Family Leave Discussion Framework

JUNE 2025

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Overview

With increasingly broad workforces, firms need to assess whether their Family Leave policies meet their business objectives, how these policies interact with incentives and reward principles and performance management processes, and align with their changing workforce. This Family Leave Discussion Framework is intended as a resource for firms to use in developing and reviewing Family Leave policies, whilst also considering potential implications of this on reward.

Determining the most appropriate approach for Family Leave policies, especially regarding reward, can be complex given the legal and regulatory requirements across jurisdictions. Policies should:

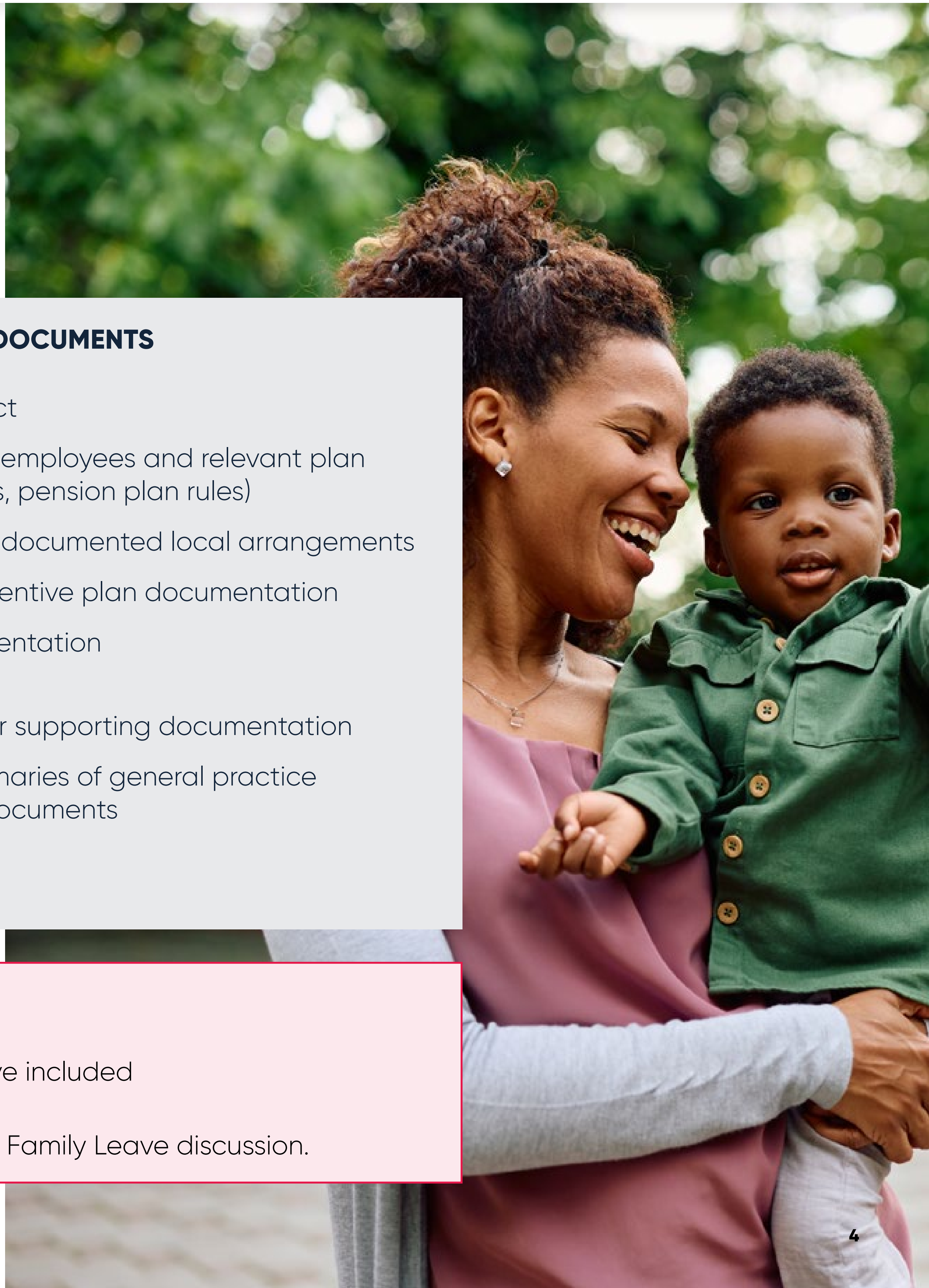
- Support the individual whilst balancing the needs of the business;
- Align with the firm's overarching philosophy and culture; and
- Support long term retention of talent.

