MERCER

Law and Policy Group

Global Legislative Update

By Stephanie Rosseau and Fiona Webster

March 2021

welcome to brighter

In this document

Mercer's Global Legislative Update covers legal developments affecting retirement, health, executive rewards, talent, diversity and inclusion, and other HR programs that affect local and/or expatriate employees. Links to developments with upcoming effective dates covered in past updates are also included to remind employers of impending deadlines. These icons indicate whether employer action is required.

Employer action required | Potential implications for employers | Developments to monitor

Please note: Mercer is not a law firm and therefore cannot provide legal advice. Please consult legal counsel before taking any actions based on the commentary and recommendations in this report.

1

Highlights

Global	
Coronavirus (COVID-19) pandemic	Countries address workplace issues resulting from the COVID-19 pandemic
Americas	
Mexico	Restrictions on the use of outsourced labor proposed
United States (US)	Department of Labor proxy voting rule finalized Investment advice prohibited exemption takes effect but possible changes coming Congress extends tax credit for paid family and medical leave FLSA rule revising employee vs. independent contractor test on hold Securities Exchange Commission to focus on climate-related disclosures Flexible spending accounts clarified, more flexibility for cafeteria plan elections provided New outbreak period guidance requires plan action Federal and state-level push for increases in minimum wage States, cities tackle COVID-19 paid leave Paid sick leave mandates continue to expand at state level California single-payer health plan proposal omits funding details California employers required to file equal pay reports Maryland proposes paid family and medical leave program

Americas (continued)	
United States (US)	New Mexico proposes paid family and medical leave program New York announces 12-month infertility coverage for same-sex and transgender individuals New York Health insurers' can't exclude surrogate's maternity care Utah mandates telehealth for mental health treatment Virginia's innovation waiver would include health plan premium assessment Washington's long term care bill adds cutoff date for available opt outs Wisconsin seeks to cut drug costs, expand Medicaid and establish a public health option
Asia Pacific	
Australia	Superannuation pension reforms proposed
Hong Kong	FAQs published on increased statutory maternity leave
Malaysia	Eligibility criteria for EPF withdrawals removed
New Zealand	Parliament mulls increased sick leave bill
Philippines	Revised guidelines on hiring foreign nationals
Vietnam	Decree published on revised labor code

Europe, Middle East and Africa (EMEA)	
European Union (EU)	European Banking Authority consults on remuneration guidelines Consultation on digital labor platforms Sustainable finance disclosure regulation applies on 10 March Pensions authority highlights priorities for 2021
Austria	Notice period harmonization for blue-and white-collar workers
Belgium	Birth leave increases for fathers and same-sex partners Blue- and white-collar pension harmonization approaches
France	Guidance issued on new supplementary defined benefit pensions
Hungary	Minimum wage rate increased
Ireland	Waiting period for illness benefit payment reduced New code on preventing workplace bullying issued
Luxembourg	New legal regime for teleworking outlined
Slovakia	Changes to labor code now effective
South Africa	Annuitization of provident funds takes effect National minimum wage and earnings threshold increased
Spain	Changes to tax-deductible pension contributions Remote working measures enacted Large employers must negotiate an equality plan
Switzerland	Paid leave for caregivers expanded

Europe, Middle East and Africa (EMEA) (continued)	
United Kingdom	Ruling finds that Uber drivers are 'workers' Guidance issued on long-term incentive target ruling Consultation on pension-related developments opens Pension Schemes Bill 2019-2021 receives Royal Assent Tax Authority outlines off-payroll compliance European Commission approves UK personal data laws

2

Global

Coronavirus (COVID-19) pandemic	
Status	**Ongoing initiatives**
Development	**Career — Health — Wealth** **Countries take action to address workplace issues as result of the COVID-19 pandemic** The World Health Organization (WHO) declared COVID-19 a pandemic on 12 Mar 2020, and employers continue to address the severe implications on working practices and adjust their employment and benefit policies accordingly. Countries have enacted legislation and provided regulatory guidance related to workforce protections, leave and layoff procedures, employment subsidies and changes to existing enforcement procedures. To help multinational employers continue to address worksite, economic and associated travel issues, Mercer is providing analysis on workforce and investment implications and compiling information from organizations, government websites and other resources and news articles.
Resources	Roundup: COVID-19 resources for employers (regularly updated); Stay informed on coronavirus (regularly updated)

3

Americas

Argentina (upcoming effective date)	
Development	**Career** • Remote working rights post COVID-19 pandemic clarified — Key date: 90 days after pandemic ends
Bermuda (upcoming effective date)	
Development	**Career — Health** • Employment and labor laws revised — Key date: 1 Jun 2021
Brazil (upcoming effective date)	
Development	**Wealth** • Council imposes CNPJ registration duty on pension entities — Key date: 31 Dec 2021

Canada (upcoming effective dates)	
Development	**Career** • Revised pay equity transparency measures issued — Key date: 2021 reporting period (1 June 2022)

Mexico (new)	
Status	**Proposal**
Development	**Career — Health — Wealth** **Restrictions on the use of outsourced labor proposed** Plans to reform outsourcing laws, outlined by the president on 12 Nov 2020, would prohibit operating companies from using service provider entities or third-party providers of labor to perform core business functions. The reforms aim to curb the misuse of outsourcing by companies, reduce tax evasion, and improve employee's working conditions. The proposed measures are expected to be published soon, although the Mexican congress has not prioritized this issue for the first semester of 2021. Highlights include: • Employers would still be allowed to hire contractors who provide specialized services unrelated to the organization's core business. Such contractors would be subject to authorization by the Work and Social Welfare Secretary, and employers wanting to hire them would have to meet other notification criteria. • Companies' profit-sharing schemes would have to include employees previously employed by service entities or third-party providers. Currently, employers must share 10% of a company's taxable profit with employees, and outsourced employees do not participate in profit-sharing arrangements. • Other law changes would be required, such as the federal labor and social security laws, the law governing the Institute of the National Housing Fund for Workers, the federal fiscal code, the income tax law, and the value-added tax law. • The current practice of transferring employees from one company to another without requiring the employees' consent would no longer be allowed. The bill likely would make staff transfers subject to new criteria, including the transfer of company assets. Companies should consider starting to prepare for changes to outsourcing rules, such as analyzing their current staffing structures to determine which roles depend on outsourced staff, and jobs that could still require specialized outsourced workers.
Resources	sofia.cruz@mercer.com and melissa.mata@mercer.com GRIST, 3 Mar 2021

US (new)	
Status	**Generally took effect 15 Jan 2021, and applies to proxy votes and other exercises of shareholder rights after that date. However, the rule extends the compliance deadline to 31 31, 2022, for a few requirements**
Development	**Wealth** **Department of Labor proxy voting rule finalized** The recent Department of Labor (DOL) final rule on fiduciaries exercising proxy-voting rights and other shareholder actions takes a softer stance than the agency's initial proposal. The final rule backs away from the proposed requirement that fiduciaries analyze the economic impact of every potential shareholder action. Instead, the final rule substitutes a principles-based approach that requires a prudent process for deciding whether to take action. However, the rule's fate is uncertain, as the Biden administration is reviewing regulations that could hamper the president's climate-change agenda. The administration is currently reviewing the final rule requiring fiduciaries to select plan investments based on financial factors. That review might include the proxy-voting rule, which is an addition to the financial-factors rule. However, the path toward reversing the rules — that are already in effect — is neither short nor straightforward. DOL would have to go through a notice and comment period, which would take several months. DOL could suspend enforcement of the rules in the meantime, but has yet to indicate if it will do so. For now, fiduciaries will need to abide by the new rule (subject to the transition period for certain provisions noted above).
Resources	brian.kearney@mercer.com and margaret.berger@mercer.com GRIST, 22 Feb 2021

