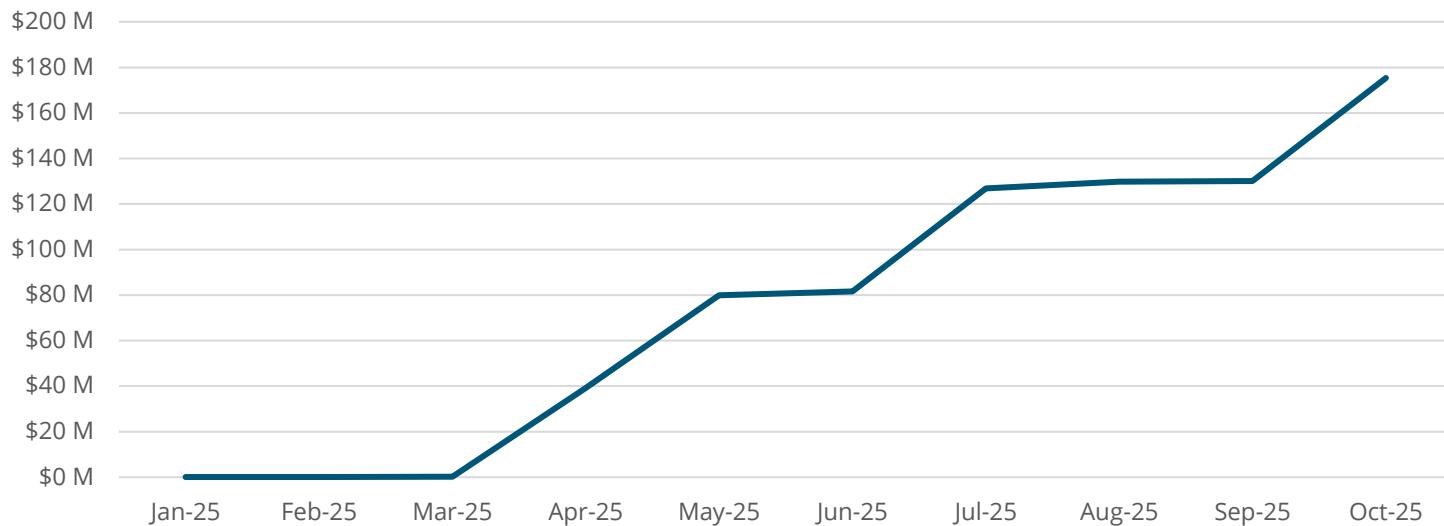
Preliminary results are shown below on a calendar year basis (in \$ millions):

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035										
<b>Income Statement</b>																					
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										
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	(\$13.2)	(\$18.3)	(\$17.4)	(\$18.1)	(\$18.8)	(\$19.5)	(\$20.2)	(\$21.1)	(\$22.0)	(\$22.9)	(\$23.8)										
<b>Net Income/(Expense)</b>	<b>\$208.6</b>	<b>\$76.6</b>	<b>\$27.8</b>	<b>\$25.0</b>	<b>\$21.1</b>	<b>\$15.6</b>	<b>\$10.5</b>	<b>\$10.7</b>	<b>\$10.9</b>	<b>\$11.1</b>	<b>\$11.4</b>										
<b>Net Fund Balance at End of Period</b>																					
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)										
<b>Net Fund Balance</b>	<b>\$208.6</b>	<b>\$285.2</b>	<b>\$313.0</b>	<b>\$338.0</b>	<b>\$359.1</b>	<b>\$374.7</b>	<b>\$385.2</b>	<b>\$395.9</b>	<b>\$406.8</b>	<b>\$417.9</b>	<b>\$429.3</b>										
<b>Funding Metrics</b>																					
Premium vs. Net Fund Balance	12	16	17	18	18	18	18	18	18	17	17										
Length of Reserves (Months)	21	19	19	20	19	19	19	19	18	18	18										
<b>Target Metrics</b>		<b>Target</b>																			
Premium vs. Net Fund Balance	More than 6 months																				
Length of Reserves	More than 12 months																				

