



Marsh McLennan  
Agency

# Absence, Disability, and Leave (ADL) Benchmarking Report

Spring/Summer 2024



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# 2024 ADL trends exposed:

## 4 ways employers are using benefits to attract and retain talent

Benefits have continued to be critical to employee job satisfaction and retention, as employees seek a more holistic approach to well-being and work-life balance that extends well beyond financial compensation. Workforce buzzwords like ‘family and parental leave’ and ‘flexible work arrangements’ are now expectations for generations of workers—but these benefits don’t fit for every employer’s business model.

A well-crafted benefits package is a crucial component to not only to draw in top candidates but also to keep valuable employees engaged and satisfied. As the job market evolves, businesses that understand current trends and benchmark their offerings against peers can better maintain a competitive edge. It has also become more important to evaluate each trend critically, as the perceived simplicity of trends like outsourcing leave management or adopting unlimited PTO can sometimes mask underlying complexities.

The following benchmarking report provides valuable data and insights to inform your efforts to refine your benefits offerings in a way that reflects the needs of your teams.

## Join us as we deep dive into the following trends:



More companies are outsourcing **regulatory leave** management.



More types of family units are now covered in **medical maternity and bonding benefits**.



More multi-state employers are considering **short-term disability** to overlay state programs in pursuit of creating parity among employees.

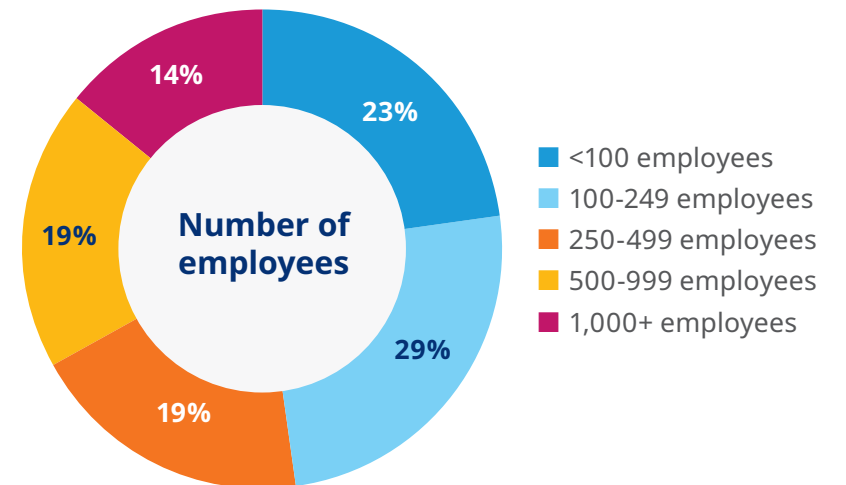
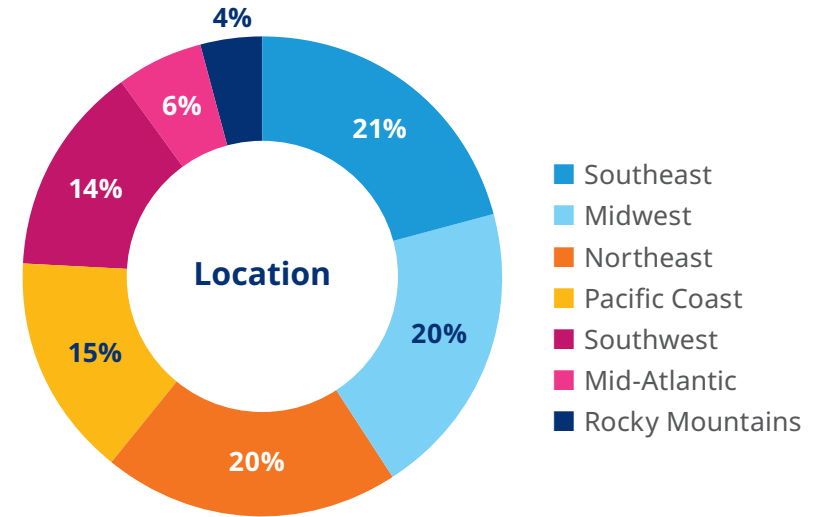
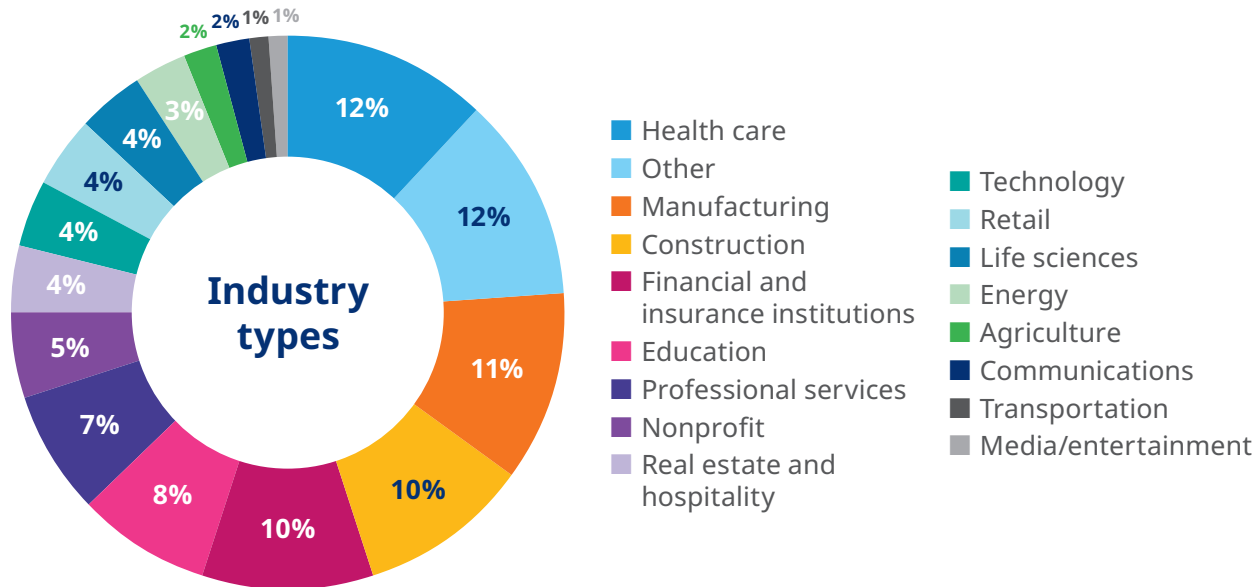


More employers are backing off from unlimited PTO in favor of differentiated **sick time, vacation, and PTO banks**.

# Survey methodology

In partnership with the National Business Research Institute, Marsh McLennan Agency (MMA) publishes its second annual Absence, Disability, and Leave (ADL) survey to identify trends in employers' absence policies and management methods. In 2024, the over 1,200 survey participants (a 50% increase from 2023) included employers of different industries, sizes, and locations.

This report summarizes the results of the survey. With the following insights, employers can see how their peers approach ADL policies and decisions. While comprehensive, the data represented in this report is not static nor all-encompassing.



# Terminology guide

This report uses the following terms as defined here:

**Bonding leave** (often known as parental leave) is a paid leave of absence that allows parents (regardless of gender) to spend quality time bonding with a new child due to a birth, adoption, or foster care placement.

**The Family and Medical Leave Act (FMLA)** provides eligible employees up to 12 weeks of unpaid time away from work with the guarantee that they can resume work at their same or a similar position.

**Medical maternity leave** is paid medical leave available to a birthing mother upon the birth of a child(ren). This includes short-term disability and salary continuation but excludes state-required paid leaves.

**Paid family medical leave (PFML)** refers to state-mandated, insured, paid leaves that allow employees time away from work for various reasons like the employee's own serious health condition, bonding after birth, adoption or foster placements, or caring for a family member's serious health condition. Qualifying leave reasons, leave durations and benefit calculations vary by state and some states include additional leave types.

**Regulatory or mandatory leave** refers to leave that employers are legally required to provide as a result of federal or state law.

**Salary continuation** allows employees to receive their full salary or a portion while on an approved leave of absence, such as medical or disability leave.

**Short-term disability** offers partial income replacement for employees who can't work because of their own illness or injury.



Looking for additional insights targeted to your business's size, industry, and geography?

Get in touch with an MMA broker to see what additional data views are available.



## Regulatory leave and leave management

# Leave management outsourcing grows across businesses of all sizes

As regulatory leave requirements grow increasingly complex, more businesses are turning to third-party solutions for leave management.

While this shift can relieve the internal team from some of the stress of staying updated on regulations and help ensure that compliance is consistently maintained, outsourcing does not completely absolve companies of their compliance responsibilities.

The majority of the companies that outsource all or some of their leave management continue to assign team members to the process. Onboarding the vendor, implementing critical technology, and overseeing the compliance process is time-intensive for the in-house HR team and is just one [consideration when outsourcing leave management processes](#).





Number of staff members managing third-party or outsourced leaves with company's outsourcing vendor



24%



30%



22%

Don't outsource  
leave benefits

24%

## 4 key insights

1

Staying updated and compliant with state and local leave laws is the most significant challenge employers face when managing leave and disability benefits.