US (new)	
Status	⚠ **Currently effective**
Development	**Wealth** **Investment advice prohibited transaction exemption takes effect, but possible changes coming** The Department of Labor (DOL) has announced that its new prohibited transaction exemption (PTE 2020-02) for fiduciaries providing investment advice is effective as scheduled on 16 Feb 2021. The announcement quells uncertainty about whether President Biden's 20 January freeze on pending regulatory actions would delay the PTE from taking effect. DOL expects to soon issue related PTE guidance for retirement investors, employee benefit plans and investment advisors. The agency will continue stakeholder outreach to determine how DOL might improve the new PTE, the regulatory definition of investment advice fiduciary and related exemptions. In 2016, DOL amended the regulatory definition of investment advice fiduciary and issued a new PTE known as the "best interest contract" exemption, but a federal court vacated those actions in 2018. The agency's temporary enforcement policy announced in Field Assistance Bulletin 2018-02 will remain in effect until Dec. 20, 2021. Under that policy, DOL will not pursue prohibited transaction claims against investment advice fiduciaries who operate in good-faith compliance with the standards of the vacated 2016 regulation and PTE.
Resources	brian.kearney@mercer.com and margaret.berger@mercer.com GRIST, 17 Feb 2021

US (new)	
Status	⚠ **Extended through 2025**
Development	**Career — Health** **Congress extends tax credit for paid family and medical leave** The federal tax credit for employers providing paid family and medical leave has been extended through 2025, under the Consolidated Appropriations Act of 2021 (Pub. L. No. 116-260). First enacted as a two-year pilot program under the Tax Cuts and Jobs Act of 2017 (Pub. L. No. 115-97), the tax credit had been extended through 2020 by earlier appropriations legislation (Pub. L. No. 116-94). Now employers providing paid family and medical leave that meets certain requirements can take advantage of a general business tax credit for 2021 through 2025. The temporary credit ranges from 12.5% to 25% of wages paid to qualifying employees for up to 12 weeks of family and medical leave per taxable year. However, certain requirements and limitations put the credit out of reach for many employers with paid leave programs. Before adopting or changing a leave policy to take advantage of the tax credit or factoring the credit into the budget, employers should keep a few things in mind: • State and local paid leave mandates • Written policy, recordkeeping and notice • Duration of paid leave available • Expanding paid leave programs • Short-term disability benefits • Tax impact • Future changes to credit
Resources	katharine.marshall@mercer.com and cheryl.hughes@mercer.com GRIST, 12 Feb 2021

US (new)	
Status	⚠ **Effective date has been delayed at least until 7 May 2021**
Development	**Career — Health — Wealth** **FLSA rule revising employee vs. independent contractor test on hold** The final Department of Labor (DOL) rule aimed at simplifying and clarifying how to distinguish between employees and independent contractors under the Fair Labor Standards Act (FLSA) has been put on hold after President Biden issued on January 20th a memorandum implementing a general regulatory freeze. The DOL's Wage and Hour Division has now delayed the rule's effective date to 7 May 2021 — 60 days after the original effective date of 8 March. Given the President's concerns about the misclassification of employees as independent contractors, the future of this rule remains uncertain.
Resources	Independent contractor status under the FLSA: Delay of effective date (Federal Register, 4 Mar 2021) Regulatory freeze pending review (White House, 20 Jan 2021); GRIST, 11 Jan 2021

US (new)	
Status	⚠ **Currently effective**
Development	**Career** **Securities Exchange Commission to focus on climate-related disclosures** The Securities Exchange Commission (SEC) has directed its staff to review company disclosures against its 2010 climate change disclosure guidance. More investors are considering climate-related issues when making investment decisions, so the SEC wants to ensure they have access to material information on climate risks. Under the 2010 guidance, companies should disclose, if material: • Impact of existing and pending legislation, regulation, litigation, international accords and treaties dealing with climate change. • Actual and potential indirect consequences and opportunities of climate change on business and operations, such as a change in demand for particular products or an increase in competition. • Actual and potential physical impacts of climate change on a company's business, such as damage to property.
Resources	amy.knieriem@mercer.com Statement on the review of climate-related disclosure (SEC, 24 Feb 2021) Commission guidance regarding disclosure related to climate change (Federal Register, 8 Feb 2010)

US (new)	
Status	⚠ **Currently effective**
Development	**Career — Health** **Flexible spending account clarified, more flexibility for cafeteria plan elections provided** On 18 February, the Internal Revenue Service issued Notice 2021-15 to explain the temporary health flexible spending account (FSA) and dependent care FSA (i.e., a dependent care assistance program) relief in the Consolidated Appropriations Act (CAA) and to build upon temporary election change relief for other pre-tax benefits from last year's Notice 2020-29, among other changes. All of the relief is at the employer's discretion. Next steps should include working with the FSA vendor and developing plan amendments.
Resources	rich.glass@mercer.com, patricia.farrell@mercer.com, wade.symmons@mercer.com and cheryl.hughes@mercer.com IRS clarifies FSA relief in CAA, provides more flexibility for cafeteria plan elections (Mercer, 25 Feb 2021)

US (new)	
Status	**Currently effective**
Development	**Health** **New outbreak period guidance requires plan action** DOL Notice 2021-01 clarifies the extent of the outbreak period relief defined in last year's Joint Notice and Notice 2020-01. The outbreak period relief requires group health plans to disregard the period starting on 1 March 2020, and ending 60 days after the end of the COVID-19 National Emergency (the "outbreak period"), subject to a one-year limitation contained in both ERISA and the Internal Revenue Code (IRC), for certain timeframes and deadlines. The National Emergency declaration was due to terminate on its anniversary date — 1 March 2021 — but was continued by President Biden for another year (unless terminated earlier by congressional or presidential action). In light of the ongoing National Emergency and the limitations of ERISA and the IRC, Notice 2021-01 clarifies that the timeframes subject to the outbreak period relief will have their applicable periods disregarded until the earlier of: (1) one year from the date the relief was first available or (2) 60 days after the announced end of the COVID-19 National Emergency. In light of this recent guidance, employers should: • Check with group health plan administrators — including third party administrators, claims administrators, COBRA administrators, carriers, FSA vendors, and stop-loss vendors — to determine how this recent guidance will affect plan administration. • Evaluate if any previous communications about deadlines need to be corrected in light of the new guidance, and plan accordingly. • Evaluate if, when, and how to provide notices to plan participants, COBRA qualified beneficiaries, and other individuals identifying deadlines related to the end of each individual's relief period. • Confirm communications regarding employer coverage termination contain information related to other coverage options, including the Health Insurance Marketplace special enrollment period open through 15 May 2021, on healthcare.gov and most state-based Health Insurance Marketplace platforms.
Resources	rebecca.atkins@mercer.com, leena.bhakta@mercer.com and katharine.marshall@mercer.com New outbreak period guidance requires plan action (Mercer, 2 Mar 2021)

US (new)	
Status	Varied stages
Development	**Career** **Federal and state-level push for increases in minimum wage** On 22 Jan 2021, President Biden issued an executive order asking the director of the Office of Personnel Management to provide recommendations on promoting a $15/hour minimum wage for federal employees. On 22 Jan 2021, House and Senate Democrats introduced the Raise the Wage Act of 2021 to progressively increase the minimum wage to $15/hour by 2025, but the future of this legislation is now unclear. Several states have taken action to gradually increase the minimum wage to $15/hour for most employees. To help employers prepare and address related issues, this roundup provides links to federal and state resources from organizations, government websites, third-party resources and news articles.
Resources	Roundup: US employer resources on minimum wage increases (Mercer, 2 Mar 2021) Executive order on protecting the federal workforce (White House, 22 Jan 2021)

US — States, cities	
Status	Currently effective
Development	**Career — Health** **States, cities tackle COVID-19 paid leave** To alleviate some of the economic strain on employees unable to work due to COVID-19, some state and local authorities have implemented new paid leave requirements. Other jurisdictions modified existing leave laws or benefit programs to accommodate employees' needs during the pandemic. This GRIST provides brief summaries of the new state and local paid leave benefits, as well as guidance addressing how current paid leave benefits apply during the COVID-19 pandemic.
Resources	katharine.marshall@mercer.com and catherine.stamm@mercer.com GRIST, 17 Feb 2021

