

'Tis the Season for Employee Handbook Updates

By: Rebecca F. Alperin and Matthew L. Mitchell
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An end-of-year action item for many businesses is updating employee handbooks and policies as we look into the new calendar year. It's a great time to review policies to see what works, what does not, and what policies need updating due to changes in the law. Here's what's on the Morse Employment Team's new year update list related to changes in the law:

Updates to the Massachusetts Earned Sick Time Law:

Effective November 21, 2025, Massachusetts earned sick time allowable uses now covers physical or mental health needs related to pregnancy loss or a failed assisted reproduction, adoption, or surrogacy.

Updates to the Massachusetts Paid Family and Medical Leave Act (PFMLA):

- The maximum weekly benefit provided under Massachusetts paid family and medical leave will increase from \$1,149.90 to \$1,170.64.
- A recent Massachusetts Supreme Judicial Court case confirmed that under the Massachusetts PFMLA, employers are *not* required to allow employees to continue accruing benefits like vacation and sick leave while an employee is on PFMLA leave. An employer may choose to allow employees to accrue, but the PFMLA does not require it.

New Wage Transparency Law:

Effective July 1, 2025, Massachusetts employers with 25 or more employees will be required to disclose pay ranges in job postings. More on this important development to come, but employers should begin preparing as soon as possible by reviewing their current pay ranges and policies relating to setting compensation.

Updates to the IRS Contribution and Benefits Limits:

The IRS has released its **contribution and benefits limits for 2025**. Key takeaways include:

- The 2025 401(k) contribution limit increased to \$23,500 up from \$23,000 in 2024.
- In addition to the traditional catch-up contribution for employees ages 50 and older (\$7,500 for 2025), employees ages 60 to 63 have a new, higher catch-up limit of \$11,250.
- The annual compensation threshold used to identify highly compensated employees (HCEs) will increase from \$155,000 to \$160,000 for 2025.
- The maximum contribution to an HSA will increase from \$4,150 to \$4,300 for individual coverage, and from \$8,300 to \$8,550 for family coverage. The maximum HSA catch-up contribution will remain \$1,000.

The Morse Employment Team will continue to monitor developments in the law and provide updates on these and other employment issues affecting Massachusetts employers. Aside from updates in the law, employers are encouraged to review best practices and policies related to anti-harassment and non-discrimination, codes of conduct, paid time off, and hiring and offboarding procedures.

For more information on employee handbook and policy updates, please contact the [Morse Employment Law Team](#).