We recognise the importance of considering the nuances of Family Leave within the broader business context and have therefore designed this framework, primarily for HR and Reward professionals with a comprehensive understanding of their firm's overall philosophy and Family Leave policies, to support long term retention of talent.

The framework has been divided into four sections, each of which can be used as a standalone aid for discussions depending on the aspects of Family Leave most relevant to the firm. Each section includes questions to generate thoughts and discussions on some of the key aspects of Family Leave within your firm.

FOUNDATIONS → PERFORMANCE & PROGRESSION → INCENTIVES & REWARD → REFLECTION & REVIEW

Introduction



To maximise the use of this framework, we recommend familiarising yourself with the key topics and supporting documentation, which may include those set out below.

KEY INPUTS

- The firm's core values and principles
- Existing Family Leave approaches and offerings or desired policy
- Documentation detailing the Family Leave policies (see supporting documents)
- The current operation of the existing reward arrangements (including salary, bonus, any long-term incentives, carried interest, co-investment etc)
- The legal and regulatory requirements in respect of family leave in the relevant jurisdictions where staff are located
- Feedback from staff on the existing Family Leave policies
- Requests or desires expressed by staff for future policies
- Leadership views on reward, budget and Family Leave principles

SUPPORTING DOCUMENTS

- Example of an employment contract
- Summary of the benefits offered to employees and relevant plan documents (e.g. incentive plan rules, pension plan rules)
- Formal family leave policy and / or documented local arrangements
- Bonus and / or other long-term incentive plan documentation
- Carried Interest legal entity documentation e.g. Limited Partnership Agreement
- Carried Interest terms letter or other supporting documentation
- Any other legal documents or summaries of general practice relevant to reward e.g. allocation documents

APPENDICES

We understand some of the terminology referenced may be unfamiliar and therefore, we have included a glossary of terms for clarification in Appendix 1.

Appendix 2 summarises the key aspects of the supporting documents which are likely to be relevant to the Family Leave discussion.

Foundations: Family Leave considerations

Foundations: General Family leave considerations

This section of the framework has been developed to support you in creating and evaluating your general Family Leave policies, considering the firm's overall philosophy, culture and strategies influencing Family Leave policies. The answers to these foundational questions should help guide the discussions in the subsequent sections of this framework.

1. What are your firm's key principles that guide your people and reward strategies?
2. Can you describe the firm's overall philosophy in respect of staff incentives, reward and recognition?
3. What key behaviours do you intend the reward and incentive package to drive? What are you looking to incentivise through the package?
4. How does the firm define success when it comes to its incentive and reward programme?
5. How do Family Leave and reward packages differ across the different divisions, roles, or employment status (e.g. employee vs LLP members, if relevant)? What is the driver for any differences?
6. Where you have staff in different jurisdictions, do you adopt a global or a local approach to your reward and family leave policies? What are the drivers for adopting this approach?
7. Who in the firm can influence changes to your reward and Family Leave policies? How can you engage them in this discussion?
8. Have you made any deviations from your Family Leave policies (for example to capture scenarios not envisaged in the existing documentation)? If so, what was the driver for these deviations and have any of these deviations lead to permanent policy changes? If deviations have not led to permanent policy change, why is this?
9. How accessible and well publicised are your Family Leave policies for existing workforce and prospective employees/staff? If they are not readily accessible or publicised, would there be a benefit in doing so?

Performance and progression

Performance and progression

Our Family Leave (2024) and ACCELERATE (2023) reports highlight that individual experiences of Family Leave encompass broader considerations than time out of the business, from support and flexibility to performance and on-the-job factors. In ACCELERATE, women highlighted the need for structured on- and off-boarding processes. Family Leave is of course not limited to women, and better experiences for all parents are likely to positively affect outcomes, from team and individual performance, to take up by women and men.