US — States	
Status	⚠ **Currently effective**
Development	**Career — Health** **Paid sick leave mandates continue to expand at state level** Colorado and New York are the latest states to enact laws requiring employers to provide accrued paid leave. Beginning in 2021, Colorado requires most employers to provide employees with one hour of paid sick leave for every 30 hours worked. New York required the same accrual rate beginning 30 Sep 2020, for paid sick leave to use in 2021. These mandates are just the latest among a growing number of states requiring employers to provide paid sick and other accrued leave for employees. This chart details provisions of these laws in each jurisdiction.
Resources	katharine.marshall@mercer.com and catherine.stamm@mercer.com GRIST, 8 Feb 2021

US — California (new)	
Status	**Proposal**
Development	**Health** **Single-payer health plan proposal omits funding details** A newly proposed single-payer healthcare bill (AB 1400) would create CalCare, a comprehensive, universal single-payer healthcare coverage and a healthcare cost control system. The proposed program would cover a wide range of medical benefits and other services, such as long-term care, and would incorporate healthcare benefits and standards of other existing federal and state provisions. CalCare would be available cost-free to all California residents with no premium and no cost sharing for treatment or services. A CalCare Board would govern the program, including healthcare provider participation agreements. The measure does not stipulate how the plan would impact health insurers. The proposal wouldn't preempt a local jurisdiction from adopting additional healthcare coverage for its residents. As currently written, the legislation doesn't establish any specific funding mechanism other than waivers under Medicare, any federally matched public health program, Section 1332 of the Affordable Care Act, and any other federal programs. Instead, it requires lawmakers to enact additional legislation to develop a revenue plan in consultation with appropriate officials and stakeholders. The program would only become operative once the CalCare Trust Fund has the revenues to fund the implementation costs. Several prior California efforts to enact a single-payer plan have failed to pass.
Resources	catherine.stamm@mercer.com AB 1400 (Legislature, 19 Feb 2021)

US — California (previously covered, soon to be effective)	
Status	**31 Mar 2021**
Development	**Career** **Employers required to file equal pay reports** Private sector employers with 100 or more employees will have to file a report covering pay data and hours worked for the categories of gender, race and ethnicity. The first reports — based on 2020 pay data — must be filed with the California Department of Fair Employment and Housing by 31 Mar 2021, and thereafter by the same date annually. The measures featured in Senate Bill No. 973 that became effective on 1 Jan 2021. The bill aims to reduce the pay gap for women and people of color. Highlights include: • Employers must provide pay data for 10 job categories by race, ethnicity and gender, covering all individuals in each job category during a single period between 1 October and 31 December of the applicable reporting year. The categories follow the former federal Component 2 of the Equal Employment Opportunity–1; in 2019, the Equal Employment Opportunity Commission halted the controversial collection of this extensive information about employee compensation and hours worked. • Employers must publish the annual total earnings and hours for all employees, and the report must be in a searchable format. • The amount of pay must be categorized into pay bands established by the US Bureau of Labor Statistics in the Occupation Employment Statistics Survey. • Employers must submit a report for each establishment maintained, and a consolidated report covering all employees. • The law does not clarify if non-California employees must be included in the report.
Resources	GRIST, 7 Oct 2020

US — Maryland (new)	
Status	**Proposal**
Development	**Career — Health** **Paid family and medical leave program proposed** Legislation (HB 375) establishing a family and medical leave insurance program has been proposed. If enacted, the law would apply to any employer with at least one employee working in the state. The measure calls for employers to begin collecting and remitting contributions by 1 Jan 2022. The amount could be up to 0.75% of an employee's wages and would be shared equally by employers and employees. Benefits would be calculated using a formula tied to the state's average weekly wage. Beginning 1 Jul 2023, a covered employee who has worked at least 680 hours over the 12–month period immediately preceding the start of leave would qualify to take up to 12 weeks of leave for the following reasons: the employee's own serious health; to care for a family member with a serious health condition; to bond with a new child; for a qualifying military exigency; or to care for a service member who is next of kin. An additional 12 weeks would be available if the first 12 weeks were exhausted due to the employee's own serious health condition and the employee needed additional leave for another covered reason. The program would be administered by the state's Division of Unemployment Insurance. Employers could apply for an exemption by offering a private plan that meets certain requirements. A similar Senate bill (SB 211) received a hearing on 1 Jan 2021.
Resources	catherine.stamm@mercer.com HB 375 (Legislature)

US — New Mexico (new)	
Status	**Proposal**
Development	**Career — Health** **Paid family and medical leave program proposed** Lawmakers are considering a Paid Family and Medical Leave Act (HB 38) that, beginning 1 Jul 2024, would give eligible employees up to 12 weeks of paid leave, including intermittent leave, to care for themselves or a family member with serious health condition — or to bond with a new child. The program would apply to all employees working in the state who have contributed to the fund for at least six months during the preceding twelve-month period, whether or not the employer is physically located in New Mexico, but exempts federal employees. Self-employed individuals would have a chance to opt in to the program. Beginning 1 Jul 2023, employers would pay 0.4% of eligible employee's earnings and employees would pay 0.5% to fund the program. Employers that sponsor their own paid family and medical leave plan could apply annually for an exemption from making required fund contributions. Partial wage replacement would be based on the employee's average weekly earnings during the twelve months immediately preceding the date of the claim for leave — up to a maximum of sixty thousand dollars $60,000 in gross earnings per year. The benefit would be 100% of covered wages up to the minimum wage, plus 67% of the employee's average weekly wage earnings exceeding that amount — up to an annually adjusted maximum set at the state's average weekly wage, currently $47,040. Job protections and anti-retaliation provisions would apply. The legislation contains a preemption clause for similar local laws, but would continue to allow local paid sick leave or paid time off ordinance.
Resources	catherine.stamm@mercer.com HB 38 (Legislature)

US — New York (new)	
Status	⚠ **Currently effective**
Development	**Health** **12-month infertility coverage wait for same-sex and transgender individuals** The governor announced revised infertility treatment insurance coverage guidelines for same-sex and transgender individuals. Insurance Circular Letter No. 3 (2021) directs health insurers in New York to provide immediate coverage of diagnostic and treatment services, including prescription drugs, for the diagnosis and treatment of infertility for covered individuals who are unable to conceive due to their sexual orientation or gender identity. The directive withdraws 2017 guidance (Circular Letter No. 7 (2017)) explaining the applicability of the New York infertility coverage law (3221(k)(6)). The new guidance eliminates a 12-months waiting period under the law for these individuals.
Resources	catherine.stamm@mercer.com Insurance Circular Letter No. 3 (2021) (Department of Financial Services, 23 Feb 2021); GRIST, 14 May 2017

US — New York (new)	
Status	⚠ **Currently effective**
Development	**Health** **Health insurers can't exclude covered surrogate's maternity care** New York health insurers cannot exclude coverage for a surrogate's maternity care simply because she is acting as a surrogate. Insurers must cover maternity and childbirth expenses for surrogates to the same extent as other covered individuals. Insurance Circular Letter No. 1 (2021) identifies health coverage issues under a new law enacted last year allowing paid surrogacy agreements in the state for the first time beginning 15 Feb 2021. The guidance confirms that the insurance law requirements for maternity care and preventive care and screenings related to pregnancy apply when an individual is acting as a surrogate and is covered under a health insurance policy or contract subject to the insurance law.
Resources	catherine.stamm@mercer.com Insurance Circular Letter No. 1 (2021) (Department of Financial Services, 3 Feb 2021)

US — Utah (new)	
Status	**Proposal**
Development	**Health** **Telehealth for mental health treatment mandated** Legislation (SB 41) that mandates telehealth treatment coverage for plans that otherwise provide a mental health benefit has been enacted. Specifically, a plan must pay for medically necessary treatment of a mental health condition through telehealth services if: (i) the plan covers treatment of the mental health condition through in-person services; and (ii) the insurer determines telehealth treatment of the condition meets the appropriate standard of care. The measure amends the state's 2020 telehealth law (31A-22-649.5). Under that law, a plan must cover all telemedicine services covered by Medicare, and reimbursement must be paid "at a commercially reasonable rate." In addition, a health plan cannot impose on a network telemedicine provider geographic, originating site, or distance-based restrictions. Utah participates in Psychology Interjurisdictional Compact (PSYPACT), the interstate compact between states that facilitates the practice of telepsychology and the temporary in-person, face-to-face practice of psychology across state boundaries. The new mental health provisions apply to insured health plans and take effect when signed by the governor or the date of a veto override.
Resources	catherine.stamm@mercer.com SB 41 (Legislature)