2

Over 60% of employers who outsource their regulatory leave management still assign two or more team members to manage the third-party relationship and ensure compliance.

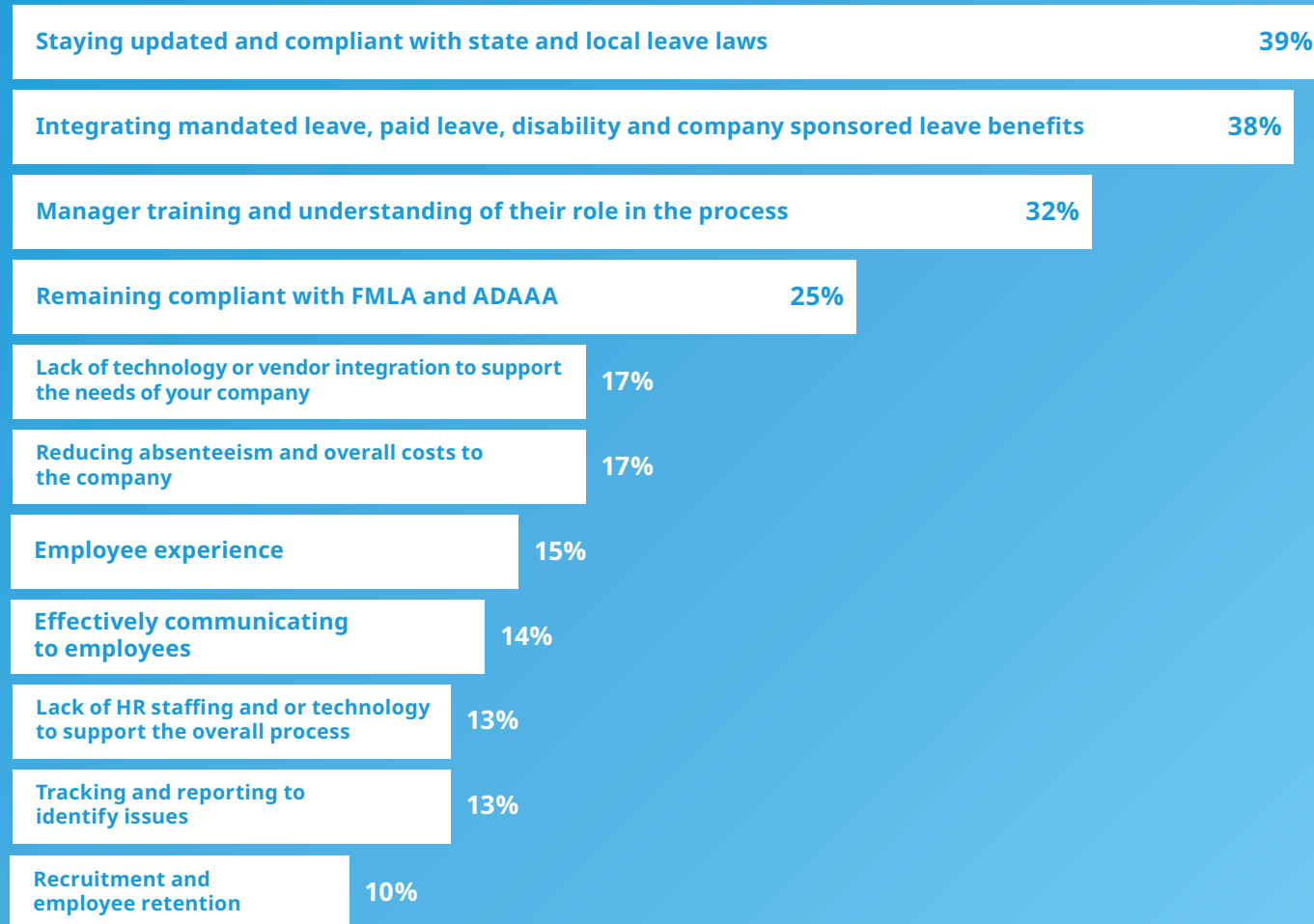
3

The gap between companies that manage statutory leaves in-house and those that outsource to third parties is narrowing. However, more companies still choose to manage (42%) or jointly manage (33%) their regulatory leaves.

4

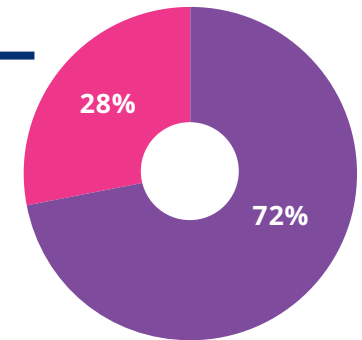
Over 60% of employers have FMLA policies which require employees to use accrued paid vacation leave, paid sick leave, or paid family leave for some or all of the FMLA leave period.

Common challenges when managing overall leave and disability benefits



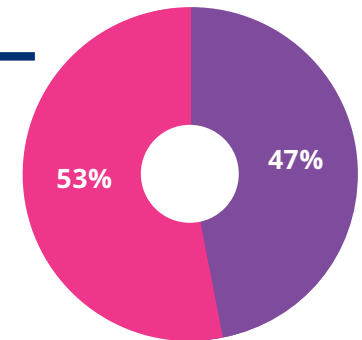
Who do you use for leave outsourcing?

- Leave is handled by a leave-specific vendor
- Leave is handled by a STD vendor

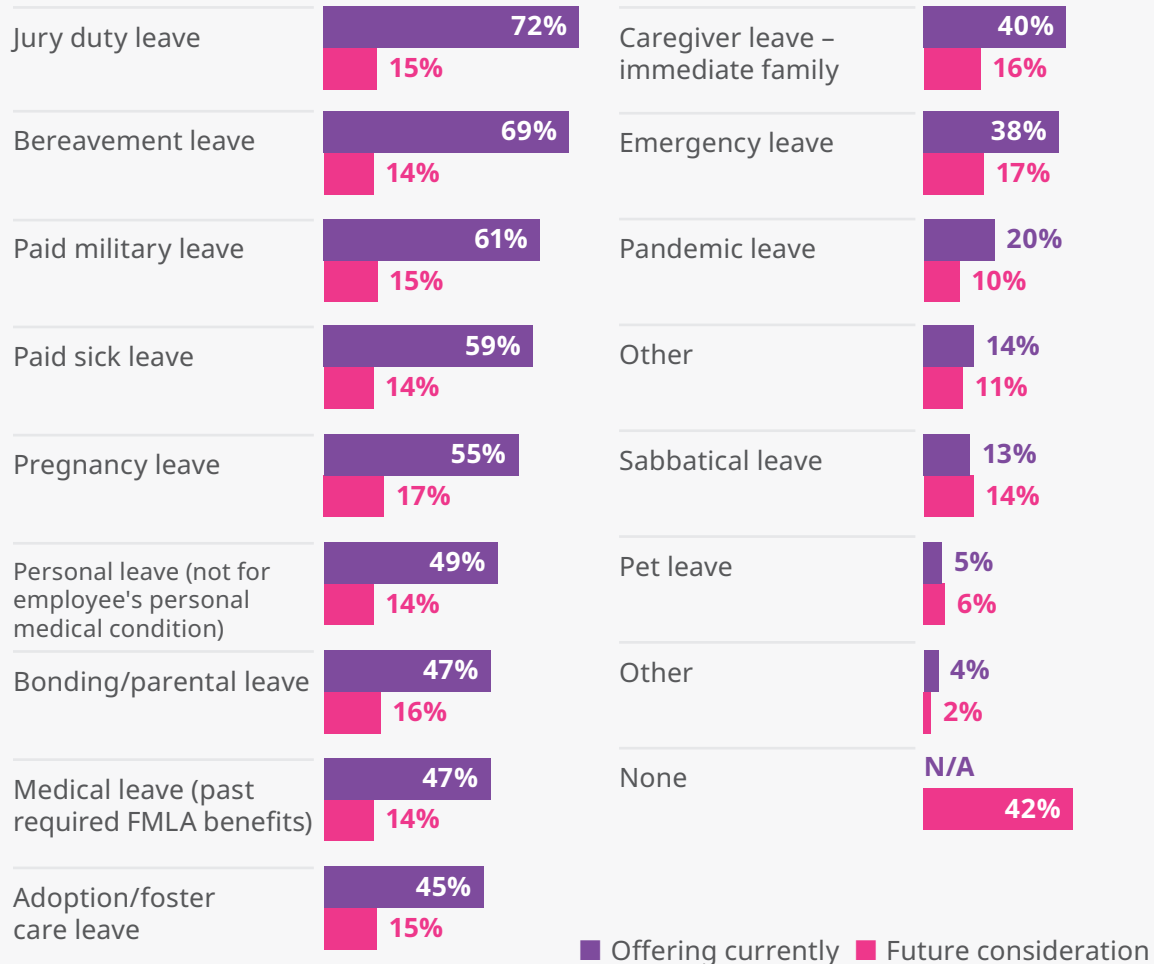


Are employees required to file for mandated Paid Family and Medical Leave and/or statutory disability to be eligible for company-specific benefits?