Accordingly, this section examines these on- and off-ramps and the potential impact Family Leave may have on an individual's career performance and progression, considering the balance between the individual's needs and the firm's requirements, now and in the future. We have split the relevant questions for this section into four parts, each of which covers an important stage in the Family Leave timeline. We have set out further details of each section below.

ON RAMP

The 'on-ramp' is the period from when the individual informs the firm to when they go on leave.

A smooth 'on-ramp' is crucial for transitioning from work to leave, allowing both the individual and employer to manage a handover effectively, meeting the needs of the business and the individual.

ON LEAVE

It is important to understand how the business will cover periods of Family Leave and what the expectations are of other staff members.

We have covered a number of potential circumstances but would encourage you to think about these questions during the 'on ramp' period in advance of the individual commencing Family Leave.

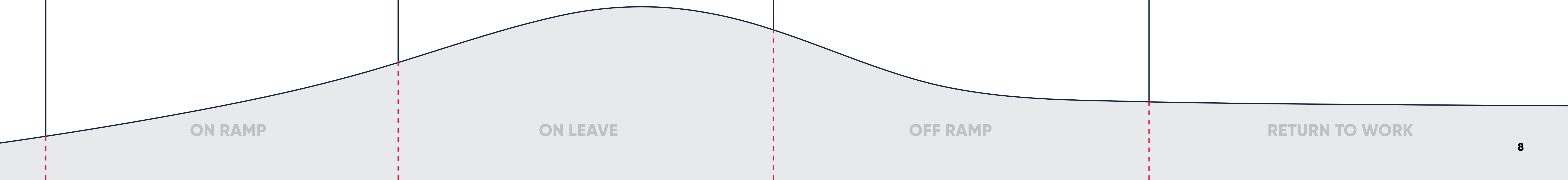
OFF RAMP

The 'off-ramp' is the period when the individual reintegrates into the workplace.

This can include considerations around reestablishing workflow, to ensuring the individual feels supported on their return.

RETURN TO WORK

The return-to-work section is focussed on the longer-term impacts of Family Leave once the individual is back in the business. It is important to consider how leave can affect individuals' careers and how the business can support both men and women to meet their career goals should they take Family Leave.



Performance and progression

ON RAMP

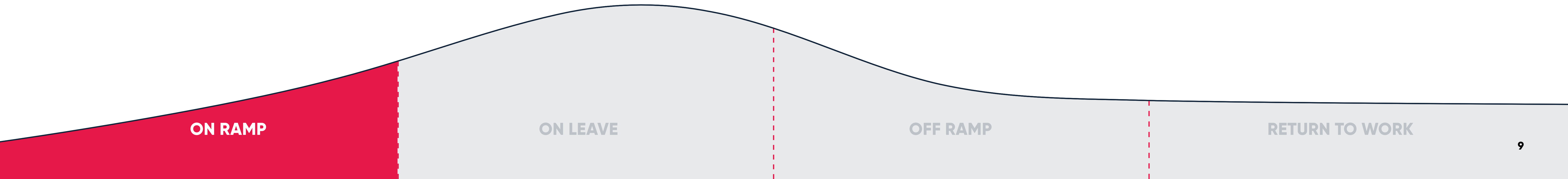
1. How do you consider your business needs are balanced with the individual's family preferences in respect of the Family Leave package offered? What factors influence the offering?

2. Are individuals aware of the options and approaches that you offer around Family Leave (outside of the legal and regulatory requirements), including the duration of leave that can be taken, the structure of their return to work and what their future at work could look like? How transparent is this information? Are managers aware of this information, or only HR?

3. What level of discussions take place with the individual before they go on Family Leave? Are the discussions typically led by the firm or the individual? How do you equip those individuals to have these discussions and what resources, if any, may be available to them? Do these conversations also include considerations around any impact on personal progression?

4. What support is offered in respect of Family Leave in advance of someone going on Family Leave? How is the availability of such support communicated to individuals? Do you consider this to be effective, and if not, why not?

5. What conversations are held with the wider team which may provide cover for the individual going on leave? How early are these conversations held and how does this transition operate? Is this considered effective and if not, why not?