US — Virginia (new)	
Status	**Proposal**
Development	**Health** **Innovation waiver would include health plan premium assessment** Legislation (HB 2332) passed by the House could include large group health plan assessments that would likely be absorbed by plan sponsors. The measure calls for the state to seek an Affordable Care Act (ACA) Section 1332 innovation waiver for a reinsurance program intended to stabilize premiums for health benefit plans in the individual market. Under Section 1332, if a waiver program reduces how much the federal government pays in premium tax credits and other ACA subsidies, the state can get those savings directly as federal pass-through funding. State reinsurance programs provide additional dollars to insurers covering individuals with high claim costs or specific conditions, thus lowering the overall premiums that individuals in the risk pool must pay. Virginia would supplement federal dollars with health insurance assessments. Beginning 1 May 2023, the state would impose an annual assessment of 1% of a carrier's net written premiums for the preceding plan year on individual and large group health insurance coverage, including grandfathered plans. Exemptions apply to small group plans as well as Medicare, Medicaid, CHIP, TRICARE, and the federal employee plan. While it does not appear to apply to self-insured ERISA plans, plan sponsors that purchase health coverage in the state could see the fee passed through to them. The bill sets out requirements for calculating payments, requesting payments, data submissions, recordkeeping, reporting, and audits of health carriers.
Resources	catherine.stamm@mercer.com HB 2332 (Legislature)

US — Washington (new)	
Status	Proposal
Development	**Health** **Long-term care bill adds cutoff date for available opt outs** Lawmakers are considering legislation (HB 1323) that would impose a July deadline for employees with their own long-term care (LTC) insurance to opt out of the state program. Washington's state-run, Long-Term Services and Supports Trust Program (2019 Ch. 363, HB 1087) requires employers, beginning 1 Jan 2022, to collect 0.58% of wages from employees residing in the state through payroll deduction and remit these premium contributions to the program. The 2019 law allows employees with other LTC insurance to waive participation. However, the House approved the amended bill to limit an available exemption from the premium assessment only to employees who have purchased LTC before the effective date of the amended bill, expected to be 24 July 2021 if signed into law. Other amended provisions would extend the program to workers who were disabled prior to age 18, provide tribes a pathway to opt in to the program, and require self-employed individuals who want to participate to opt in before 1 Jan 2025 (or within three years of becoming self-employed) and continue to participate in the program until retirement or until no longer self-employed.
Resources	catherine.stamm@mercer.com HB 1323 and GRIST, 29 Oct 2020

US — Wisconsin (new)	
Status	Proposal
Development	**Health** **Governor seeks to cut drug costs, expand Medicaid and establish a public health option** Wisconsin Governor's proposed 2021-2023 executive budget targets prescription drug costs through a number of approaches: import generic drugs from Canada; cap copayments at $50 for a one-month insulin supply; require insurers to apply discounts received from drug companies for certain drugs towards an individual's deductible and out-of-pocket maximum; require drug companies, insurers, and pharmacy benefits managers (PBMs) to justify their price increases, disclose production and marketing costs, report on rebates received, and disclose price concessions received from other companies within the prescription drug supply chain. These efforts would largely be overseen by a newly established Office of Prescription Drug Affordability, which would also set spending targets for public sector entities and prescription drugs price ceilings. The governor also recommends requiring PBMs to be licensed to operate in the state. The proposal also calls for expanding Medicaid and creating a state-administered public option health plan for state residents. It is uncertain which, if any, of the Democratic governor's proposals will survive the republican majority's legislative process.
Resources	catherine.stamm@mercer.com 2021-23 executive budget (Governor's office, 16 Feb 2021)

US (upcoming effective dates)

Development

Career

- EEOC announces date for beginning employee data collection — Key date: April 2021
- Voters approve $15 minimum wage in Florida — Key date: 3 Sep 2021
- Board director from underrepresented communities required in California — Key date: 31 Dec 2021
- Gender diverse boards required in Washington state — Key date: 1 Jan 2022

Career — Health

- Paid family and medical leave approved by voters in Colorado — Key date: 1 Jan 2023

Health

- Healthcare cost transparency rules and medical loss ratio changes finalized — Key date: 1 Jan 2022
- Employee-funded long-term care to be established in Washington — Key date: 1 Jan 2022

Wealth

- Electronic delivery rule for retirement plan notices finalized — Key date: 27 Jul 2021

4

Asia Pacific

Australia (new)	
Status	**Proposal**
Development	**Wealth** **Superannuation pension reforms proposed** The government has published proposed reforms applicable to the superannuation pension provision in the “Your Future, Your Super” bill, following a consultation on the exposure draft that closed on 24 Dec 2020. The bill largely mirrors measures included in the exposure draft, with some changes highlighted below. Several important details are expected to be published “soon” in regulations for consultation. The bill is not expected to pass parliament until later in June 2021, and it is uncertain if the proposed effective date of 1 Jul 2021 will be practicable. Highlights include: • The current exemption that allows pension trustees not to disclose up to 5% of investment items related to commercially sensitive investments (if their disclosure could be detrimental to members’ interests), would be removed. Disclosure requirements are currently due to begin in the quarter ending in March 2022. • A stapled fund would automatically continue in a successor fund transfer. Australian public service employers would also have to comply with the new stapling rules. For instance, if a relevant employee does not choose a superannuation fund when they start employment in the Australian Public Service (or with certain other Commonwealth employers), their employer would not be able to make contributions on their behalf to the Public Sector Superannuation Accumulation Plan if the employee has a stapled fund. • The bill outlines notification and other requirements if a fund fails the investment performance test.
Resources	paul.shallue@mercer.com GRIST, 2 Mar 2021

Australia (upcoming effective dates)

Development **Wealth**

- Superannuation pension reform measures in budget — Key date: 1 Jul 2021
- Financial product design, distribution rules postponed — Key date: 5 Oct 2021
- Australia revises consumer dispute resolution for finance sector — Key date: 5 Oct 2021
- Australia increases consumer protection for financial products — Key date: 5 Oct 2021
- Reporting deadline extended for superannuation funds — Key date: 31 Dec 2021

Hong Kong (new)

Status **Currently effective**

Development **Career — Health**

FAQs published on increased statutory maternity leave

Eligible employees are now entitled to 14 weeks of statutory maternity leave under a law that took effect on 11 Dec 2020. Recently published FAQs provide more information for employers on employees' eligibility criteria and reimbursement of the additional four-week period of maternity leave, including the requirement to retain certain documentation. Maternity pay is calculated at four-fifths of the employee's daily average wage during the previous 12-month period, and reimbursement for the additional four weeks is capped at HKD 80,000 per employee. Later in 2021, the Labour Department aims to launch a one-stop portal that would allow employers to submit their reimbursement applications.

