

TAX TALK
BY JEFFREY D. SKOLNICK, CPA, M.S. TAXATION

FAMILY LEAVE INSURANCE

If you are a New Jersey employee you may have noticed a new deduction being withheld from your paycheck. The new deduction should be equal to 9/100% of your pay (.0009) up to a maximum of \$26.01 for 2009.

While this is not necessarily a significant amount of money, it is once again the government putting their hands in your pocket. This article will attempt to clarify what this is all about.

What is Family Leave Insurance?

Beginning July 1, 2009 covered individuals will be eligible for up to six weeks of Family Leave Insurance benefits to:

- Bond with a child during the first year of the child's life. The covered individual must be the biological parent, domestic or civil union partner or adoptive parent of the child. If the child is adopted then the 12 month period begins with the placement of the child.
- Care for a family member with a serious health condition. The condition must be supported by a certification furnished by a health care provider. Family members covered are child, spouse, domestic or civil union partner or parents of covered individuals.

What constitutes a serious health condition?

The State of New Jersey's Department of Labor and Workforce Development website defines a serious health condition as **“an illness, injury, impairment, or physical or mental condition, which requires inpatient care in a hospital, hospice, or residential medical care facility or continuing medical treatment or continuing supervision by a health care provider.”**

While it is beyond the scope of this article, the website further defines continuing medical treatment or supervision by a health care provider. This generally refers to a period of incapacity that requires ongoing treatment whether from pregnancy, chronic health condition or long-term health issues (such as Alzheimer's or severe stroke).

Who is a covered employee?

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A covered employee is any employee now covered under the New Jersey Unemployment Compensation Law. Employees may be covered under the State Plan, an approved private plan or family Leave Insurance benefits during unemployment. This article only discusses the State Plan.

When does the benefit period begin?

The benefit period commences on July 1, 2009.

What is the amount of the benefit?

The weekly benefit amount is equal to two-thirds of the average weekly wage (based on the eight calendar weeks immediately before the leave begins) up to a maximum of \$546. The maximum amount of benefit is 6 weeks during a 12 month period or one third of base year earnings, whichever is less.

How is the plan funded?

The plan is to be funded 100% by employee contributions through the payroll deductions discussed above. In 2009 the maximum deduction is .0009 multiplied by the unemployment tax wage base (\$28,900). The rate jumps to .0012 of the wage base in subsequent years.

Conclusion

This article gives only the very basics concerning Family Leave Insurance. There are a number of tricky provisions included in the law and care must be taken to ensure proper compliance. Once again if you're not sure of the rules, then check with a tax professional.