Performance and progression

ON LEAVE

1. What impact does Family Leave have on an individual's deal pipeline, portfolio and relationships?
   a. How will their portfolio be managed whilst they are on Family Leave?
   b. Does the individual retain a level of involvement in the business whilst on leave to retain their deal portfolio? Do you consider whether they can/should retain involvement? Whose decision would this be?
   c. What incentive is there for those looking after an individual's portfolio to maintain and grow the portfolio?

2. How does your wider team adjust when a junior team member takes Family Leave? Is there additional capacity to support all projects (e.g. via a rotation scheme or pool of associates)?

3. How does your team adjust when a senior individual takes Family Leave? Can other senior individuals cover their workload? Are junior team members given increased responsibility? Is the senior individual expected to maintain some of their work duties?

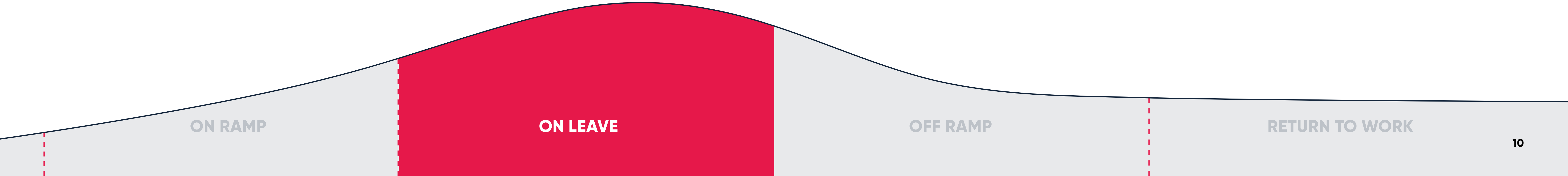
4. Should an individual hold the key relationship with a banker or investor who has a deal in the pipeline, is the individual acknowledged or rewarded for their involvement should they be on Family Leave when this deal begins?

5. Should an individual be involved in the initial phase of a deal before they go on Family Leave, is the individual acknowledged or rewarded for their involvement?

6. Should an individual hold board roles or relationships with portfolio companies, is the individual expected to maintain those relationships whilst on Family Leave? Can someone cover these roles whilst the individual is on leave?

7. How can incentives and reward be structured to reward those taking Family Leave whilst also rewarding those who have stepped into that individual's role?

8. What processes do you have in place to determine the handover of portfolios, board roles etc? How do you assess the most appropriate course of action? Do these handovers impact the uptake and/or duration of Family Leave?



Performance and progression

OFF RAMP

1. How does your firm communicate with an individual returning from Family Leave? E.g return to work coaching, structured keep in touch opportunities, key points of contact.

2. How is it determined which portfolios and deals an individual will recommence work on when they are back? How and when is this communicated to the individual and the wider team?

3. Do you discuss with the individual what practical support systems they may need or want to put in place as a working parent? E.g. phased return, men taking leave allocation, time and location to breastfeed.

4. What career support is offered to individuals in the lead up to the return from Family Leave? E.g. coaching, upskilling on projects missed etc.

5. Do you offer any flexibility to individuals around the off ramp process? Can they choose to change timings around returning?

6. Do you offer any flexibility surrounding working patterns and/ or working location to individuals returning from family leave (e.g. part time working, changing office or jurisdiction, etc.)? Are there any precedents for this and how do you balance the needs of the firm with the needs of the individual?*

*Please note, there may be complex tax, legal and regulatory considerations in respect of mobile individuals (including those moving between jurisdictions or working in more than one jurisdiction) which would need to be considered, although this outside of the scope of this framework.

Performance and progression

Please note that this section includes a number of key considerations which will be particularly relevant once an individual has returned to work, such as in respect of performance management and promotions. However, whilst these are included in this return to work section of the framework, in practice we would expect that consideration should be given to these matters before the individual has returned.

