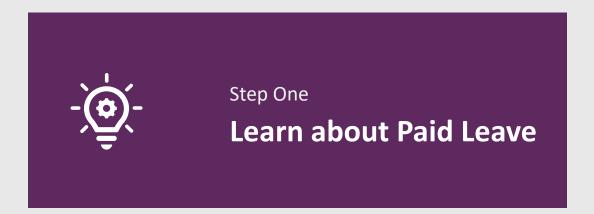


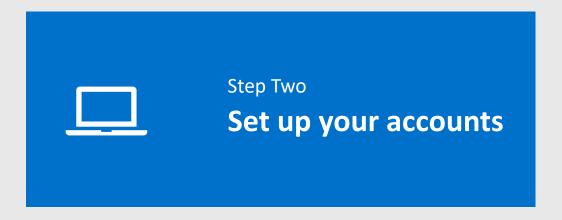


#### Minnesota Paid Leave

Paid Leave Program Overview for Employers 7/28/2025

#### Preparing for Paid Leave as an employer









## Step One Learn about Paid Leave





#### Get to know the basics of the program

- When would my employees need Paid Leave?
- Who is covered under the law?
- What are benefits and job protections like under the law?



#### Minnesota's Paid Leave law

- The Minnesota Paid Leave law, enacted in May 2023 and updated in May 2024, makes paid family and medical leave coverage available to Minnesota workers beginning Jan. 1, 2026.
- The law provides **job protections and payments** from the state to individuals who need time off to care for themselves or their loved ones.
- Minnesota Paid Leave will be **funded by premiums** made up of contributions from employees and employers.
- Paid Leave will send benefit payments directly to Minnesotans on leave.





#### Covered leave

#### **Medical Leave**

1-12 Weeks

#### **Family Leave**

1-12 Weeks



Leave to care for an individual's

own serious medical condition



**Bonding** 

Leave to bond with an individual's child during the first 12 months after the child's birth or after the placement of the child through adoption or foster care.



**Active Duty** 

Leave because a family member is on active duty or has been notified of an impending call or order to active duty in the Armed Forces.



Caring

Leave to care for a family member with a serious health condition.



Safety

Leave because of domestic abuse, sexual assault, or stalking of the individual or individual's family member.

Maximum of 20 weeks combined in one year if someone qualifies for both medical and family leave.

Qualifying conditions must last more than seven days and be certified by a health care provider or designated professional.



#### Covered employees

#### **Covered employees include:**

Full-time and part-time workers

Most seasonal employees

Owner-officers who draw a

salary

Agricultural workers

Employees of religious

organizations

Temporary workers

Student workers

Employed family members

First responders

Elected and appointed officials

#### Not covered, can opt in:

Independent contractors

Self-employed individuals

**Tribal Nations** 

#### Not covered, can't opt in:

Federal government employees

Exempt seasonal employees

Railroad employees



#### Minnesota employees

Paid Leave covers Minnesota employees. The Paid Leave law defines Minnesota employees as:

- A. Employees who worked 50 percent or more of the prior year in Minnesota, or
- B. For employees who did not work 50 percent or more of the year in any one state, those who live in Minnesota.

#### **Scenarios**

- My business is located in Minnesota, but some of my employees live in Wisconsin.
- My business is located in Wisconsin, but some of my employees work remotely in Minnesota.
- I work in multiple states, but I live in Minnesota.



#### Paid Leave payments

- Paid Leave helps Minnesotans focus on what matters, whether that's caring for a child, recovering from an illness, or supporting a loved one.
- Minnesotans can get up to 90% of usual wages, up to a maximum of \$1,423 per week (based on 2025 numbers).
- Lower-wage workers get more support. If you earn less, you'll get a higher percentage of your paycheck covered while on leave.
- You must have earned at least 5.3% of the statewide average annual wage in the past year to be eligible (\$3,900 in 2025).



If you receive payments from Unemployment Insurance, Workers' Compensation, or Social Security Disability Insurance during an absence, you are not eligible for Paid Leave payments.