Resources Employment (Amendment) Ordinance 2020 ("Amendment Ordinance") Frequently Asked Questions and Answers (Labor Department) and GRIST, 15 Jul 2020

India (upcoming effective dates)

Development **Career — Health — Wealth**

- Labor and employment laws reformed — Key date: 1 Apr 2021

Japan (upcoming effective dates)	
Development	**Career** • Employers urged to employ workers until age 70 — Key date: 1 Apr 2021
Malaysia (new)	
Status	**Currently effective**
Development	**Wealth** **Eligibility criteria for EPF withdrawals removed** On 11 Feb 2021, the Malaysian government announced that members of the Employees Provident Fund (EPF) no longer have to meet certain eligibility criteria prior to requesting the withdrawal of retirement funds ("i-Sinar") from their EPF Account 1. On 2 Mar 2021, the EPF also announced a timetable for requesting i-Sinar withdrawal payments. The policy change aims to help individuals address the financial effects of the COVID-19 pandemic — previously, members had to show they had suffered a significant reduction of their income due to COVID-19 and ceased paying their EPF contributions. Highlights include: • New applications for EPF withdrawals open on 8 Mar 2021 for all members younger than 55 years, including non-Malaysian EPF members. • EPF members that have MYR 100,000 or less in Account 1 can request withdrawals up to MYR 10,000. Payments will be made over a period of six months with a first payment of up to MYR 5,000. • EPF members that have MYR 100,000 or more in Account 1 can withdraw up to 10% of their savings, up to a maximum of MYR 60,000. Payments will be made over six months with a first payment of up to MYR 10,000. • Earlier in the pandemic, the EPF launched the i-Lestari Account 2 Withdrawal Scheme to provide members with financial relief. A total of MYR 18.1 billion has been withdrawn by 5.16 million members under the i-Lestari facility. • The employees' EPF contribution rate for 2021 was reduced from 11% to 9%.
Resources	danisha.sritharen@mercer.com GRIST, 3 Mar 2021

New Zealand (new)	
Status	**Proposal**
Development	**Career — Health** **Parliament mulls increased sick leave bill** A bill to increase employees' minimum sick leave entitlement from 5 to 10 days per year recently was presented to parliament, and the measures would take effect two months after they are passed into law. All eligible employees would be entitled to the proposed increased sick leave — regardless of their working patterns. The amount of unused sick leave that employees can accumulate remains unchanged at 20 days.
Resources	Holidays (Increasing Sick Leave) Amendment Bill (Parliament)

Philippines (new)	
Status	**Currently effective**
Development	**Career** **Revised guidelines on hiring foreign nationals** Employers wanting to hire foreign nationals for posts in the Philippines have to follow new filing procedures and documenting requirements, and face longer time for processing permits, plus increased permit fees and penalties. The changes feature in revised guidelines for issuing Alien Employment Permits (AEP), published on 6 Jan 2021, and aim to boost the employment rate among Filipino nationals. Employers must now post vacancies in a national newspaper for 15 days or more before applying for an AEP, and provide the authorities with proof that no Filipino applicants were considered for the role. Employers also have a shorter period of time to file AEP applications, and the employer and foreign national each face a fine of PHP 10,000 for noncompliance
Resources	Revised rules and regulations for the issuance of employment permits to foreign nationals (Department of Labor and Employment, 6 Jan 2021)

Vietnam (new)	
Status	**Currently effective**
Development	**Career — Wealth** **Decree published on revised labor code** The government recently published a decree that provides guidance on the implementation of Vietnam's revised labor code. The revised labor code took effect on 1 Jan 2021, and the decree took effect on 1 Feb 2021. The revised labor code includes increased normal retirement ages for men and women, a reduction in the types of permitted employment contracts, changes to probationary periods, criteria for terminating employees, and employee representation rights. Highlights of the decree include: • Specifies the occupations requiring longer notice periods for terminating employees, including those in certain managerial positions. • Clarifies that severance is not payable to employees who are dismissed for being absent from work for five continuous days without notifying their employer, and the "good reasons" that would prevent their dismissal in such circumstances. The "good reasons" include natural disasters, certified sickness of the employee or their relatives, fire, and other situations set out in the employer's internal rules. • Requires employers with 10 or more employees to consult with employee representatives about work rules, and to register the rules with the local labor authority. Employers with smaller workforces do not have to publish work rules. • Specifies the issues that must be included in work rules, such as the prevention of workplace sexual harassment, and situations that would allow employers to temporarily transfer employees to another job.
Resources	GRIST, 17 Feb 2021

5

Europe, Middle East and Africa (EMEA)

Europe	
Status	**Consultation is open until 17 Mar 2021**
Development	**Career — Wealth** **European Banking Authority consults on remuneration guidelines** The European Banking Authority (EBA) has issued a consultation on new guidelines applicable to remuneration policies in Class 2 investment firms, as required by the European Union's investment firms directive. The EBA guidelines aim to foster a consistent and risk-aligned application of the remuneration framework set out in the directive. They will specify the remuneration provisions applicable to all employees (including sound, gender neutral pay policies), and policies applicable to specific employees whose professional roles have a material impact on the investment firms' risk profile or the assets it manages. The guidance will also address the possibility of member states allowing waivers of payouts in instruments and the deferral of variable remuneration. Comments are invited through 17 Mar 2021, and the final guidelines will be published by the end of June 2021.
Resources	Consultation on guidelines on remuneration policies for investment firms (EBA/CP/2020/26) (European Banking Authority, 17 Dec 2020)

EU (new)	
Status	**Consultation is open at least until April 2021**
Development	**Career** **Consultation on digital labor platforms** The European Commission has issued a "first-stage consultation" with European Union (EU) social partners on the working conditions of people who work through digital labor platforms — including gig economy workers. The consultation, which will last for six weeks until mid-April, follows the commission's 2020-21 work program announcement that it would publish measures aimed at improving the working conditions of platform workers. Highlights include: • The commission's FAQs identify the key challenges associated with the gig economy, including the definition of platform work; employment status; working conditions; access to adequate social protection; access to union representation and bargaining; cross-border dimension of platform work; issues concerning algorithmic management; and access to training and professional opportunities. • The commission has asked the social partners if they agree with the issues highlighted and if they think EU-level action is required; and if so, what rights and obligations should be included in any EU measure. • As part of the consultation, the social partners must confirm if they are willing to dialogue on any of the issues identified in the commission's consultation, with a view to reaching an agreement. If they do not agree to dialogue, the commission says it will publish legislative proposals "by the end of the year."
Resources	GRIST, 25 Feb 2021

EU (new)	
Status	**10 Mar 2021**
Development	**Wealth** **Sustainable finance disclosure regulation applies on 10 March** Asset managers, institutional investors, insurance distributors, and investment advisors will have to disclose to their clients how they integrate sustainability factors into their investment and advisory practices under the sustainable finance disclosure regulation that applies on 10 Mar 2021. Adopted in the spring of 2019, the regulation takes a "harmonized EU approach" to integrating sustainability risks and opportunities into the financial sector's decision-making procedures.
Resources	Regulation EU 2019/2088 (Eur-lex, 12 Sep 2019) and Information on the regulation (European Commission)

EU (new)	
Status	**Priorities for 2021**
Development	**Wealth** **Pensions authority highlights priorities for 2021** EIOPA — the European Insurance and Occupational Pensions Authority for the European Union — recently highlighted its priorities for 2021, including sustainability; digitalization (to include big data, digital ethics in insurance, and preparatory work for implementing the digital operational resilience act); development of sound cyber insurance market; conduct of business regulation and supervision; high quality prudential supervision based on supervisory convergence; and steps to strengthen the financial stability of insurance and occupational pensions market (to include increased risk monitoring, and an improved methodological framework for bottom-up stress tests that include ESG factors, cyber and liquidity risk).
Resources	EIOPA defines its supervisory convergence priorities for 2021 (EIOPA, 17 Feb 2021)

EU (upcoming effective date)

Development

Career

- Directive expands whistleblower protections — Key date: End of 2021
- Revised rules will impact participating companies, employees — Key date: 1 Jan 2022
- Law strengthens rights of 'nonstandard workers' — Key date: Summer 2022

Career — Health

- Work-life balance measures, including leave, finalized — Key date: Summer 2022

Wealth

- ESG agenda, capital markets union progress — Key date: 10 Mar 2022

Austria (new)

Status **Delayed until 1 Jul 2021**

Development

Career

Notice period harmonization for blue- and white-collar workers

Due to COVID-19, measures to harmonize the notice periods for blue- and white-collar workers has been delayed until 1 Jul 2021, from 1 Jan 2021. The statutory minimum notice period will be between six weeks and five months, depending on the employee's length of service, for terminations notified after 30 Jun 2021.