RETURN TO WORK

1. Do you provide any specific offerings to individuals who have recently returned from Family Leave?

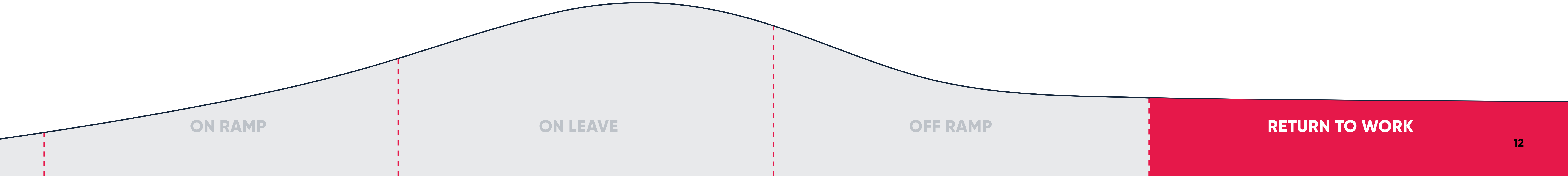
2. How do you consider you can maximise the performance potential of individuals returning from Family Leave? How might this differ to approaches adopted for individuals who have remained within the business?

3. How does your promotion process operate? What specific performance metrics are required for individuals to meet in order to be considered for promotion, and is grade tenure a requirement for promotion? Is this driven solely by the performance of the individual or is there a firm dynamic (e.g. business need) also? How often will this process be reviewed?

4. Do you consider how Family Leave can impact promotion prospects? And are there any precedents that may inform this? If so, in what ways? How is this communicated? Do you offer off-cycle opportunities for promotion in such cases?

5. How do you encourage or suggest individuals manage their personal performance? How are expectations set and managed with the individual? How does Family Leave impact this?

6. Considering women in private equity have expressed the benefits of having senior leadership who advocate or empathise with individuals taking leave, how can you encourage your leadership to support the progression of women?

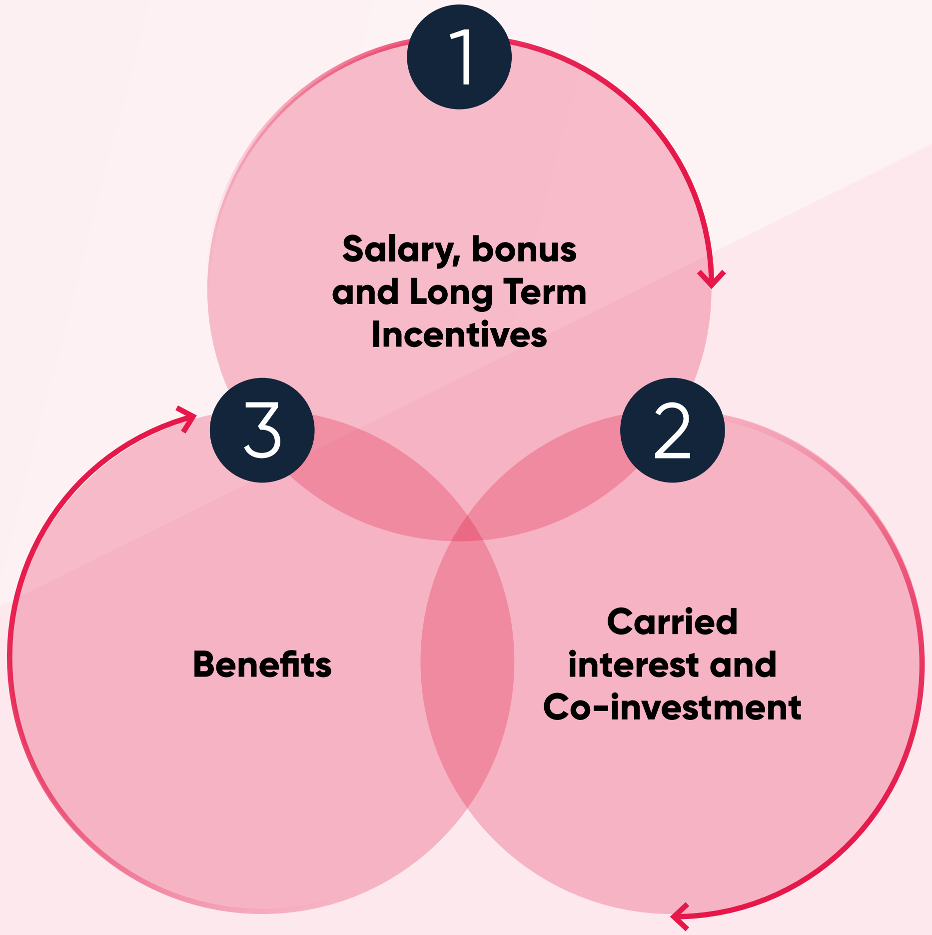


Incentives and reward

Incentives and reward

The impact of Family Leave on reward goes beyond immediate financial implications for salary and bonuses. It is crucial to examine the long-term impacts on incentives, such as carried interest and co-investment and to consider if the existing policies encourage the desired behaviours. This section explores how family leave policies can impact incentives and reward and how a firm's philosophy may play a role in shaping these dynamics.