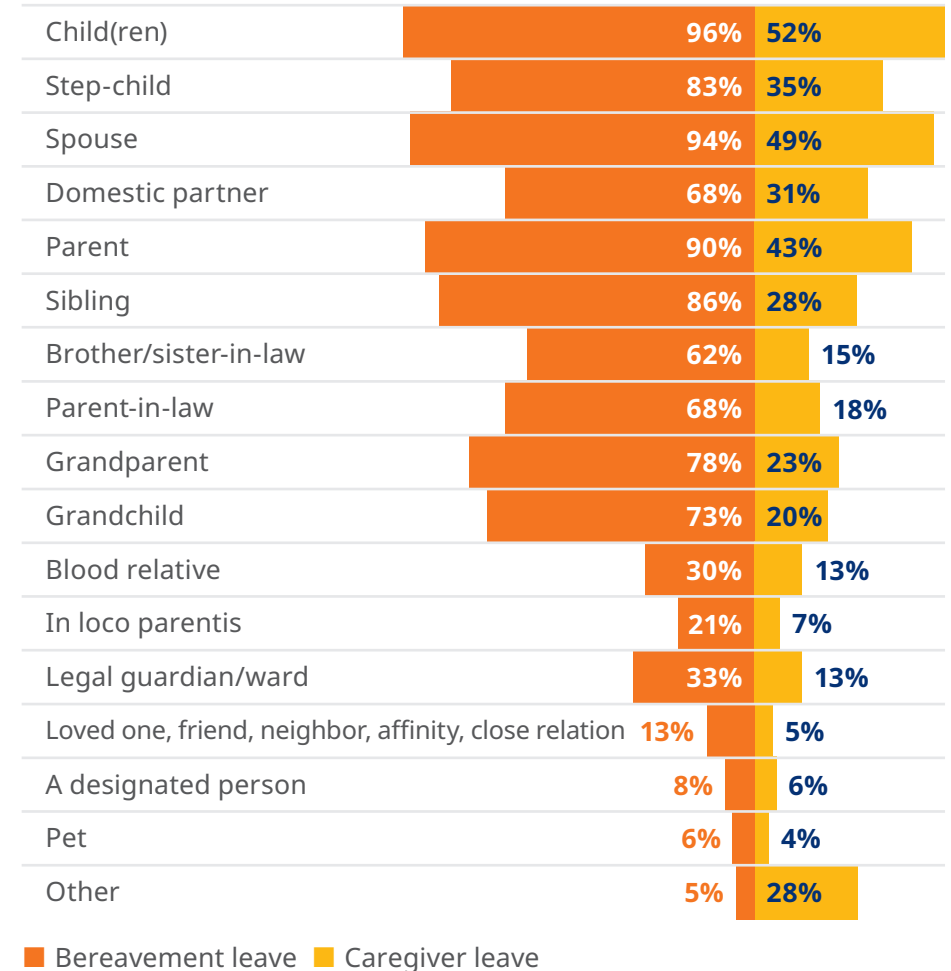
- Yes
- No
- Not subject to FMLA



## Company sponsored leave programs



## Individuals defined as 'family' for leave purposes





## Take action: Successfully outsource your leave management.

Outsourcing leave management can help companies effectively manage regulatory complexities and face the challenges listed [previously](#). Here are actionable steps to help your business make the most of outsourcing this process:



### Be ready for the initial investment.

Be prepared for the time and financial investment required when outsourcing your leave management. This investment is crucial to ensuring a smooth transition and strong vendor relationship.



### Prepare for new state paid leave programs.

In 2026, Maryland, Delaware, Minnesota, and Maine will be [rolling out new mandated paid leave programs](#), each with different implementation dates. HR teams are wise to continually monitor regulatory developments. When updates are identified, assess the impact to your organization and ensure you'll be ready to meet the new compliance requirements.



### Take responsibility for your compliance.

Even when outsourcing, your business retains ultimate responsibility for compliance. Stay informed about the latest regulatory changes and understand how they impact your leave policies. Be ready to interpret them and apply them to your own policies, as your team must still handle issues like payroll and employee inquiries.



**Maintain HR involvement.** Even with outsourcing, the internal team must remain engaged in the process. Regularly communicate with your vendor to ensure your needs are met and that the process aligns with your company's policies and regulations.



## Is the federal leave program on the ballot?

With historical difficulty in achieving bipartisan consensus on leave programs, the outcome of this year's presidential election could influence the direction and implementation of future federal leave policies. Though it's unlikely that the U.S. will have a federal leave law anytime soon, we could see more change around state paid leave laws with the outcome of state elections.



## Bonding leave

# More family units are now covered under bonding leave policies

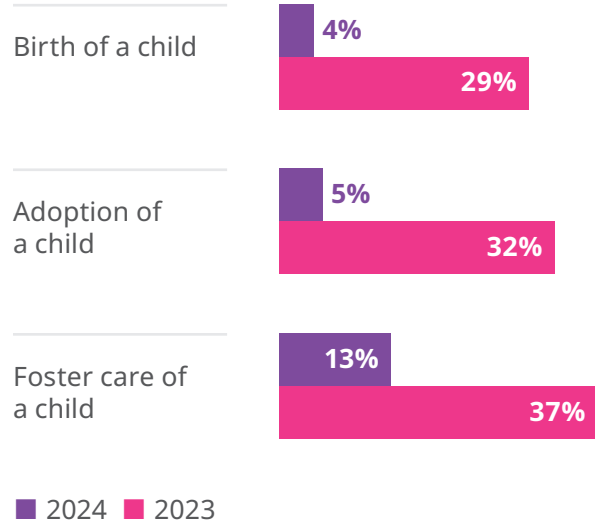
Bonding and parental leave trends are evolving rapidly to unify the benefit for all types of parents as part of employers' talent retention and work-life balance strategies.

These policies seem to be particularly influenced by the size of the employer, with larger companies offering paid parental and/or bonding leave benefits more frequently than smaller companies.

The increasing number of states mandating paid bonding leave through the family portion of paid family medical leave laws pushes multi-state employers to develop more comprehensive policies. Challenges arise when multi-state employers must navigate unique state-specific requirements such as amount of leave and benefit calculations across multiple states. This can result in geographically disparate treatment of employees depending on where they work. As a result, more large employers are looking to offer salary continuation and private plans to create parity among their employees.



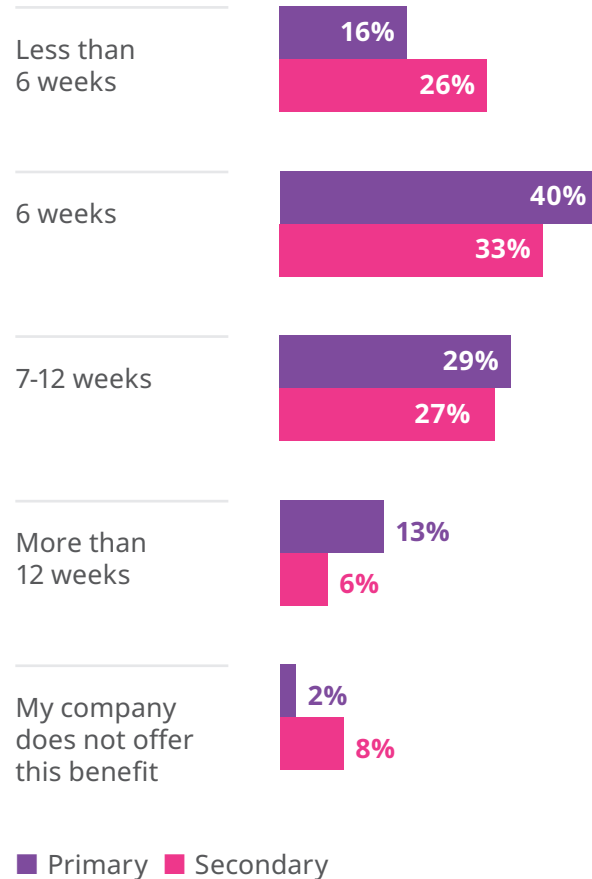
Company does not offer bonding leave as a result of:



Company offers intermittent bonding leave



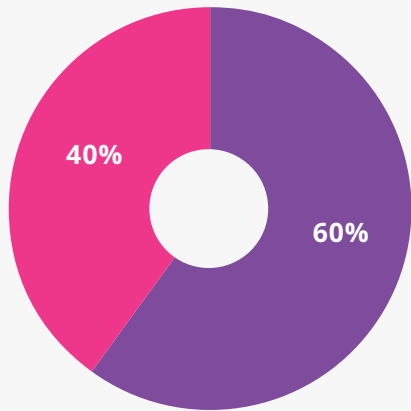
How much paid leave are primary and secondary caregivers eligible for under your bonding leave plan?