# PFML Fund Growth in 2025

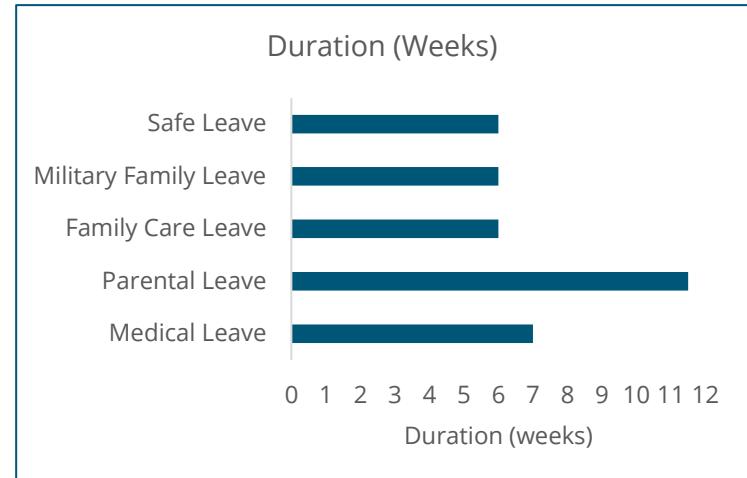
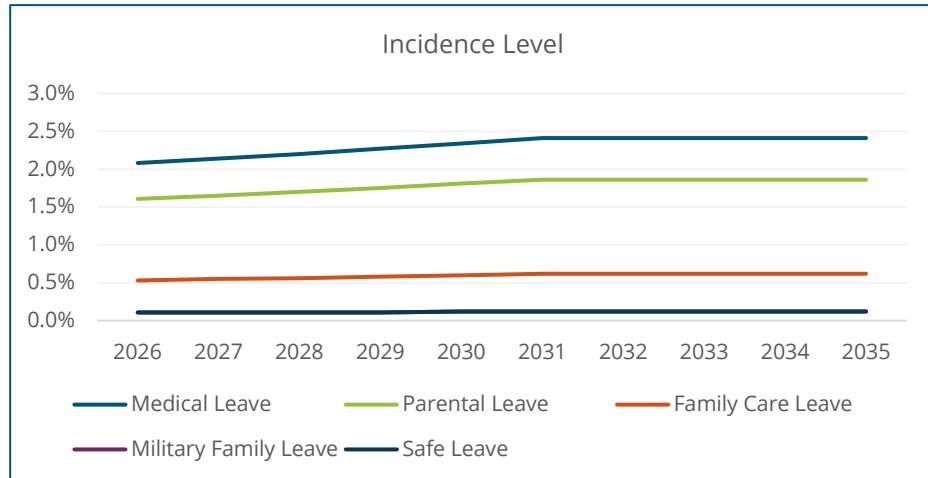
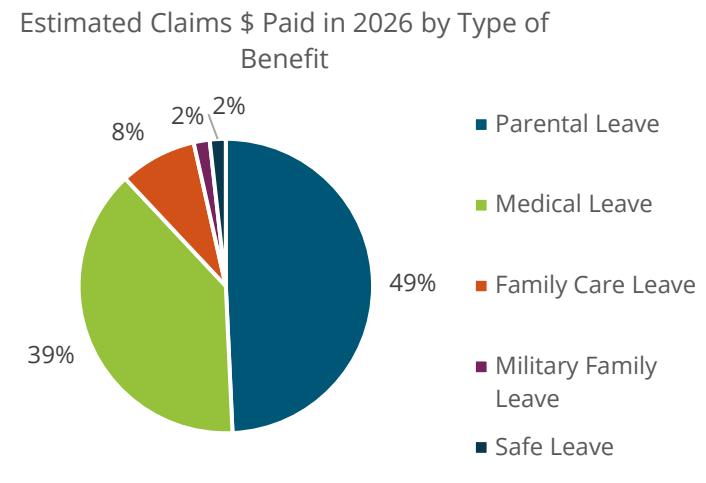
- The PFML Fund is administered by the Treasurer of State
- Premiums are collected from employers who do not opt to offer their own plan (private plan)
  - Premiums for Q1 2025 included all employers in Maine (including those with private plans)
  - After Q1 2025, private plan employers are not required to make premium payments to the PFML fund
  - Estimated that 33% of employees belong to a private plan
- Premiums are collected quarterly. Wage reports and premiums are due on or before the last day of the month following the close of a quarter