Within this section, the framework considers the following core elements of an individual's reward package:



1.
The framework starts by considering the impact on salary, bonus and Long Term Incentives. Whilst these may not be the most significant aspects of reward in terms of quantum, they form the core basis of a reward package.

2.
Carried interest and co-investment are often of key importance to staff, as they can potentially form the most significant aspect of an individual's incentive and reward package, and therefore it is important to consider how they could be impacted by a firm's family leave policies.

3.
Benefits are often highly bespoke to the particular firm, but benefits can play a key role in implementing a firm's philosophy towards family leave (and broader family forming) policies.

Incentives and reward

> General

1. What behaviours and outcomes are the various elements of your incentives and reward package trying to drive (e.g. carried interest, bonus etc) and how could incorporating Family Leave considerations into this package strengthen your offering?

2. What impact do you want Family Leave to have on an individual's entitlement to aspects of the reward package (e.g. Private Medical Insurance benefits, carried interest etc)? Is this impacted by location, division or grade?

3. Do any of the documents surrounding your reward package reference Family Leave? If not, is there a reason for this? Was it an active decision?

4. How does your firm's local jurisdictional, legal and regulatory requirements impact family leave packages?

5. How might your Family Leave policies, and their impact on incentives and reward, support with attracting and/or retaining talent?

> Salary

1. How does the annual salary review fit into the firm's overall reward strategy? How is (or should) time out of the business be factored into this?

2. What performance metrics does the firm use to determine whether an individual's salary will be adjusted each year and how is this influenced by Family Leave? Is there an indirect impact for women (as they typically take longer periods of Family Leave)?

3. Are salary adjustments at year end directly or indirectly impacted by time out of the business on Family Leave? Is there a difference between types or length of Family Leave and if so, why?

Incentives and reward

> Benefits

1. To what extent does taking Family Leave impact or reduce access to benefits such as Private Medical Insurance, employer pension contributions or childcare provisions?
2. Does Private Medical Insurance offered (if any) cover maternity care, pregnancy complications, fertility or other family forming treatments etc.? What are the drivers for this decision?
3. Should individuals choose to return to the business on a part-time basis after Family Leave, does this reduce access that individuals have to benefits such as Private Medical Insurance, employer pension contributions or childcare provisions?
4. Does your Family Leave policy allow for extended time off to cover medical complications prior to maternity leave or in respect of miscarriages or parental bereavement?

> Bonus

1. How does the provision of bonuses fit into the firm's reward strategy? What is the firm seeking to incentivise through the bonus arrangements?
2. What factors are typically considered when determining the size of bonuses? Are these influenced by the individual or is there a broader team and/or firm dynamic?
3. What practical impact does taking Family Leave have on bonuses (e.g. are these prorated)? Is the impact on bonuses affecting leave take up and duration of leave? Does the approach align with the firm's wider reward strategy?
4. Is the treatment of bonuses impacted by the type of Family Leave taken i.e. maternity, paternity, shared parental leave or the amount of leave taken?

> Long Term Incentives ("LTI")

1. How do the LTI awards fit into the firm's overall reward strategy and what is this seeking to incentivise? Does this differ to carry and co-invest?
2. Does Family Leave impact vesting and/or could it trigger leaver provisions? Are payments under the LTI awards pro-rated? If so, what are the drivers for this?
3. If an individual is on Family Leave when LTI awards are made, are they eligible to receive awards or do they have to wait until the next cycle? What are the drivers for this?
4. Do you see the implications of taking Family Leave on the LTI awards impact the uptake or duration of Family Leave taken?

Incentives and reward

This section of the framework has been developed to support conversations regarding the impact of Family Leave policies on carried interest and co-investment, which are incentives specific to the asset management industry. We would recommend that discussions are held in conjunction with those in your organisation responsible for the design and implementation of these incentives, who have a detailed understanding of the mechanics and operation of the arrangements.