Resources Law (German) (Government, 7 Jan 2021)

Belgium (new)	
Status	⚠ **Currently effective**
Development	**Career — Health** **Birth leave increases for fathers and same-sex partners** Fathers and same-sex partners of newborn children can now take up to 15 days birth leave from work — up from 10 days — under changes that took effect on 1 Jan 2021, and a further increase to 20 days is scheduled for 1 Jan 2023. Employers will pay for the first three days of the employee's leave, and the remaining leave will be paid for by the benefits allowance. The provisions for taking leave remain the same — days off can be taken consecutively or split to up to 30 half days, but must be taken within four months of the baby's birth.
Resources	GRIST, 16 Feb 2020

Belgium (new)	
Status	⚠ **1 Jan 2025**
Development	**Wealth** **Blue- and white-collar pension harmonization approaches** Belgian employers should take action on the harmonization of their blue-and white-collar supplementary pension plans — because from 1 Jan 2025, they will no longer be able to provide different plans based on these distinctions. After that date, if no action is taken, employers risk blue-collar workers claiming membership in white-collar staff pension plans. The measures feature in a law published on 5 May 2014, which mandated the progressive harmonization of supplementary pension schemes. From 2025, employers can still operate different pension plans based on permitted criteria, including different pension contributions based on salary levels or job grades. However, depending on the workforce profile, some employers could face increased pension costs. If they haven't done so already, employers should begin to consider the ramifications involved in modernizing their supplementary pension provisions to meet the requirements of the law — as it may take two to three years to develop and implement the harmonization strategy. Companies subject to industry sector collective bargaining agreements that have not yet been renegotiated should be aware that pension plan costs could increase as the 2025 deadline approaches.
Resources	thiery.billiet@mercer.com and thierry.laloux@mercer.com GRIST, 1 Mar 2021

Denmark (upcoming effective date)	
Development	**Wealth** • Parliament finalizes new early retirement option — Key date: 1 Jan 2022

France (new)	
Status	⚠ **Currently effective**
Development	**Wealth** **Guidance issued on new supplementary defined benefit pensions** A government circular (L137-11-2) provides further details about the contractual terms applicable to the new supplementary defined benefit (DB) pension schemes, effective 23 Dec 2020. The circular follows publication of a 3 Jul 2019 ordinance that reformed the former "Article 39" DB pension plans. The reforms required that existing "Article 39" plans (those which closed after 20 May 2014 or which remained open) close to new entrants from 4 Jul 2019 and to freeze future accruals from 1 Jan 2020. Highlights include: • Employers have more time to validate 2020 pension rights subject to insurance contracts and scheme rules signed by 31 Dec 2021. An exception is provided for contracts that do not include performance criteria. • A method for calculating the pension rights of expatriate employees is included. • The rules for factoring in bonus payments are clarified — they will be included in the year of their payment, not in the year they were awarded. • Further details concerning minimum pension rights and the annual and cumulative caps are included. • New DB schemes must be insurance-based — either by ensuring that acquired pension rights are based on deferred life annuities (this means that under certain conditions, employers are no longer subject to accounting requirements) — or by guaranteeing minimum pension rights of 80% or more for contracts that do not include a deferred life annuity (this means that employers will be subject to accounting requirements). • Members of DB schemes that include acquired rights will have more freedom to designate their beneficiaries.
Resources	toni.fares@mercer.com GRIST, 2 Mar 2021

France (upcoming effective date)	
Development	**Career — Health** • Paternity leave to increase — Key date: 1 Jul 2021

Hungary (new)	
Status	**Currently effective**
Development	**Career** **Minimum wage rate increased** Effective 1 Feb 2021, Hungary's gross monthly minimum wage increased to HUF 167,400 (up from HUF 161,000), and the gross guaranteed minimum wage increased to HUF 219,000 (up from HUF 210,600). The gross guaranteed minimum wage is payable to employees in roles requiring at least secondary school qualification or secondary vocational qualification. A further increase is envisaged for both types of minimum wages to HUF 169,000 and HUF 221,100 respectively, subject to a reduction of the employer social contribution tax to 13.5% (down from 15.5%) for the 2021 tax year.
Resources	Press release (Hungarian) (Government, 25 Jan 2021)

Ireland (new)	
Status	**Currently effective**
Development	**Health** **Waiting period for standard Illness Benefit Payment reduced** The number of waiting days before an individual can claim the standard Illness Benefit Payment in Ireland was reduced from six to three days, effective 1 Mar 2021. The reduced waiting period reinstates the threshold that applied prior to 2014, and means that the Illness Benefit Payment is now paid from the fourth day to eligible employees insured under the Pay Related Social Insurance. The measure, announced by the government in the Budget 2021, aims to reduce the financial burden for employees who become ill. However, no minimum waiting period is imposed for the special COVID-19 Enhanced Illness Benefit Payment, subject to provision of a medical certificate from a doctor from the first day that a person is diagnosed or required to self-isolate.
Resources	GRIST, 4 Mar 2021

Ireland (new)	
Status	**Currently effective**
Development	**Career** **New code on preventing workplace bullying issued** A new code of practice on preventing and resolving bullying at work took effect on 23 Dec 2020, and replaces two earlier codes. Under the new code, employers are urged to update their antibullying policies in consultation with employees; train individuals to manage employees' complaints about bullying and consider appointing a first point of contact for employees; and establish a positive organizational culture. The code expands the informal complaints procedure and encourages the use of mediation. Employees can submit complaints of bullying to the Health and Safety Authority, which can issue enforcement actions to employers who have not acted reasonably. Employers do not have to follow the code of practice, but failure to do so could be taken into account by the Workplace Relations Commission, and the labor and criminal courts in claims about bullying, or breaches of health and safety laws concerning bullying.
Resources	Industrial Relations Act 1990 (Code of practice for employers and employees on the prevention and resolution of bullying at work) order 2020 (Statute Book, 23 Jan 2021)
Ireland (upcoming effective date)	
Development	**Wealth** • Ireland updates auto-enrolment pension system implementation — Key date: Expected by 2022
Israel (upcoming effective date)	
Development	**Career** • Gender pay gap reporting expanded — Key date: 1 Jun 2022

Luxembourg (new)	
Status	⚠ **Currently effective**
Development	**Career** **New legal regime for teleworking set out** A new legal regime for teleworking has been outlined in a regulation that took effect on 2 Feb 2021, and which implements the updated social partners' convention on teleworking finalized in October 2020. The prior framework was based on a 2006 convention that was not in line with current teleworking arrangements introduced to address the COVID-19 pandemic. The new regulation defines "occasional" and "regular" telework and excludes certain roles (such as sales representatives) and employees who work in coworking spaces, or who provide services at a customer's worksite. Highlights include: • "Occasional telework" is defined as less than 10% of a teleworker's normal annual working time, and all other teleworking arrangements are classified as "regular teleworking." • The employer and employee must both agree to teleworking, and the arrangements for regular teleworkers must be set out in writing, though occasional telework only requires a written confirmation (such as an email). • An agreement on regular telework can be decided on with an individual employee, by a company agreement, or in a collective bargaining agreement. Certain employers have to consult with staff representatives, and might have to seek agreement to a telework policy. The agreement must include the location of telework (it no longer has to be the employee's home); the employee's work schedule; any compensation procedure for benefits employees would have received if they were at the employer's worksite; any fixed monthly payment by the employer to cover internet costs and other communication; the procedure for agreeing to overtime; and the process for returning to the employer's worksite. • Employers must pay for and provide the necessary equipment to teleworkers. • All employees have the same right to disconnect from work, and teleworkers have the right to the same treatment as employees who work at the employer's workplace. • Teleworkers can request the company's occupational health services to inspect their chosen place of work, but the employer does not have a right to carry out an on-site inspection.
Resources	GRIST, 22 Feb 2021

Oman (new)

Development **Health**

- Oman issues implementation rules for new health insurance scheme — Key date: Effective date is not known

Slovakia (new)

Status ⚠ **Currently effective**

Development **Career**

Changes to labor code including remote working measures

The revised labor code includes measures that allow remote working and give remote workers the right to disconnect, expand the grounds for employee termination, increase employee meal voucher flexibility, ease intragroup transfers, and amend trade union representation rules. Most of the changes took effect on 1 Mar 2020. Highlights include:

- Changes clarified remote working conditions. Employers and employees can agree to remote working arrangements, and must incorporate such arrangements into the employment contract. Employees can choose to work from any location, and have the right to disconnect outside of working hours. Employers must reimburse certain expenses incurred by remote workers and ensure they can access training opportunities. Employers can now require remote workers to work certain hours, but employees are allowed to set their own working hours in exchange for relinquishing some benefits.
- Employers will be allowed to dismiss employees aged 65 years or older (this is the pensionable age), subject to paying severance. This measure aims to increase job opportunities for younger workers and to reduce unemployment. The measure will take effect on 1 Jan 2022.
- Employees can now choose between receiving meal vouchers or a financial contribution for meals, if their employer does not provide catering facilities. Transitional arrangements apply to employers that currently operate a meal voucher scheme, but employees must be allowed to choose by 1 Jan 2022.
- Employers have more flexibility to assign employees to other roles in their group's organization, and no longer need an operational reason to make the transfer.
- To be recognized by the employer, unions must include members from among the employer's workforce. Transitional arrangements require current sectoral collective agreements to remain in force until their expiration date.