# 4 key insights

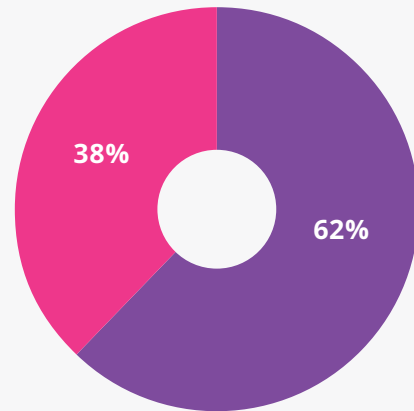
- As many as 72% of employers offer some paid maternity leave, and most companies that provide bonding leave for births offer seven to 12 weeks.
- Regardless of size, few employers offer more than 12 weeks of paid maternity or bonding leave.
- There has been a significant expansion of companies offering bonding leave in the past year; however, there is a continued disparity between treatment of birth/adoption and foster care, with foster care leave offered at a reduced rate vs. birth and adoption leave.
- More employers are allowing greater flexibility for employees to take bonding leave on an intermittent basis.

Do you offer bonding leave for the birth, adoption, or foster care of a child?

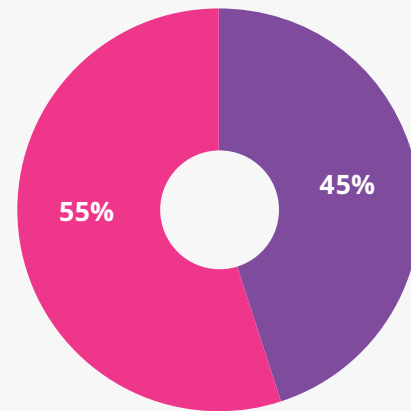


■ Yes ■ No

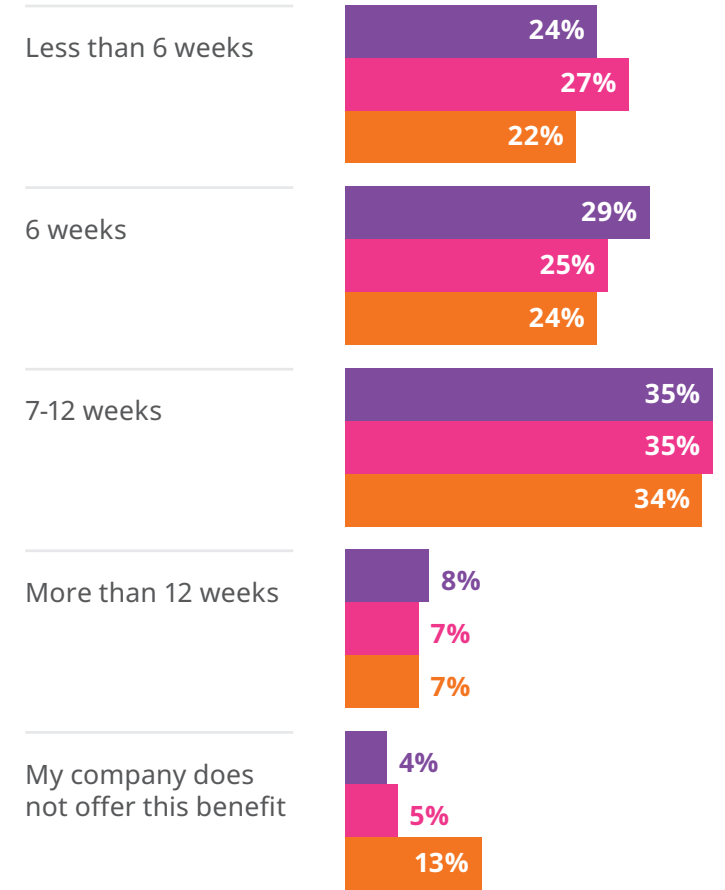
Do you offer intermittent bonding leave?



Do you distinguish the amount of paid leave offered to primary caregivers vs. secondary caregivers?



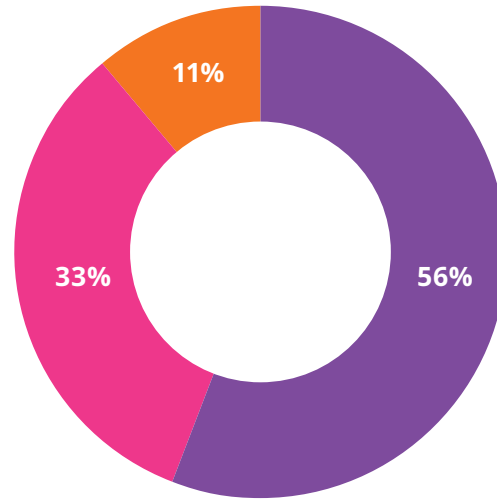
Amount of bonding leave offered



■ Birth ■ Adoption ■ Foster care

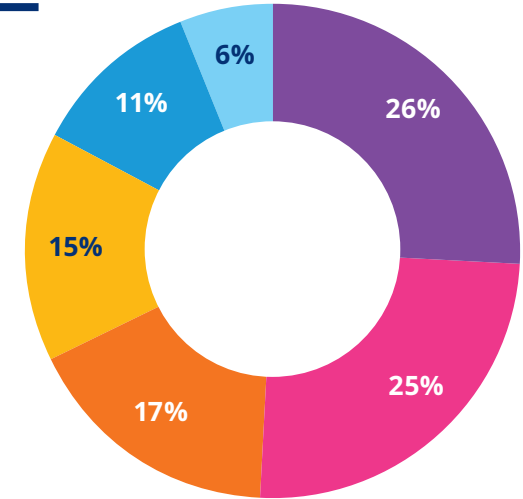
What type of maternity plan do you offer your employees?

- Salary continuation program (additional)
- Short term disability benefits only
- Salary continuation program (short term disability not offered)



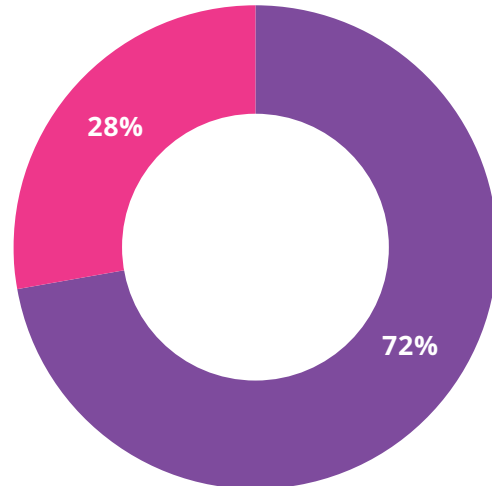
When are employees eligible for maternity leave?

- Upon date of hire
- After 90 days of employment
- After one year of employment
- After 30 days of employment
- After 180 days of employment
- Other



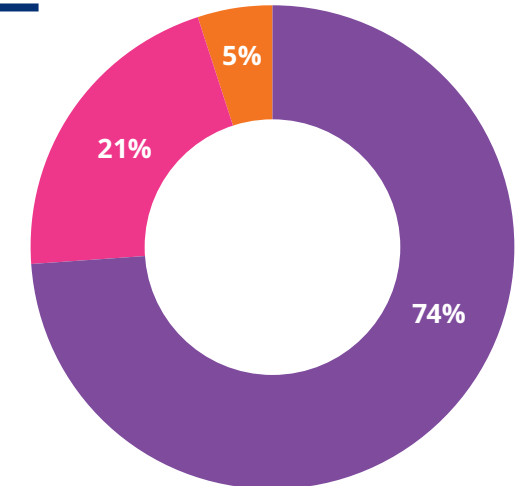
Do you offer paid maternity leave?

- Yes
- No



How do your maternity benefits interact with FMLA?

- Maternity benefits run concurrently with FMLA
- Maternity benefits are calculated separately from FMLA
- We are not subject to FMLA





**55%**  
of employers do not distinguish between “primary” and “secondary” caregivers in their bonding policies

## Take action: Promote employee satisfaction and retention.

Well-crafted leave policies not only reflect a company’s commitment to supporting employees through different life events but can also aid in employee retention. As organizations seek to appeal to their talent pools, ensuring that leave options meet the comprehensive needs of their employees becomes increasingly important. By implementing these best practices in parental leave, businesses can enhance their reputation, strengthen employee loyalty and position themselves as employers of choice.



**Eliminate primary vs. secondary caregiver distinctions.** Distinguishing between caregiver types suggests that parenting duties aren’t equitable. Also be aware that more than half of employers who offer paid bonding leave are already moving in this direction.



**Develop clear and coordinated leave policies.** Create a robust leave policy that clearly outlines how paid leave interacts with other benefits such as FMLA, vacation, PTO or short-term disability (STD). Ensure all benefits are aligned and documented in clear language in your handbook.



**Be proactive with policy changes.** Make changes to your leave policies based on intentional assessments rather than reactive measures. Consider talent acquisition needs and employee expectations when evaluating and updating benefits. Ask questions like, “Who are we trying to attract?” and “What are our ideal employees expecting from their employer?”



**Seek external review.** Have your leave policies and handbook reviewed by external counsel to ensure compliance and address any potential legal issues.