> For an overview of carried interest and co-investment, click here to view a recording on the Level 20 Sponsor Portal.

> Carried Interest

1. How does carried interest fit into the firm's overall incentive and reward strategy and what is this seeking to incentivise?
2. What impact does the current Family Leave policy have on carried interest, if any? What impact do you think it should have?
3. How often do you award carried interest in each fund and is this awarded on a whole of fund, deal by deal or other basis (e.g. hybrid)? If an individual is on Family Leave at award, how does this impact carry allocations?
4. Is Family Leave factored into future carry allocations (e.g. are they pro rated)? What happens if an individual moves between funds as a result of Family Leave? What do you think should happen? Does the current approach impact the uptake of Family Leave or duration of Family Leave?
5. Are out of cycle carry awards ever considered if individuals miss out on carry allocations whilst out on Family Leave? How are these awards valued?
6. Does Family Leave impact vesting and/or could it trigger leaver provisions? Are distributions of carried interest returns pro-rated? If so, what are the drivers for this? Does this impact the take up or duration of Family Leave?

> Co-investment

1. How does co-invest fit into the firm's overall incentive and reward strategy and what is this seeking to incentivise by offering co-invest?
2. Under the terms of your co-investment arrangements, could Family Leave impact any key provisions (e.g. leaver provisions, the availability of leverage etc)? If so, how? What are the drivers for this and what impact do you see this having (e.g. on Family Leave take up or duration of Family Leave)?
3. When are individuals given the opportunity to co-invest? How does and should Family Leave impact this, e.g. if the individual is out at the time of a co-invest opportunity? Do you see this having an impact on the uptake and/or duration of Family Leave?
4. Do you see Family Leave impacting the quantum an individual may be eligible, required to, or does in practice co-invest?

Reflection and review

Reflection and review

This section of this framework has been developed to support you in creating and evaluating your general Family Leave policies. In practice, Family Leave policies are likely to be continually evolving and so may be reviewed on a periodic basis, to ensure they remain fit for purpose and continue to meet the needs of the business and individuals. Given the broad nature of this topic, we have divided the key questions in this section into the two core pillars as set out below.

> Family leave policies

1. How often do you review and benchmark your Family Leave policy?
2. What is the typical process for reviewing your Family Leave policies and how will you know when change is necessary?
3. Are there any drivers or blockers to reviewing or changing the firm's Family Leave policy?
4. How does your firm typically measure whether the current Family Leave policy is effective and successful?
5. Who is responsible for reviewing your Family Leave policy and what level of involvement will be needed from other individuals?
6. How engaged are others in the firm with the firm's Family Leave policies? How might you increase engagement?

> Incentives and reward

7. Who in the firm can influence fundamental changes to your reward and Family Leave policies? How can you engage them in this discussion?
8. Are there any elements of the incentive and reward package where you feel the firm could and/or should be more generous or flexible?
9. Are there any elements of your incentive and reward strategy where you feel the firm may be overly generous or flexible from the business' perspective?
10. Should changes be made to your Family Leave practices and reward package, what impact do you think this could have on staff satisfaction and the attractiveness of the business to potential new hires?

Appendices

Appendix 1 – Glossary of terms

To provide guidance as you navigate through the framework, we have compiled a list of key terms and concepts that are discussed throughout the material.

Should you wish to understand more about the work we have done around Family Leave in the private equity industry, please visit our sponsor portal here.

Benefits package	A term to describe the set of employment benefits offered by an employer. These benefits often include but are not limited to paid time off, health insurance and pension contributions.
Carried interest ("Carry")	A performance fee or profit sharing arrangement that allows certain individuals to participate in the out performance of the investments of the fund, subject to achieving certain pre-agreed performance conditions.
Carry allocations	The point in time at which carry is awarded to eligible individuals. This can be at the start of the life of the fund or throughout the fund's lifecycle depending on the firm's approach.
Carry LPA	The formal legal document establishing the vehicle (assuming this is a partnership) in which participants hold their carried interest, which also sets out they key terms of the carried interest arrangements.
Deal portfolio	The group of investments or deals which a particular individual works on and/or has responsibility for.
Family Leave	A group/collection of policies relating to a period of time off work at or around the birth of a child, including maternity, paternity and shared parental leave.