Resources GRIST, 5 Mar 2021

South Africa (new)	
Status	**Currently effective**
Development	**Wealth** **Annuitization of provident funds takes effect** From 1 Mar 2021, most members of provident retirement funds in South Africa are restricted to taking up to one-third of the value of their retirement fund as a lump sum upon their retirement, and must take the balance as an annuity. Previously, members could take their full benefit as a lump sum. Certain exceptions to the annuity requirement are permitted for fund members with lower balances and individuals approaching retirement age. The measures feature in Taxation Laws Amendment Act 25 of 2015 and should have taken effect on 1 Mar 2015, but were delayed due to continued discussions with labor unions. The rules on accessing cash upon retirement are now similar for members with different retirement vehicles. Highlights include: • Contributions of provident fund members aged 55 years or less and investment returns provided for under the fund rules are subject to the new lump sum limit and annuity rules, effective 1 Mar 2021. However, balances and investment returns that accrued up until 1 Mar 2021 can still be taken as a cash lump sum upon retirement. • Grandfathering provisions allow provident fund and provident preservation fund members aged 55 years and older to take their full retirement benefits and fund returns as a lump sum. This includes any contributions made to the provident fund after 1 Mar 2021, provided the individual remains a member of the provident fund. Members with retirement benefits not exceeding ZAR 247,500 are also allowed to take their retirement benefits as a lump sum. • If a transfer from a provident fund to a pension fund occurs after 1 Mar 2021, the grandfathering rules remain and are applicable up to the date of transfer for members aged 55 years and older. However, all new contributions after the transfer and up to the date of retirement are subject to the new annuity rules. The new rules will require provident funds to maintain accurate records of their members' contributions prior to, and following, 1 Mar 2021, as well as contributions and investment returns accruing after that date.
Resources	GRIST, 5 Mar 2021

South Africa (new)	
Status	**Currently effective**
Development	**Career** **National minimum wage and earnings threshold increased** Effective 1 Mar 2021, South Africa's national minimum wage increased to ZAR 21.69 per hour (up from ZAR 20.76), excluding allowances. South Africa first implemented a national minimum wage (ZAR 20 per hour) in 2019. The "earnings threshold" also increased to ZAR 211,596.30 per year (up from ZAR 205,433.30) — this is the first increase since 2014. Employees whose earnings exceed the threshold are excluded from certain provisions under the Basic Conditions of Employment Act, 1997 — for example, overtime pay, breaks and rest periods, and allowances for night work. Employees who earn more than ZAR 205, 433.30 — but less than the new earnings threshold — are entitled to additional protections.
Resources	New South African national minimum wage and earnings threshold (Commission for Conciliation, Mediation and Arbitration, 8 Feb 2021)

Spain (new)	
Status	**Currently effective**
Development	**Wealth** **Changes to tax-deductible pension contributions** The General State Budget for 2021 includes several employment-related tax measures, including reductions in the maximum employee contributions to tax-approved pension arrangements from 2021. These changes mean that company-sponsored pension plans offer significant advantages compared with individual arrangements. Highlights include: • The annual maximum individual/employee contribution for qualified pension plans is reduced to €2,000 per year — down from €8,000. This change applies to individual or company plans, such as ”planes de pensiones,” “mutualidades de previsión social,” ”planes de previsión social empresarial” and “planes de previsión asegurados.” Employers can contribute an additional €8,000 per year, offering a total possible annual contribution of €10,000 per year, to company-sponsored plans. The total contribution amount must not exceed 30% of the total net income derived from employment and any other economic activity during the year. • The maximum joint deduction for individual and company contributions to company plans and systems is €10,000. • Via salary sacrifice, employees can make contributions to qualified and non-qualified pension plans to contribute in excess of the €2,000 limit. • Non-qualified pension plans can also offer the opportunity for employees to salary sacrifice up to €100,000 per year of gross pay to the plan without incurring a benefit-in-kind tax charge. The employer’s tax deduction in respect of the contributions is deferred until the benefits are paid, or when the employee leaves service and benefits are transferred.
Resources	juanluis.alonso@mercer.com and bruno.olivella@mercer.com GRIST, 1 Mar 2021

Spain (new)	
Status	⚠ **Currently effective**
Development	**Career — Health** **Remote working measures enacted** Royal Decree-Law 28/2020 recently took effect based on an agreement reached between unions, employers and the government. The law sets out the employment conditions for those who work remotely at least 30% of the time (calculated over a three-month reference period), but does not cover arrangements to address COVID-19 effects. Highlights include: • Remote working is voluntary for both employers and employees, and either party can reverse their decision. The law includes dispute resolution procedures if the employer rejects an employee's request to work remotely, or tries to make changes to the remote working agreement. • Remote working arrangement terms must be included in new hires' employment contracts, or a written agreement must be attached to the contracts of existing employees. Apprentices can work remotely for up to 50% of their work schedule. • The minimum contents of remote working arrangements are set out in the law and include necessary resources and equipment, arrangements for reimbursing certain expenses, working hours, and the employee's chosen place of work. The employer must pay for equipment maintenance and provide technical support to remote workers, and cannot require them to use their own devices. Employees must comply with the employer's rules on the appropriate use of equipment. • Collective agreements can specify the roles and functions to which remote working could apply, any additional requirements, the mechanisms and criteria that must be followed when changing to remote working status, and the reversal of such decisions. • Employers must carry out a risk assessment of the remote worker's place of work, subject to meeting certain conditions. • Employees can establish their own flexible working schedule subject to fulfilling the terms of the remote working agreement or the applicable collective bargaining agreement, and must be able to record their working time accurately. Employers can monitor remote workers with the aim of verifying their compliance with labor laws. • Remote workers must have the right to disconnect, and employers must publish an internal policy relating to this. • Employers must provide the employee's legal representative with a copy of the remote working agreement within 10 days of signature, or submit a copy to the employment office if there is no legal representative. Breaches of these rules could be subject to financial penalties.
Resources	GRIST, 16 Feb 2021

Spain (previously covered, newly effective)	
Status	Currently effective
Development	**Career** **Large employers must negotiate an equality plan** Decree 901/2020, effective 14 Jan 2021, addresses the principle of equal pay between men and women. Companies with 100 or more employees were required to negotiate an equality plan by 7 Mar 2021. Highlights include: • Establishments that are part of the same group can negotiate a single equality plan. Companies with smaller workforces can introduce a voluntary equality plan, in compliance with the decree. • Equality plans must be negotiated by companies with their employee representatives or labor unions; and outside experts can advise employee representatives. Negotiations must start within three months after a company's workforce reaches 100 employees during the transitional period, or 50 employees thereafter. The method for calculating the workforce size is set out in the decree. • Negotiating parties must analyze the companies' entire operation, including hiring and selection procedures, professional classification systems, training, promotion, working conditions, work-life balance, the underrepresentation of women, remuneration, steps to prevent sexual or gender-based harassment, and the establishment of grievance and whistleblowing procedures. • The plan must outline corrective measures and a timetable, plus arrangements for follow up and evaluation. • Equality plans must be approved by companies and a negotiating committee comprising members of the works council. The plans must also be submitted for registration with the Register of Collective Bargaining Agreements and Collective Labor Agreements within one year from the start of negotiations. • The maximum duration of an equality plan is four years, but it could be renewed sooner in certain circumstances by agreement with the monitoring committee — for example, following a merger or acquisition, or other events that significantly impact employees. • Companies that have to negotiate an equality plan must also conduct an equal pay audit, which evaluates jobs based on the principle of equal pay for work of equal value, with compensation and promotion broken down by gender. Companies must create a timetable for implementing corrective measures and arrangements for follow up and evaluation.
Resources	gloria.villar@mercer.com GRIST, 3 Nov 2020

