# Client Alert
## Minnesota Paid Leave Program

**WHAT'S NEW:** Minnesota's new family and medical benefit insurance program is set to go into effect on January 1, 2026. Under this new law, Minnesota will offer paid leave and require employers to offer job protection to employees who need time off to care for their own health or to care for a family member. Benefits are paid by the state and funded by premiums contributed by employers and employees.

**WHY IT MATTERS:** The paid leave program covers nearly every Minnesota employer and all Minnesota employees including full time, part time, temporary and most seasonal workers.

**Employer Responsibilities:**

Premiums

The program is funded through premiums paid by employees and employers which will begin on January 1, 2026. The premium rate for 2026 will be .88 percent. Employers are required to pay at least 50% and may deduct the remainder from the employee, so long as the deduction does not result in an employee earning less than minimum wage. Employers may contribute more than 50% if they choose.

Small employers (employers with 30 or fewer employees and an average employee wage less than 150% of the statement average weekly wage) may pay a reduced premium. More information can be found here: https://mn.gov/deed/paidleave/employers/premiums/

Alternative Equivalent Plan

In lieu of paying premiums to the state, employers can choose to meet their responsibilities by providing employees with an equivalent plan that meets or exceeds the coverage offered by the state.

More information on equivalent plans can be found here:
https://mn.gov/deed/paidleave/employers/equivalent/

Reporting and Payment Accounts

The program will be managed through the employer's unemployment insurance account. Minnesota employers who already have an unemployment insurance account will not need to register again. The state will automatically set up a joint Unemployment Insurance/Paid Leave account. Using this account, employers must:

- Designate a Paid Leave Administrator (the employer should designate a company representative who will be the main point of contact for paid leave)
- Report quarterly wage details (Engage will handle this)
- Pay paid leave premiums (Engage will handle this)

Once an employer designates a paid leave administrator, the designated individual will utilize the Paid Leave Administrator portion of the joint account (paidleave.mn.gov) to:

- Review leave applications
- View paid leave determinations
- Access filing information
- Appy for Small Employer Assistance Grants
- Request an equivalent plan substitution

Engage's Leave Management Team will support clients in administering leaves. **Once employee requests leave employers may reach out to loa@engagepeo.com for assistance with navigating the various requirements.**

Notice Requirements

By ***December 1, 2025***, employers must inform their employees about their rights and benefits under this new program, and employees must acknowledge that they received the information. Employers must also display a poster where employees can easily see it.

The poster and a sample notice can be found here:
https://mn.gov/deed/paidleave/employers/posters-notices/

**Program Details**

Covered Employees

Employees who work 50 percent or more of the year in Minnesota will be covered. Employees who do not work at least 50% of their time in any single state (they split their time equally between Minnesota and 2 other states) but live in Minnesota, are also covered.

Reasons for Leave

Under the new program, employees will be entitled to the following:

- Medical leave: for the employee to care for their own serious health condition
- Family leave:
  - To care for and bond with a new child by birth, adoption, or foster placement
  - To care for a family member with a serious health condition
  - To support a family member called to active duty
  - To respond to issues such as domestic violence, sexual assault or stalking

Amount of Leave:

- Employees may take up to 12 weeks of medical leave
- Employees may take up to 12 weeks of family leave
- If an employee qualifies for both types, the employee may take a combined maximum of 20 weeks in one benefit year. The benefit year begins the day the employee takes leave.

Tracking of Leave:

- Employers cannot require employees to exhaust sick leave, vacation or personal time off before or during paid family leave. An employee may choose to do so.
- Employers may require that leave run concurrently with leave take under FMLA, Minnesota Parenting and Pregnancy Leave law, if applicable.

Protections:

- If an employee has worked for at least 90 days prior to taking leave, the employee has the right to return to their job or an equivalent position.
- Employers must continue health insurance and other benefits.
- Employers are prohibited from retaliating against employees for requesting or utilizing the leave.

Benefits

- Employees may begin utilizing leave benefits beginning January 1, 2026.
- Employees must apply for benefits through the state. More updates on how to do this will be provided as the effective date of the program approaches.

Keep updated here: https://paidleave.mn.gov/

Employee Notice Requirements

Employees must notify their employer of planned leave up to 30 days in advance if the leave is foreseeable. If the leave is not foreseeable, employees must notify their employer as soon as practicable.

**WHAT EMPLOYERS SHOULD DO:**

Employers should establish a process for distributing required notices to current employees and displaying the required posters. Companies should review existing leave policies and update as necessary. **See a sample paid leave policy** here.

Clients should ensure that Managers are educated on the new requirements.

**If you have any questions, please contact your HR Business Partner/Consultant.**