Appendix 1 – Glossary of terms (cont.)

Leaver provisions	A set of conditions that determine the entitlement of individuals leaving the firm to retain their carry. This is usually linked to the circumstances of a person leaving the firm.
Long term incentives ("LTI")	An aspect of the reward package designed to incentivise and reward performance of individuals over the medium to long term. The structure and terms of the arrangement will depend on the firm's approach.
PMI	Private Medical Insurance ("PMI") is a benefit that can be provided to employees as part of the reward package.
Phased return	Approach to returning to work made available to employees after taking a period of relevant leave.
Reward package	A holistic term to describe the beneficial offering to an employee when working with a particular firm and may include salary, bonus, benefits, LTI, carried interest, co-invest.
Vesting	The period over which participant becomes fully entitled to their carry allocation. This does not determine the pay-out of carry, but more the individual's entitlement to receive carry.

Appendix 2 – Supporting document summary

The following list outlines the key details you would generally expect to find in each of the suggested supporting documents. Please note that this is not an exhaustive list of all the details contained in each document. We have specifically focused on the details likely to be most relevant to Family Leave. Additionally, you may have other supporting documents which may assist you in considering the questions within this framework. Ultimately, the specific details of these documents will vary depending on the particular facts of the business.

> **EMPLOYMENT CONTRACT –** This typically includes an individual's job description or role, start date, compensation and benefits, working hours, termination and notice period, as well as broader considerations such as confidentiality, intellectual property considerations, and dispute resolution mechanisms.

> **EMPLOYEE BONUS DOCUMENTATION –** This can include details such as the performance conditions for making bonus payments, quantum (which may be express as a percentage of salary or fixed amount), payment details and conditions or eligibility criteria.

> **SUMMARY OF THE BENEFITS –** Often known as the 'employee benefits summary' or 'employee benefits guide'. It may include details such as PMI coverage, retirement plans, leave policies, flexible spending accounts, employee assistance programs, and other perks provided by the employer.

> **PRIVATE MEDICAL INSURANCE ("PMI") PLAN RULES –** Includes details such as eligibility criteria, coverage details (including who may be covered by the policy, which could potentially include family members), exclusions and limitations, claims process, provider network and the renewal and termination procedures.

> **PENSION PLAN RULES –** The details of what must be included in these plans is often governed by local law, however they often cover details such as eligibility criteria, contribution amounts, investment options, retirement age and benefits, survivor benefits, termination and withdrawal provisions.

> **IN ADDITION TO THE SUPPORTING DOCUMENTATION –** We would also recommend ensuring those developing the family leave policies are familiar with the legal and regulatory requirements in each jurisdiction in which staff are located to ensure the firm meets its legal and regulatory requirements.

Appendix 2 – Supporting document summary (cont.)

- **FORMAL FAMILY LEAVE POLICY –** Typically includes details such as eligibility criteria, types and duration of leave, notice and documentation requirements, pay and benefits during leave, return to work procedures, job protection rights, support and resources available, compliance with legal requirements, and contact information.
- **LONG TERM INCENTIVE PLAN ("LTIP") DOCUMENTATION –** Whilst not all firms will have an LTIP, for those that do, the plan documentation would usually include an overview of the plan, eligibility criteria, performance measures, award structure, vesting, payout mechanics, change in control provisions, clawback provisions, and leaver provisions.
- **CARRY LIMITED PARTNERSHIP AGREEMENT –** This is the legal document establishing the carry vehicle (assuming it is a partnership). This typically includes who the partners of the partnership are (i.e. the carryholders and well as other partners such as the GP), details such as capital contributions required to be made, profit allocations, cash distributions, rights and restrictions, liability limitations, withdrawal or removal of partners provisions, and dissolution and liquidation procedures. However specific details of these agreements can vary depending on the terms agreed with limited partners.
- **CARRIED INTEREST TERMS LETTER –** Whilst the contents of these letters are mostly at the discretion of the firm, they often include details such as the calculation and allocation of carried interest, performance benchmarks, vesting periods, clawback provisions and leaver provisions.

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