**Align your leave policies with your DEI principles (where applicable).** Ensure your leave policies are inclusive and consistent, recognizing various family structures including birth, foster and adoption.



**Implement a distinct bonding leave policy.** Ensure bonding leave is a separate policy from medical leave, with clear guidelines on its application, including whether it can be taken intermittently. This policy should be gender-neutral and non-discriminatory, offering consistent leave opportunities for all caregivers.



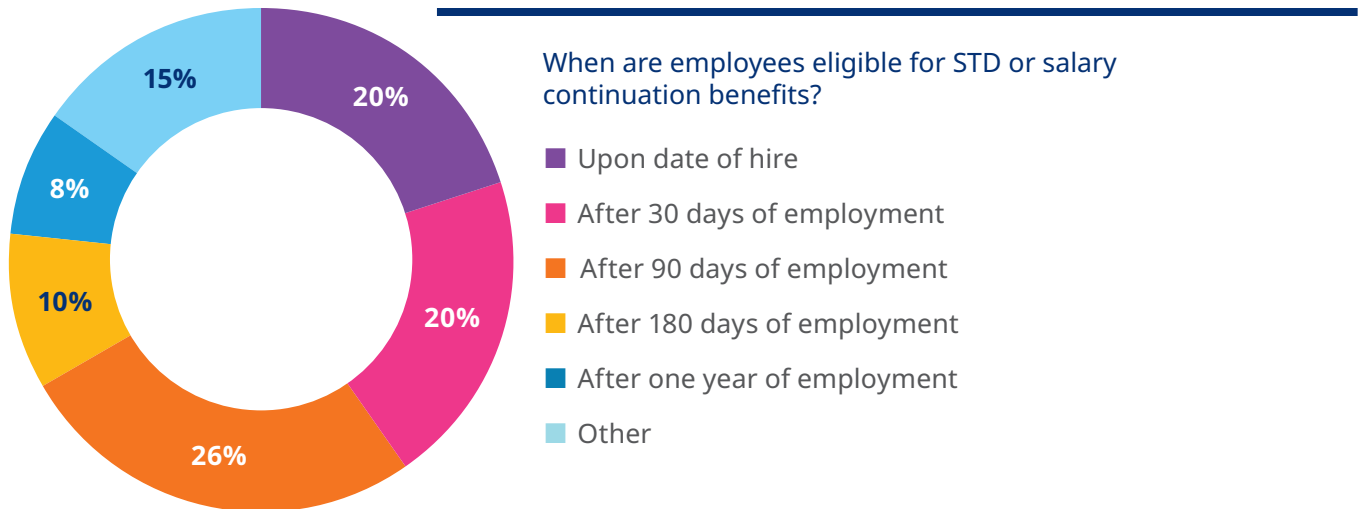
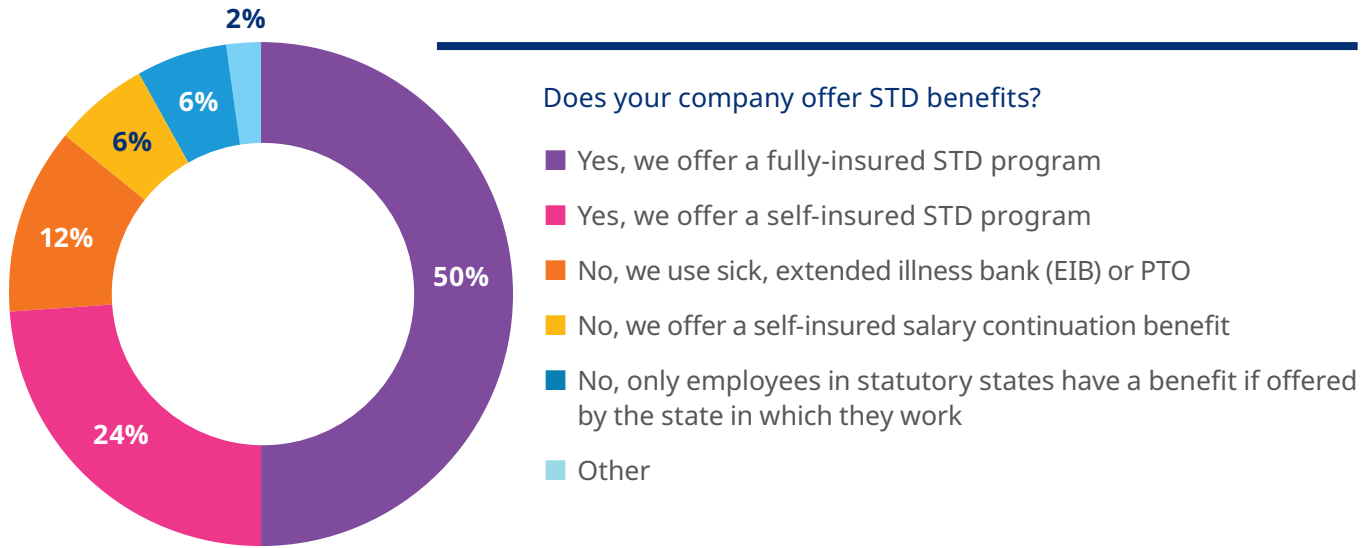
Short-term disability (STD)

## More multi-state employers are considering short-term disability options to create parity for all employees

Most employers choose to provide a short-term disability benefit or salary continuation to overlay state programs.

This can be particularly advantageous for multi-state employers as it helps to smooth out the experience among employees living in different states. Both fully insured and self-funded STD benefits are most often offered as a percentage of the employee's salary. Among self-funded STD and salary continuation programs, very few are structured with tiered benefits based on length of employment.





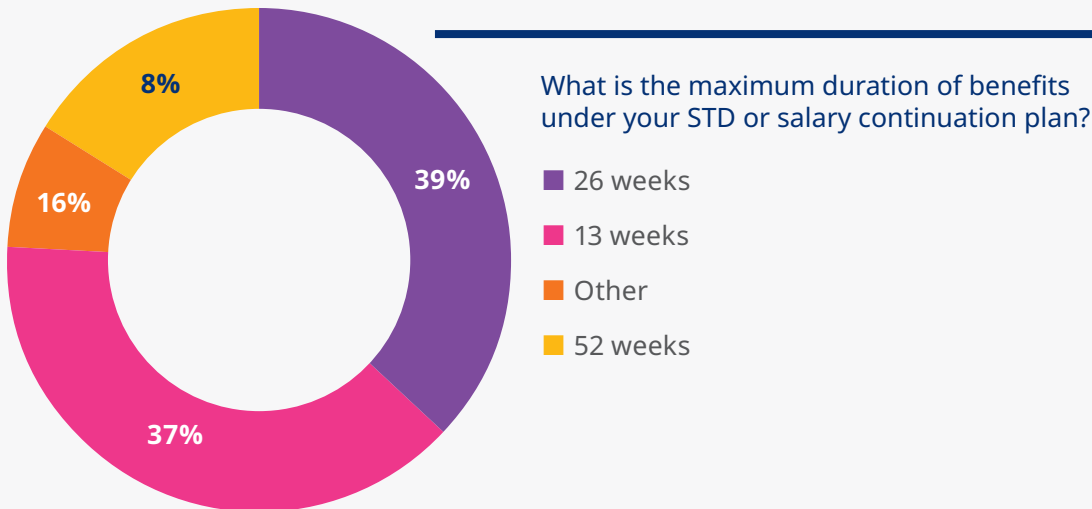
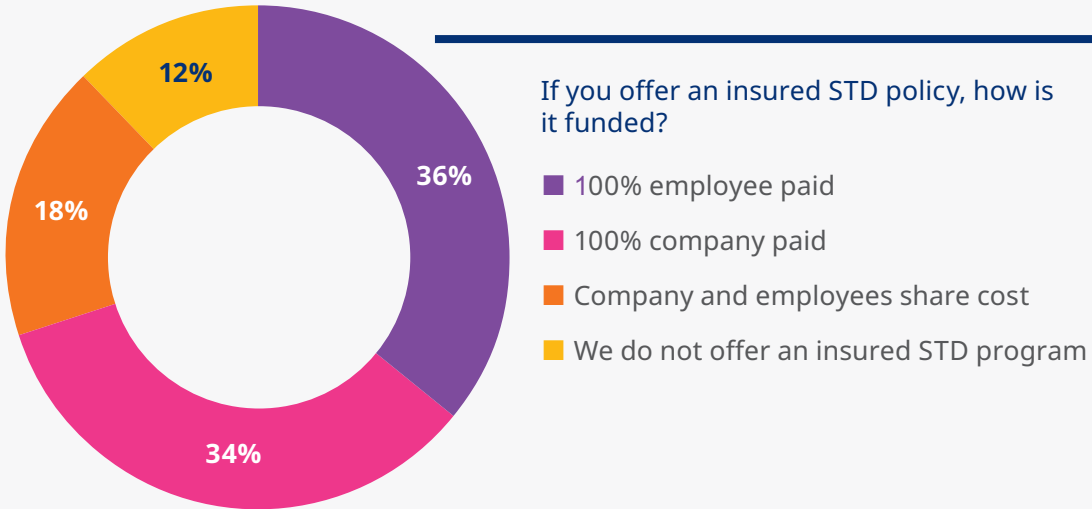
## 3 key insights

**1** Currently, there is an even split between fully employer-paid (34%) and fully employee-paid (36%) STD programs. Just 18% of companies have a shared funding structure for insured STD policies.