#### Paid Leave job protection



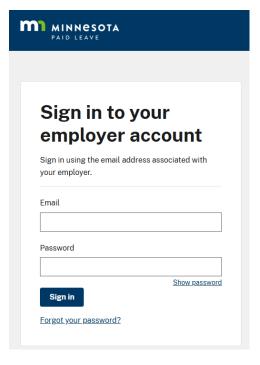
- Job protected leave improves employee retention, as workers can take the time they need to bond and care without having to choose between their job and their family.
- An employee who has taken family or medical leave **must be** restored to the same position or an equivalent position with the same pay, status, benefits, length of service, and seniority as prior to the date of leave.
- Paid Leave job protections begin **90 days from the date of hire**, but employees may have additional job protections under other state programs like Minnesota Pregnancy and Parental Leave.

# Step Two Set up your accounts



## You'll need two accounts: one for contributions and one for leave administration







#### Contributions: Your UI employer account

To make things easier for employers, Paid Leave uses the same system as Unemployment Insurance (UI) for a few important parts of the program.

As an employer, you will use your UI account to:

- 1. Report quarterly wage data.

  This information will be used to determine employee eligibility for Paid Leave payments.
- 2. Pay premiums starting in April 2026.
  You can start collecting premiums from employees in January.
- 3. Designate a Paid Leave Administrator.

#### Need help?

If you need assistance verifying or establishing your wage detail account, UI Customer Service Representatives are available to help.

Phone: 651-296-6141

Hours: M-F, 8:00 a.m. – 4:30 p.m.

As of February 1, employers have reported wages for more than 3.4 million employees through the UI website.

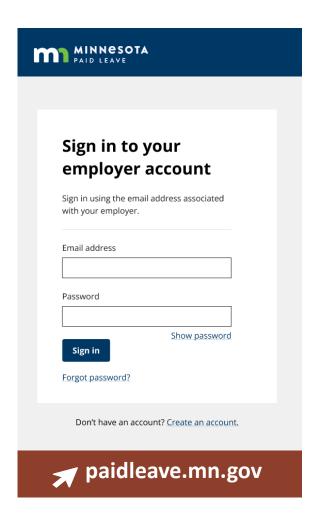


#### Leave administration: Create your account now

In addition to your account on the Unemployment Insurance (UI) system, you will need a **Paid Leave Administrator Account** on our website to:

- Review leave applications,
- see Paid Leave determinations,
- and more!

The account will make it easy to support your employees during important times in their lives.

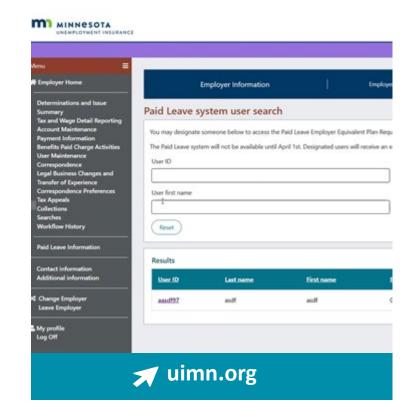




#### How to: Designate a Paid Leave Administrator

Before you can create an account on the Paid Leave website, you must designate a Paid Leave Administrator using the UI system.

The Paid Leave Administrator will be your main point of contact with Minnesota Paid Leave.



# Prepare your workplace



There are important actions for employers to take before January 1.

Action 1: Decide how to split premiums.

Action 2: Decide how you will bring paid leave to your employees.

Action 3: Update your workplace policies



## Action 1: Decide how to split premiums

## Premiums will be shared between employers and employees.

- When Paid Leave starts, the premium rate will be 0.88%. This covers both family and medical leave.
- The premium rate is applied on wages up to the Social Security cap (\$176,000).
- The first premiums are due April 30, 2026.



- Starting January 1, 2026, employers can deduct up to 50% of premiums from employee paychecks.
- Employers may choose to pay more than their required portion for some or all employees.