Spain (upcoming effective date)	
Development	**Career** • Gender equality, pay transparency laws enacted — Key date: 14 Apr 2021

Switzerland (new)	
Status	**Currently effective**
Development	**Career — Health** **Paid leave for caregivers expanded** As of 1 Jan 2021, employees in Switzerland can take paid leave if they care for family members or life partners who have a health impairment — under changes to the Swiss Code of Obligations. Highlights include: • Family members defined in the code include family members in ascending and descending order as well as spouses, parents-in-law and life partners who have lived in the same household as the employee for five years or more. Health impairments include illness, accidents and disability, and the ill or injured person must require care. • Employers must pay the employee's wages for up to three days of leave per event, capped at 10 days per year, but no cap applies to the care of a sick child. Paid care leave can be granted only once for a particular impairment, regardless of other occurrences that require care (for example, during a long-term illness). • Employees must be able to prove the need for care, but the law does not require the provision of a medical certificate. Also, from 1 Jul 2021, parents will be entitled to 14 weeks of leave calculated over an 18-month period to care for a seriously ill or injured child. The leave is paid as a daily allowance and payment is capped at CHF196 per day.
Resources	tamara.nydegger@mercer.com GRIST, 4 Mar 2021

Turkey (upcoming effective date)	
Development	**Career — Health** • Date to re-enroll in auto-enrollment pension postponed — Key date: 2022

UK (new)	
Status	⚠ **Currently effective**
Development	**Career — Health — Wealth** **Ruling finds Uber drivers are "workers"** The Supreme Court ruled on 19 Feb 2021 that Uber drivers are "workers" — and are not self-employed as Uber had claimed. As such, the estimated 60,000 Uber workers in the UK are entitled to receive core entitlements, such as paid holiday and the national minimum wage. The factors used to determine worker or self-employment status are generally independent of the label given to the relationship. Uber Technologies Inc. has been defeated at every stage of its appeal against the 2016 decision by the Employment Tribunal. In this case, the Supreme Court considered the five findings made by the employment tribunal and found that, taken together, the drivers' jobs were tightly defined and controlled by Uber, and the drivers were rightly found to be workers. Although this decision was based on the facts of this case, it is potentially significant for the gig economy in the UK. Separately, the European Commission has launched a first stage consultation with European Union-level social partners on improving working conditions for digital platform workers, many of whom are work on a "gig" basis.
Resources	GRIST, 26 Feb 2021

UK (new)	
Status	⚠ **Currently effective**
Development	**Career** **Guidance issued on long-term incentive target setting** The UK Investment Association (IA) has clarified its November 2020 Guidance on COVID-19 and executive remuneration with the release of a February 2021 Addendum. Specifically, the IA has confirmed that it is acceptable for companies to delay finalizing long-term incentive performance conditions for up to six months from grant until the continued impact of COVID-19 on the business is clearer. Alternatively, the grant itself can be delayed, in which case the IA expects the plan to run for a full three year vesting/performance cycle. Alternatively, if the vesting/performance period is shortened by up to six months (i.e. so awards vest at the usual time) then awards should be prorated down. Companies may plan on making long-term incentive awards at the usual time in 2021, but can delay finalizing their performance conditions on the basis described above. Based on the IA's guidance and input from other shareholders and proxy advisers, the key conditions to ensure acceptance of this approach are as follows: • The finalization of conditions should only be delayed where there is a strong business case for doing so — i.e. because there will be greater clarity for setting targets later in the year. The Directors' Report on Remuneration should explain the reasons for the delay. • Any targets that can be fixed at the time of the award and disclosed in the annual report should be. • Performance conditions finalized later in the year should be disclosed via an Regulatory News Service announcement to the market. • Where the share price has fallen substantially, remuneration committees should consider reducing grants as a percentage of salary. While this guidance is UK main market-focused, Mercer believes it aligns with investor and proxy adviser preferences for companies in other European markets and for larger Alternative Investment Market companies.
Resources	peter.boreham@mercer.com and amanda.flint@mercer.com Shareholder expectations during the COVID-19 pandemic (The Investment Association, 24 Feb 2021)

UK (new)	
Status	**Consultation on increased normal minimum pension age is open until 22 Apr 2021 and consultation on climate change governance is open until 10 Mar 2021**
Development	**Wealth** **Consultations on pension-related developments** The government has opened two consultations on pension-related issues — regarding the implementation details of the increased normal minimum pension age, and proposed statutory guidance and regulations on the climate change governance for occupational pension schemes. Highlights include: • The government reconfirmed that the normal minimum pension age will increase from 55 to 57 years on 6 Apr 2028. The consultation addresses the implementation details of the increase, including the rules for protecting individuals with an existing (unconditional) right to retire before age 57. Comments are invited through 22 Apr 2021. • Draft statutory guidance and regulations required to address the climate change governance of occupational pension schemes are address, and comments were invited through 10 Mar 2021. The guidance aims to implement recommendations issued by the Taskforce on Climate-related Financial Disclosures, and would require trustees to produce and publish a report on their compliance. The proposed rules would be phased in, effective 1 Oct 2021, for larger schemes with £5 billion or more in assets, and 1 Oct 2022 for schemes with assets of £1 billion or more. Master trusts (regardless of their size) would be subject to the rules from 1 Oct 2021. The applicability to smaller schemes would be considered during the second half of 2023, and proposals are slated for publication in early 2024.
Resources	anne.bennett@mercer.com and katie.bromley@mercer.com GRIST, 25 Feb 2021

UK (new)	
Status	⚠ **Effective dates will vary**
Development	**Wealth** **Pension Schemes Bill 2019-2021 receives Royal Assent** The Pension Schemes Bill 2019-2021 received Royal Assent on 11 Feb 2021. The Pension Schemes Act 2021 introduces provisions covering new and enhanced powers for the Pensions Regulator, new requirements for defined benefit funding, Collective Money Purchase schemes, Pensions Dashboards, climate change disclosures and anti-scam measures on transfer values. Regulations, and in some cases, codes or guidance, will be required to bring most of the provisions into effect.
Resources	katie.bromley@mercer.com Pension Schemes Act 2021 (Government)

UK (new)	
Status	⚠ **Currently effective**
Development	**Career** **Tax authority outlines off-payroll compliance** The tax authority (HMRC) government has published a briefing paper on compliance by medium and large private sector employers with the off-payroll working rules (IR35) that will take effect on 6 Apr 2021. The paper aims to help companies comply with the IR35 rules, and outlines HMRC's role in monitoring compliance by employers, and taking action against organizations that willfully do not follow the rules.
Resources	HMRC issue briefing: Supporting organisations to comply with changes to the off-payroll rules (IR35) (HMRC, 15 Feb 2021) GRIST, 15 Jan 2020

UK (new)	
Status	**Currently effective**
Development	**Career — Health — Wealth** **European Commission approves UK personal data laws** Two adequacy decisions published by the European Commission recommend that the UK's personal data laws offer equivalent protection to the EU data protection framework, and that personal data transfers from the EU to the UK should be permitted. The adequacy decisions address the general data protection regulation and law enforcement directive. If approved by the EU authorities, the adequacy decisions will be valid for four years and are renewable. The UK/EU Trade and Cooperation Agreement included arrangements for an interim data protection regime to apply until 30 Jun 2021, pending agreement of the adequacy decisions
Resources	Data protection: European Commission launches process on personal data flows to UK (European Commission, 19 Feb 2021)

UK (upcoming effective date)	
Development	**Career** • National living wage, national minimum wage rates increased — Key date: April 2021 • Government postpones off-payroll working start date — Key date: 6 Apr 2021

Mercer (US) Inc.
Washington Square
1050 Connecticut Avenue, Suite 700
Washington, DC 20036
www.mercer.com