

Paychex Details Potential Impact to Businesses on U.S. Supreme Court's Decision to Overturn Defense of Marriage Act

ROCHESTER, N.Y.--(BUSINESS WIRE)-- Paychex, Inc., a leading provider of [payroll](#), [human resource](#), and [benefits outsourcing](#) solutions for America's small and medium-sized businesses, today shared its insight on the potential impact to employee benefits and the associated costs for business owners after the U.S. Supreme Court released its opinion yesterday in *United States v. Windsor*, finding section 3 of the Defense of Marriage Act, which defines marriage as the legal union between one man and one woman as husband and wife, unconstitutional.

The Supreme Court's ruling generally applies to those states that recognize same-sex marriage. Currently, 12 states and the District of Columbia have such laws.

"While yesterday's news is significant from a civil rights standpoint, it is also significant to America's businesses," said Martin Mucci, President and CEO of Paychex. "Anytime the Supreme Court or Congress makes major changes to a law, there is a lot of work that happens behind the scenes to ensure the changes are understood and implemented correctly. Our regulatory and compliance team has been following this issue closely and is now focused on helping business owners better understand the Court's decision so they can take steps to react to this change in the law."

Earlier this year, the Court heard arguments in the Windsor case, which challenged the constitutionality of the marriage definition of the federal Defense of Marriage Act (DOMA). Passed in 1996, DOMA defined marriage as a union between one man and one woman, impacting federal laws including payroll taxes, health insurance, and other employment laws such as the Family Medical Leave Act. Now that the provision has been found unconstitutional, laws and regulations previously impacted by DOMA will change for legally married same-sex spouses.

Here are a few examples of the changes that will take place as a result of the Court's finding:

- Same-sex spouses will now be eligible for **pre-tax benefits** such as health insurance premiums and FSA/Sec 125 participation. Not only will this impact the employees' taxable income, it will directly impact an employer's tax liability, which is determined by its employees' taxable incomes.
- Employers could see **more administrative burdens** as they may need to amend benefit plan documents and payroll tax calculations.

- There could be a significant **increase in leaves taken under the Family Medical Leave Act (FMLA)**. FMLA provides up to 12 weeks of unpaid job-protected leave to eligible employees to care for an immediate family member, including a spouse.

Paychex will maintain regular communication with government agencies such as the Internal Revenue Service as they provide further clarity on this change. Visit the regulatory section of www.paychex.com for updates as they become available.

About Paychex

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex[®]. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 570,000 payroll clients as of May 31, 2013. For more information about Paychex and our products, visit www.paychex.com.

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