The PFML Fund Balance



# Claims Projection

- Claim incidence is expected to increase in the initial years until program matures
- Medical leave and parental leave benefits are expected to account for most PFML claims paid (~88%)
  - Parental leave has an expected lower incidence rate compared to medical leave, with a higher expected claims duration
- Parental claims are projected to approach the 12-week maximum benefit duration



# Questions

# Appendix

# Appendix — Key Assumptions and Methods

- Key components of actuarial analysis include:
  - Data collection and review:
    - Collect and analyze data from the Department on covered employees and employers
  - Claims projection:
    - Review data from other states in conjunction with plan design and Maine demographics to establish assumptions on claims incidence and duration by type of benefit
    - Develop additional supporting assumptions for the actuarial analysis, based on available data (e.g., salary increase projections, changes in employment)
    - Calculate 10-year projection of claims based covered population and estimated claims levels for each type of benefit
  - Premium projection:
    - Review data collected by the Department as part of quarterly premium collection/reporting process to estimate covered population, wages, benefit level and premiums expected to be collected
  - Investment income:
    - Project investment earnings based on fund balance and cash flow each year, based on investment earnings assumptions
  - Other expenses:
    - Review key components of expenses and projected changes in expenses to develop expense projection for claims administration and other expenses of the Department
  - Develop financial projections, including projections on estimated future premiums collected and investment income, and projections on claims and expenses
  - Develop alternate scenarios to test sensitivity of the net income projection and fund balance to alternate assumptions

# Appendix — Key Assumptions and Methods

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

# Appendix — Key Assumptions and Methods

**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 (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%
<b>Total</b>	<b>4.44%</b>	<b>4.56%</b>	<b>4.68%</b>	<b>4.82%</b>	<b>4.99%</b>	<b>5.13%</b>	<b>5.13%</b>	<b>5.13%</b>	<b>5.13%</b>	<b>5.13%</b>

# Appendix — Key Assumptions and Methods

**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**

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 — Key Assumptions and Methods

## Projected Premiums

- Projected premiums 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 premiums reflect salary growth and employment level expectations
- A summary of Q3 2025 assumed premiums is provided below:

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

# Reliances and Limitations

- Our analysis and projections are based on a number of assumptions and information from the Department. Other than a general review for reasonableness, Spring Consulting Group has not independently verified any of the information received.
- To the extent that actual experience differs from the assumptions underlying these projections, so will the actual results differ from the results in these projections. Actual future experience may be more or less favorable than the assumptions underlying the projections. The accuracy of these projections depends on how well future experience conforms to assumptions.
- This document is provided for the use of the Department. As such it should not be relied upon by other parties unless requested in writing to Spring Consulting Group.
- Please refer to the Annual Actuarial Report as of December 31, 2025, dated December 12<sup>th</sup>, 2025, for additional information on data, assumptions and methods. This document is incomplete without the accompanying discussion
- Exhibit numbers may not add due to rounding.



**Consulting Group**  
AN ALERA GROUP COMPANY

30 Federal Street  
4th Floor  
Boston, MA 02110

617.589.0930  
617.589.0931  
insight@SpringGroup.com

SpringGroup.com  
@SpringsInsight



## Harindra Sebastian, FSA, MAAA

*National Chief Health Actuary*

470.747.9320

harindra.sebastian@aleragroup.com

# Why Spring?

- Deep industry expertise
- End-to-end experience from strategy development through implementation
- Thought leadership
- Alternate funding
- Health and wealth convergence
- Benefit integration
- Flexibility to partner with clients and other preferred advisors
- Objectivity and independence — ownership structure removes potential conflicts of interest
- Award-winning project team
- Complete confidentiality
- Innovation — 8 patents
- Dedication to honesty, transparency and independence
- Strong project and multidisciplinary team management and communication