**2** The majority of companies offer a percent of salary STD benefits, compared to a flat benefit amount or tiered benefit amount based on years of service.

**3** Less than a quarter of companies offer beyond 26 weeks of benefits under their STD or salary continuation benefits.





## Take action: Optimize your short-term disability program.

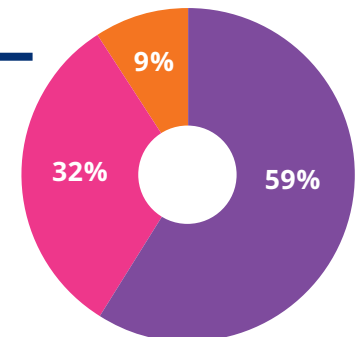
Thoughtful STD management is one way your business can navigate increasing costs, regulatory complexities, and employee expectations.

**Remind employees that STD and FMLA run concurrently.** When drafting policy language around STD, PFML, and FMLA, alert employees that these benefits run concurrently and begin on the date of the triggering event. Make clear that a benefit payment, which could be made up of both PFML and STD for example, will never exceed the employee’s salary.

**Streamline policies across states when possible.** Review the requirements for each state where your business operates. While a specific policy may not apply to all states, employers can offer STD programs that help provide some consistency in benefits to a wider range of employees.

Which best describes the type of benefit offered under your STD or salary continuation plan?

- Percent of salary
- Flat benefit amount
- Tiered benefit amount





Paid time off, vacation, and sick time

# Employers are discovering unlimited PTO may not be the ultimate solution

Traditionally, many companies have opted for a combined approach to paid time off (PTO) policies, where vacation and sick time are lumped together into a single bank of time to be used by employees at their own discretion.

An increasing number of employers are now differentiating between PTO and sick leave, creating two distinct banks for their employees. This comes on the heels of states like Minnesota passing laws such as the [Earned Sick and Safe Time \(ESST\)](#) mandate, which forces employers to provide at least one hour of paid sick and safe time for every 30 hours worked, up to at least 48 hours a year.

In recent years, many employers have experimented with popular unlimited PTO structures, as well. However, these policies are presenting challenges for employers when also addressing requirements for extended medical leave and compliance with job protection laws. Many organizations are finding that distinct banks for sick leave and other types of time off support regulatory compliance and proper tracking for medical leave protections.



## 2 key insights

1

With “use it or lose it” or no-carryover PTO policies, 27% of organizations are pushing employees to use their PTO time within the year to support work-life balance.

2

As many as 50% of organizations continue to have PTO with floating holiday(s). These holidays can be used flexibly to accommodate the diverse cultural, religious, and personal needs of employees.

When are employees eligible for vacation and PTO benefits?

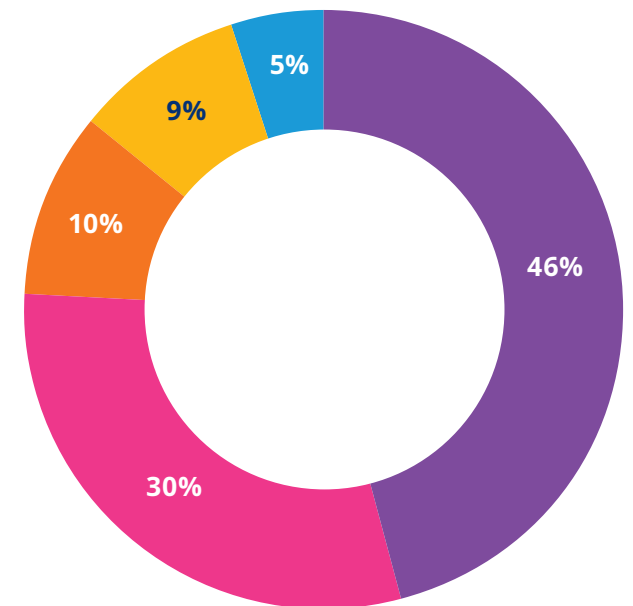


Number of hours an employee must work per week to be eligible for PTO/vacation

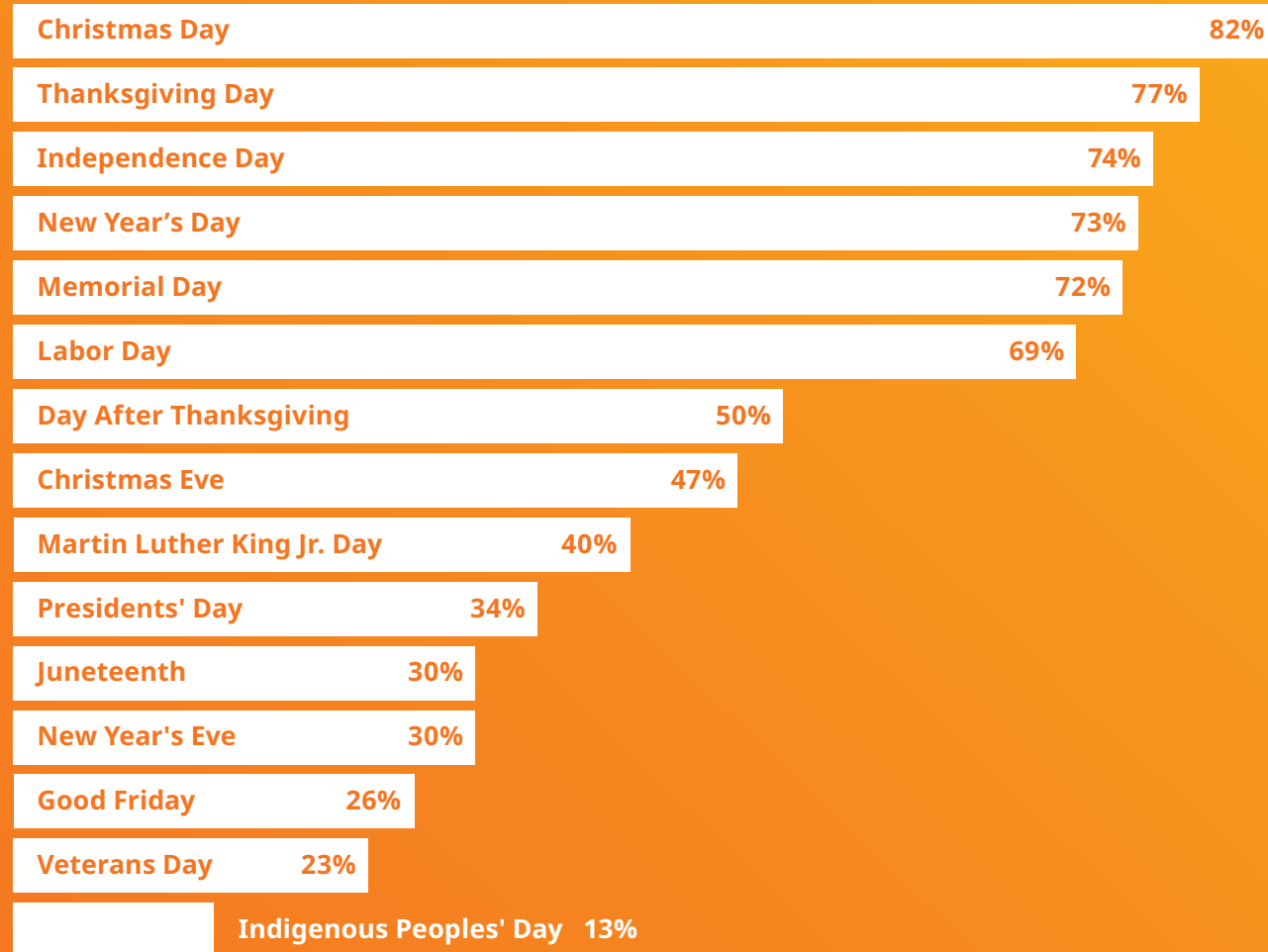
30 hours	33%	20 hours	12%
40 hours	26%	Other	7%
35 hours	15%	25 hours	7%

How is the amount of available vacation/PTO time determined for employees?

