

California State Disability Insurance Overview

The California State Disability Insurance (SDI) program is a mandatory employee-funded program designed to provide short-term disability and paid family leave (PFL) partial wage replacement benefits to eligible employees who need time off work. The SDI program does not provide job protection or return-to-work rights. However, if covered, job protection may be provided separately under the federal Family and Medical Leave Act (FMLA) or the California Family Rights Act.

Covered Employers

Most private employers are covered if they employed one or more employees and paid wages of \$100 or more in any quarter in the current or preceding calendar year.

Covered Employees

Most employees of private employers are covered under the program if they have:

- Lost wages due to a disability;
- Earned \$300 or more in gross wages in their base period; and
- Contributed to the program.

Program

The SDI program is comprised of two separate partial wage replacement benefits:

- Disability insurance (DI) is designed to provide up to 52 weeks of partial wage replacement benefits to workers who are unable to work due to a non-work-related illness or injury, either physical or mental. **Disability** includes elective surgery, pregnancy, childbirth, or related medical conditions.
- Paid family leave (PFL) provides up to eight weeks of partial wage replacement benefits to employees who take time off work to care for a seriously ill family member, to bond with a new child, or to participate in a qualifying event as a result of a family member's military deployment to a foreign country.

For 2024, eligible employees will receive 60–70% of wages earned 5–18 months before their claim start date up to a maximum of \$1,620 per week.

If an employee's highest quarterly earnings are:

- Less than \$929, the weekly benefit amount is \$50.
- Between \$929 and \$7,154.32, the weekly benefit amount is approximately 70% of earnings.
- More than \$7,154.32, the weekly benefit amount is approximately 60% of earnings.

Based on [legislation](#) enacted on September 28, 2024, disability claims commencing on or after January 1, 2025, eligible employees will receive 70–90% of wages earned 5–18 months before their claim start date. The maximum weekly benefit will be added once it is available from the state.

If an employee's highest quarterly earnings are:

- Less than \$722.50, the weekly benefit amount is \$50.
- More than \$722.50 but less than 70% of the state average quarterly wage, the weekly benefit is approximately 90% of earnings, not to exceed the maximum weekly amount (TBD).

- More than \$722.50 and more than 70% of the state average quarterly wage, the weekly benefit is approximately 70% of earnings, not to exceed the maximum weekly amount (TBD).

Effective January 1, 2025, employees may begin the claims process up to 30 days before their first expected compensable date.

An employee may receive vacation pay, not sick pay, at the same time as disability benefits.

Note: Instead of SDI, employers may extend a [voluntary plan](#) providing short-term disability insurance and family leave if approved by the employees and by the state.

Employees generally cannot opt out of the SDI program, and contributions are required under the California Unemployment Insurance Code. The two exceptions are:

- If the employer or a majority of employees of the business apply for approval of a voluntary plan in place of SDI coverage; or
- If an employee adheres to the faith or teaching of a bona fide religious sect, denomination, or organization whose creed, tenets, or principles require dependence on prayer for healing, they may request an exemption by submitting [Form DE 5067, Religious Exemption Certificate](#), to the address on the form. An employee granted this exemption will not be eligible to receive SDI benefits.

Funding

The SDI program is funded solely by employee contributions. The contribution rate for 2024 is 1.1%, with no limitations on taxable wages or maximum withholdings for each employee (i.e., 1.1% withholding from all taxable wages paid in 2024). The contribution rate for 2025 will be included when it becomes available.

Eligibility

An employee may be eligible for disability benefits if they:

- Have a qualifying illness or injury.
- Have elective surgery.
- Are pregnant.
- Are recovering from childbirth.
- Are a resident for a limited period in an alcoholic recovery home or drug-free residential facility that is licensed and certified by the state in which the facility is located.

To receive disability benefits, an employee must:

- Be unable to do their usual work for at least eight consecutive days and complete a seven-day, unpaid waiting period;
- Be employed and lost wages due to the disability, or looking for work at the time they became disabled;
- Have earned at least \$300 in wages that are subject to SDI deductions during the 12-month base period of their claim; and
- Have a physician/practitioner certify the disability and remain under their care.

Base period covers 12 months and is divided into four consecutive quarters. The base period includes wages subject to SDI tax that were paid 5–18 months before an employee’s disability claim begins. The following information is used to determine the base period of a claim:

- January, February, or March: the base period is the preceding October through September
- April, May, or June: the base period is the preceding January through December
- July, August, or September: the base period is the preceding April through March
- October, November, or December: the base period is the preceding July through June 30

An employee may not be eligible for disability benefits if they:

- Are claiming or receiving unemployment insurance or paid family leave benefits.
- Became disabled while committing a crime resulting in a felony conviction.
- Are in jail, prison, recovery home, or any other place because they were convicted of a crime.
- Are receiving workers' compensation benefits at a weekly rate equal to or greater than the SDI rate.
- Fail to have an independent medical examination when requested to do so.
- Are in an alcoholic recovery home or drug-free residential facility that is not licensed and certified by the state in which the facility is located.

Required Notices

Employers must prominently post [Form DE 1857A](#), *Notice to Employees—Unemployment Insurance, Disability Insurance, and Paid Family Leave*. If employees are not covered by unemployment insurance, employers must post [Form DE 1858](#), *Notice to Employees—Disability Insurance and Paid Family Leave*.

An employer must also provide copies of the following brochures:

- [Form DE 2515](#), *Disability Insurance Provisions*, to new employees and to employees taking time off from work for non-industrial medical conditions; and
- [Form DE 2511](#), *California Paid Family Leave*, to new employees and employees requesting leave to care for a seriously ill family member or bond with a new child.

Regulatory Agency and Additional Resources

The California Employment Development Department (EDD) administers the SDI program and provides detailed information in [Form DE 44](#), *California Employer's Guide*, as well as on their [website](#).