

2025 planning guide

Absence and disability

Addressing the top concerns and trends for employers



In today's dynamic work environment, leave policies play a crucial role in shaping employee experiences and organizational culture. As companies strive to attract and retain top talent, the significance of well-structured leave programs cannot be overstated. These policies not only support employee well-being but also enhance productivity and engagement.

The 2024 Absence and Disability Management Survey revealed that organizations are increasingly recognizing the need to adapt their leave policies to abide by state and leave compliance, meet the diverse needs of their workforce, and provide employees with flexibility at and away from work.

Here are three key findings for employers to keep in mind when planning their 2025 leave strategy:



Is compliance, with state leave requirements, part of your leave strategy?

Navigating the complex landscape of state leave laws and compliance requirements remains a significant challenge for many organizations. In order to ensure compliance with state and local paid leave mandates, 72% of employers have had to add resources¹.

Adding resources will mean a variety of things for different employers. A key decision for many employers is whether to in-source or outsource leave administration. However, regardless of that choice, neither option is the all encompassing answer the challenges employers face. In fact, according to Mercer's ADM Survey, the percentage of employers with 5,000 or more employees who outsource leave administration declined from 2021^{1,2}. Yet, despite making changes, a majority of employers still report leave administration as a primary concern. As employers look to improve their processes and ensure compliance, there is increased demand for better solutions, tools and technologies that can address these complexities.



Paid Parental Leave is now the norm, but is not the only paid leave policy to consider

Currently, 73% of employers offer parental bonding and care leave, not including disability leave, for the birth parent¹.

This is a huge change from 2015, where about 75% of employers did not offer paid parental leave³. In just ten years, employers went from being the exception if they offered paid parental leave to now being an outlier if they do not.

Paid parental leave not only fosters a sense of loyalty among employees but also contributes to improved retention rates. Organizations that offer robust parental leave policies have reports of higher employee satisfaction and a more positive

workplace culture. As the workforce continues to evolve, companies that prioritize paid parental leave will be better positioned to attract and retain talent.

Beyond paid parental leave, many organizations are expanding their leave policies to provide more inclusive benefits that meet the needs of employees. For example, offering benefits to parents whose child arrives through adoption, surrogacy or via a foster placement. Going beyond children, some employees need paid leave to care for elderly or seriously ill family members. The addition of these types of coverages can aid in creating an environment where employees feel supported and valued.

Percentage of employers offering...

Parental leave

(not incl. disability leave for birth parent)

73%

Adoption leave

67%

Foster leave

43%

Surrogacy leave

33%

Leave to care for a sick family member

29%



Finding flexibility with time-off

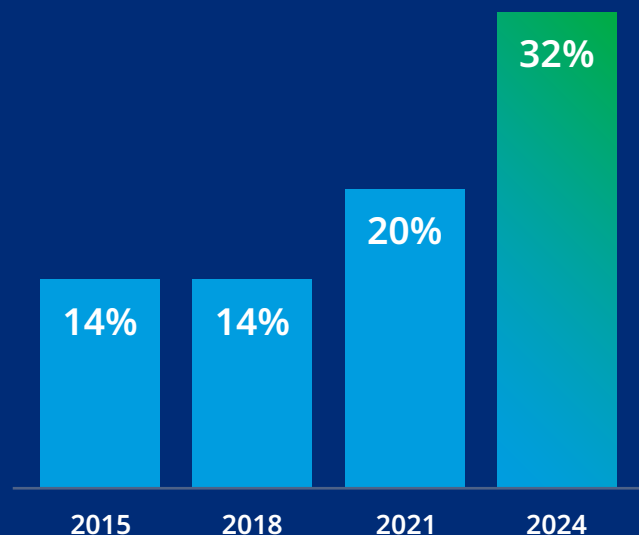
Employers have increased the adoption of more flexible time-off programs. Many organizations are moving away from traditional vacation and sick policies in favor of more adaptable approaches. Mercer's ADM survey shows more employers are implementing PTO plans, which combine vacation with other types of leave like paid sick leave. The survey also shows a sharp increase in employer interest in flexible/unlimited vacation/PTO days¹. This shift acknowledges the importance of work-life balance and the need for employees to receive this type of autonomy from their employers.

Flexible time-off programs have been shown to reduce burnout and enhance overall employee well-being. By allowing employees to take time off when they need it most, organizations can foster a healthier work environment that promotes productivity and engagement.

At the same time, flexible time-off policies reduce employer liabilities for time-off accruals. One of the concerns employers often cite as to why they don't pursue flexible time-off is that employees will take significantly less time. However, 78% of employers who implemented flexible time-off report that employees take about the same amount of time off they took under a traditional time-off plan¹.



**More employers
are moving
to flexible/
unlimited PTO***



*Offer unlimited PTO to at least some employees

How Mercer can help

As organizations seek to update their absence and disability management strategies, Mercer is here to provide support. Our team of leave and absence experts is backed by Mercer's comprehensive resources, including the 2024 Absence and Disability Management Survey, to offer valuable insights into industry benchmarks and best practices.

By partnering with Mercer, organizations can navigate the complexities of absence and disability management, ensuring compliance while fostering a supportive workplace culture.



Sources:

1. Mercer's 2024 Absence and Disability Management Survey
2. Mercer's 2021 Absence and Disability Management Survey
3. Mercer's 2015 Absence and Disability Management Survey