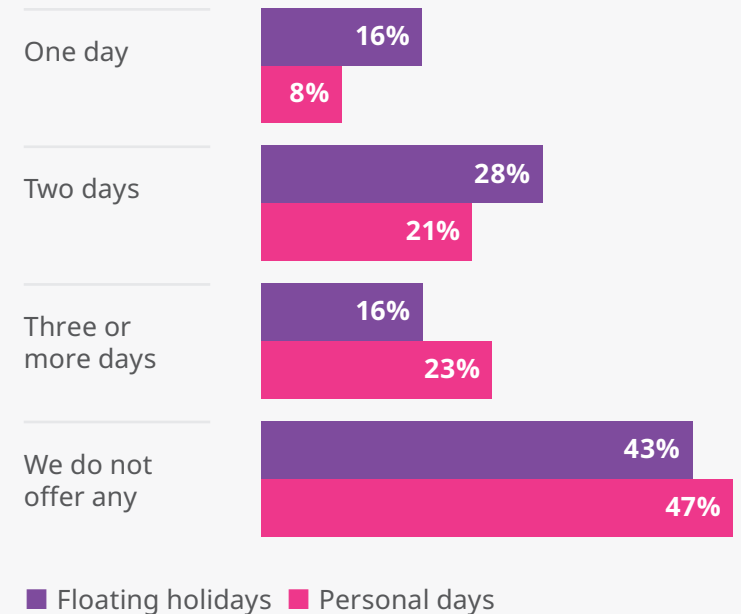
- Length of service/tenure
- Both length of service/tenure and job title
- Job title
- We offer an unlimited vacation/PTO plan
- Other



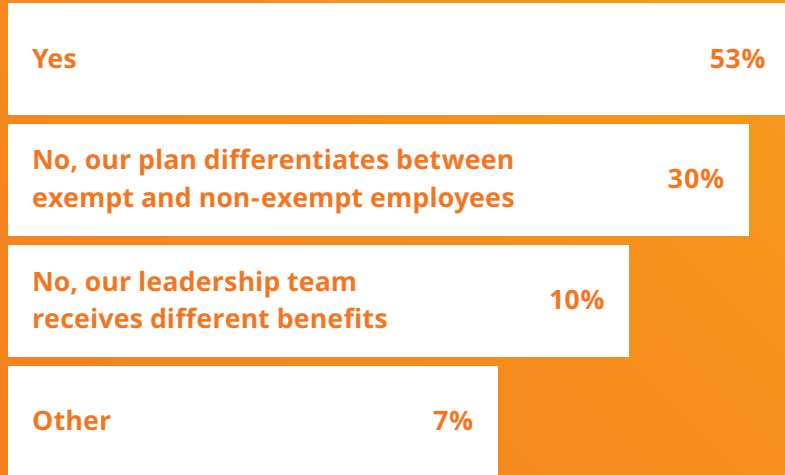
What holidays do you offer as paid time off?



Paid personal leave and floating holiday offering



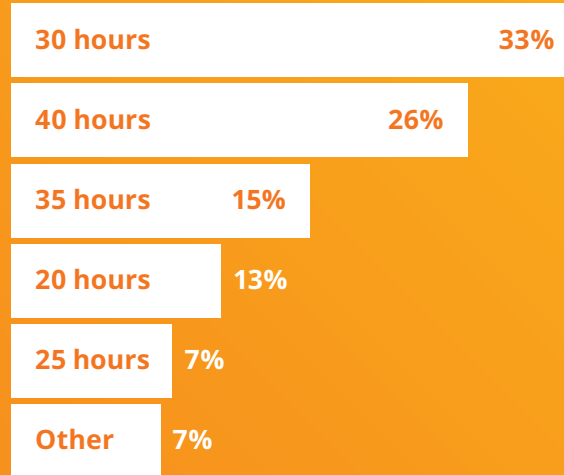
Is the vacation/PTO policy offered to your employees uniform across your company?



Does your company offer time for volunteer service?

No, and we do not intend to add this policy	33%
Yes, and it is paid at less than 100%	28%
No, but we are considering adding this policy	17%
Yes, but it is unpaid	11%
Yes, and it is paid at 100%	11%

Number of hours an employee must work per week to be eligible for PTO/vacation

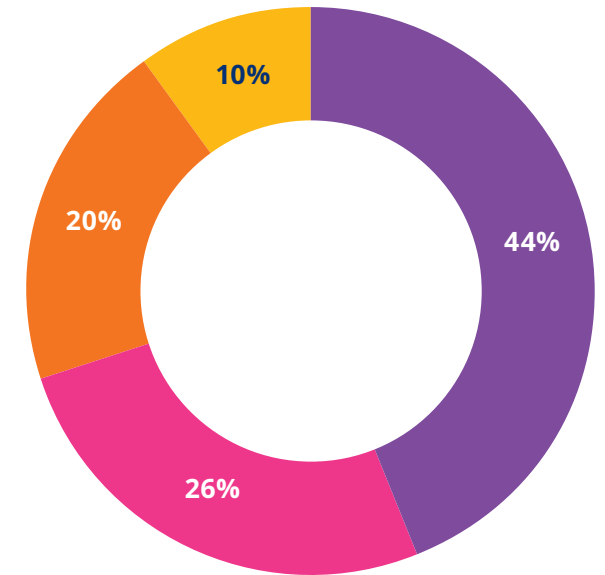


Maximum PTO carried over each year

40 hours	37%
None – no carryover allowed	23%
More than 80 hours	22%
80 hours	18%

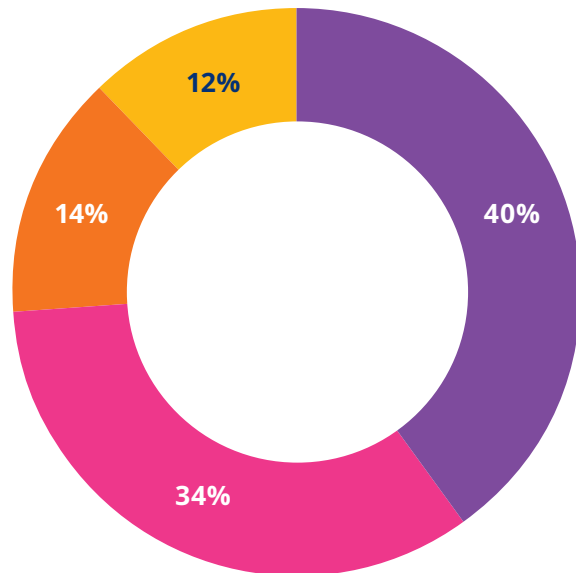
How is accrued and unused PTO/vacation time addressed?

- Time is allowed to be carried over at the end of each year
- "Use it or lose it" with no carryover provision at the end of each year
- No carryover provision, but accrued time is paid out at the end of each year
- Other



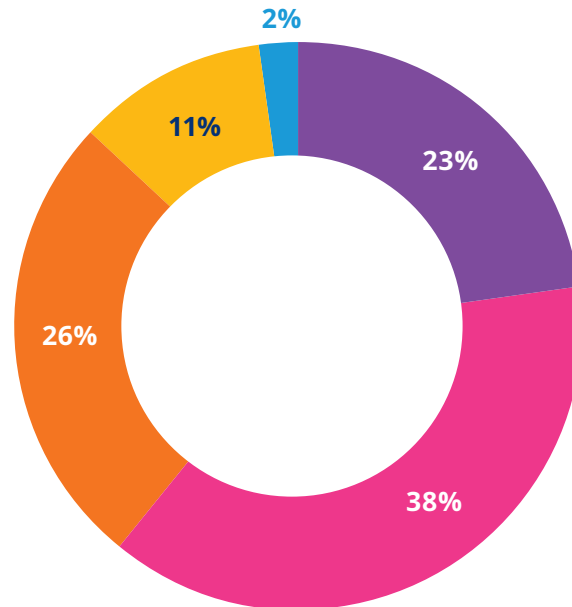
**Do you offer a standalone sick policy?**

- Yes, we currently offer a stand-alone sick time policy
- No, but our sick time is included in our vacation/PTO policy
- We do not offer a stand-alone sick time policy
- We only provide mandated sick time per legislative requirements



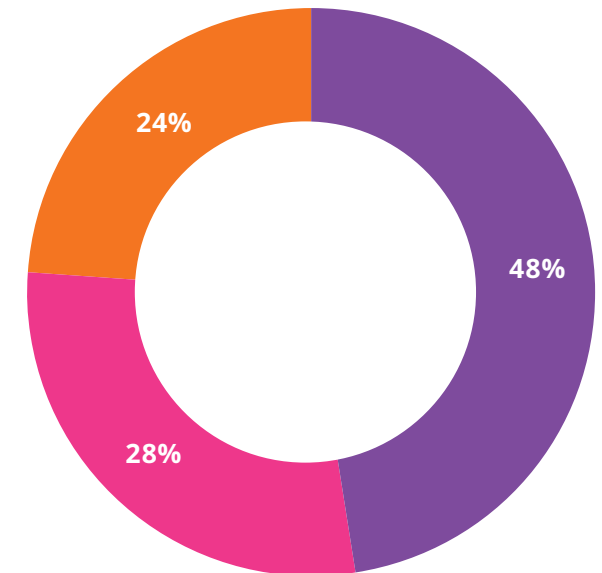
**How many sick days are offered each year?**

- 0-5 days
- 6-10 days
- 11+ days
- As many days as required by each state accrual
- We do not offer a stand-alone sick time policy

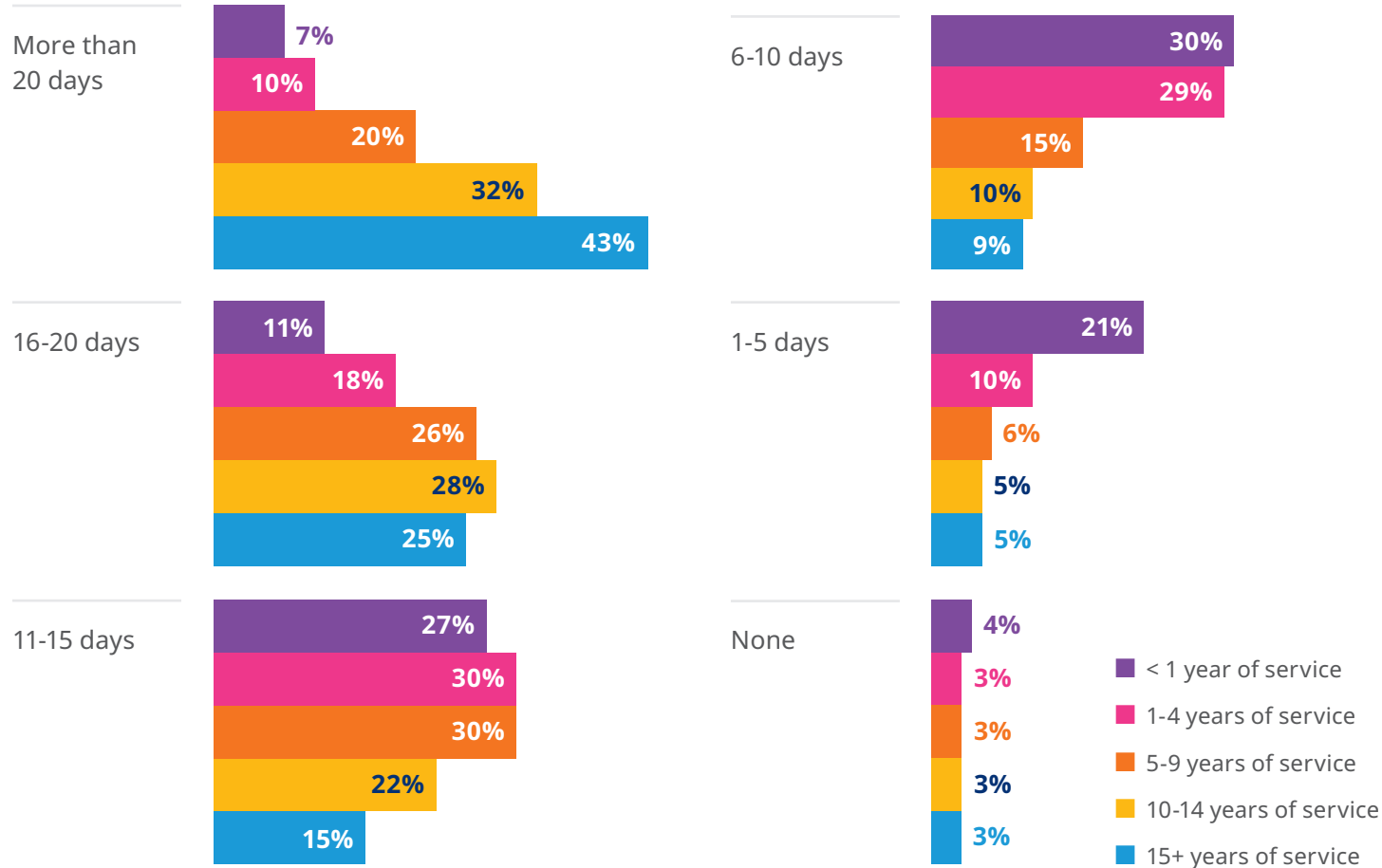


**How is sick time determined for employees?**

- A consistent amount of sick leave is given to all employees at the beginning of every year
- Sick time is accrued based on years of service/tenure
- We do not offer a stand-alone sick time policy

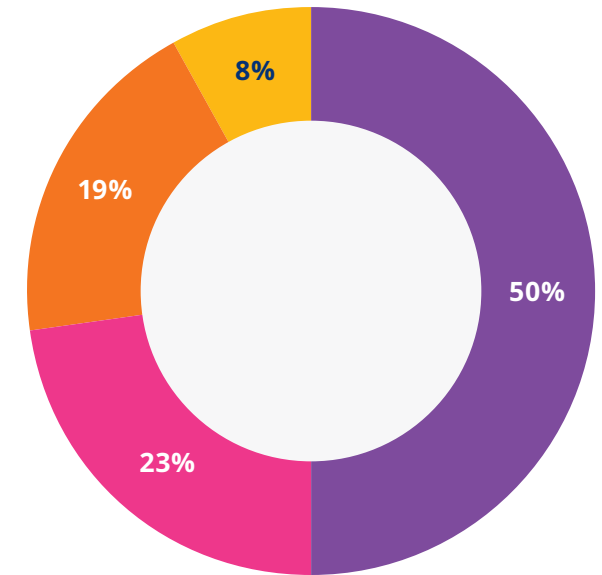


Vacation/PTO days offered



How do you offer PTO for your employees?

- PTO policy (vacation time is combined with another form of time off such as sick time, personal days, and/or floating holidays)
- Vacation policy
- Combination of vacation and PTO policy
- We don't have a formal accrual-based policy; employees can take time off with pay as needed (e.g. "unlimited" time off)



## Take action: Find the balance between compliance and flexibility in PTO policies.

Finding balance between regulatory compliance and providing flexibility for employees is a challenge many companies face with their PTO policies. The following best practices can help to guide your organization through maintaining compliance while finding the right structure for your PTO policies.

✓ **Check your state and county laws.** Stay informed about the specific sick leave laws in each state, city, and county where your employees work. Specifically ensure policies comply with local regulations on when employees can begin using their sick leave. Some states do not allow “use it or lose it” PTO policies. In these cases, consider caps on PTO accrual and documenting and communicating clear payout policies.

☑ **Set and communicate policy details.** Educate your employees on how and when they can use their PTO. Define clear rules and procedures such as notification requirements for managers, the process for contacting carriers for health issues, and timelines for accrual of short-term disability (STD). Make sure all policies are explicit and straightforward, leaving no ambiguity for employees.

⚙️ **Tailor your policies for your organization.** Each organization operates differently, and not all policy structures work for every organization. The key is finding a structure best aligned with your operations and employees and clearly communicating expectations. Your organization will likely evolve and change as well, so conduct an annual compliance review of PTO and sick leave policies to ensure the current policies remain in compliance and appropriate for your organizational goals. This review should include verifying accrual rates, usage guidelines, and that other policy details align with state and local regulations. Make sure to document policies and changes in writing and maintain current records to avoid discrepancies.





# The ADL best practices checklist

## Parental leave

### Align policies with DEI principles.

- Ensure leave policies are inclusive and recognize various family structures.
- Provide equal leave opportunities regardless of birth, adoption or foster care.
- Keep bonding leave policy separate from medical leave.
- Eliminate primary vs. secondary caregiver distinctions.

### Develop clear and coordinated policies.

- Clearly outline how paid leave integrates with other benefits.
- Seek external review.
- Document all benefits in clear language in your employee handbook.

## Regulatory leave and leave management

### Stay updated on regulations

- Regularly monitor changes in state and local leave laws.
- Subscribe to regulatory updates and alerts from relevant authorities.
- Assess the impact of new programs on your current policies and procedures.

### Consider outsourcing

- Evaluate the benefits and costs of outsourcing leave management.
- Select a reputable third-party vendor with expertise in regulatory compliance.
- Allocate time and resources for the initial setup and ongoing management.

### Maintain HR involvement

- Assign dedicated team members to manage the third-party relationship.
- Ensure regular communication and collaboration with the vendor.

### Retain responsibility for compliance.

- Stay informed about regulatory changes and their impact on your policies.
- Regularly review and update leave policies to ensure compliance.

## Short-term disability (STD)

### Streamline STD and FMLA policies.

- Remind employees that short-term disability and FMLA benefits run concurrently and begin on the date of the triggering event.
- Aim for consistency in policies across states while accommodating varying regulations.

## Paid time off, vacation, and sick time

### Differentiate but integrate policies.

- Find a PTO structure that works best for your organization and employees.
- Ensure the policy complies with diverse state and local sick leave laws.
- Clearly communicate expectations and rules to employees.

### Maintain compliance with state and local laws.

- Monitor specific sick leave laws in each state, city, and county of operation.
- Conduct annual compliance reviews.
- Document all policies and changes in writing.





## Conclusion

In closing, we hope that the Absence, Disability, and Leave (ADL) Benchmarking Report has provided you with valuable insights and actionable recommendations to enhance your benefits offerings and support your employees' well-being.

Should you have any further questions or require additional data views tailored to your business's size, industry, and geography, please reach out to a Marsh McLennan Agency consultant.



**MarshMcLennan  
Agency**

A business of Marsh McLennan



### **About Marsh McLennan Agency**

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