#### Small employer premiums



#### Small employers pay a reduced premium.

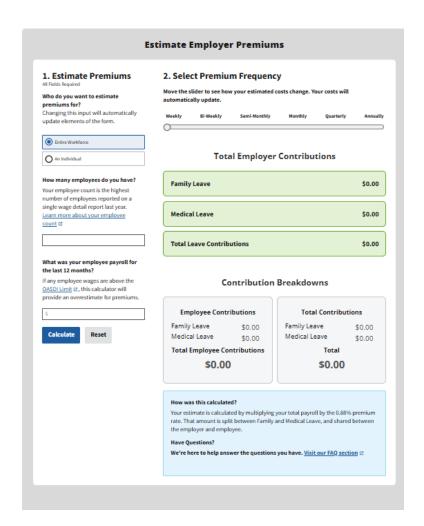
- For small employers, their standard contribution is reduced by half.
- To qualify, an employer must have 30 or fewer employees, and an average employee wage of 150% or less of the statewide average (\$107,016 in 2025).
- This reduced employer premium does not change the amount owed by employees.



#### Estimate your premiums

## Employers and individuals can use our online calculator to estimate costs under Paid Leave.

- You can plan for 2026 and compare program cost and benefits.
- For example, weekly premiums for someone earning \$70,000 would be just \$5.93 each if the employer and employee each pay half.





#### Decide how you will provide Paid Leave to your employees

#### As an employer, you know your business best.



Minnesota Paid Leave is often the least expensive and easiest option. But no matter how you decide to bring Paid Leave to your employees, the process is easy and intuitive.



state plan, Paid Leave will handle
the work of reviewing
applications and making
payments, with a clean and clear
interface for employers to track
and manage employee leaves.



Action 2:

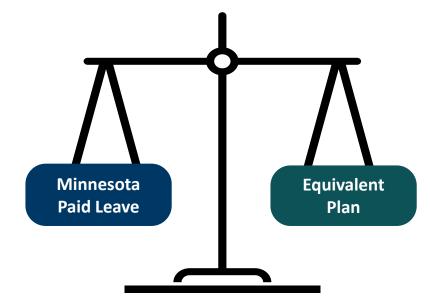
For employers who choose to offer an equivalent plan, Paid Leave built a **straightforward**, **user-friendly process** to submit your request.



#### Understanding equivalent plans for Paid Leave

Employers can choose to meet their responsibilities under Minnesota Paid Leave by providing employees an equivalent plan that meets or exceeds the coverage offered by the state.

- Equivalent plans can be purchased from a private insurance carrier, or an employer can self-insure and provide coverage to employees themselves.
- Employers approved for an equivalent plan still have obligations under the law including submitting wage detail.
- Employers cannot charge employees more than they would pay under the state plan (0.44% of wages in 2026) to fund an equivalent plan.



An equivalent plan can cover family leave or medical leave in combination with Minnesota Paid Leave - or can cover both.



## Action 3: Update your workplace policies

## As an employer, you have decisions to make on:

- Notification requirements
- Attendance and call-out procedures
- Intermittent leave policies
- Coordination with other payments
- Coordination with other leaves





#### Notification requirements

### Employers are required to notify their workforce about Paid Leave in two ways:

 Hang a workforce poster in English and any language spoken by 5 or more employees or independent contractors.

This will be available soon on our website in English, with more languages in the near future.

2. Notify individual employees directly in their native language within 30 days of hire or 30 days before premium collection begins (December 1, 2025).

Employers need employees to affirmatively acknowledge receipt or demonstrate how their workforce was notified.

#### MINNESOTA PAID LEAVE

Effective January 1, 2026

Minnesota Paid Leave provides payments and job protections when you need time off to care for yourself or your family.

#### What can I use Paid Leave for?

#### Medical leave

 To care for your own serious health condition, including care related to pregnancy, childbirth, and recovery

#### Family leave:

- Bonding leave to care for and bond with a new child welcomed through birth, adoption, or foster placement
- Caring leave to care for a family member with a serious health condition
- Military family leave to support a family member called to active duty
- Safety leave to respond to issues related to domestic violence, sexual assault, or stalking for yourself or a family member

Generally, conditions must last more than seven days and be certified by a healthcare provider or other professional.

#### How much will I get paid?

When you use Paid Leave, the state makes payments to you. Paid Leave will pay up to 90% of your wages, based on your income level, with a maximum weekly amount set at the state's average weekly wage. This amount changes each year, and is \$1,422 for the start of Paid Leave in 2026.

#### Who pays for Paid Leave?

Paid Leave is funded by premiums paid by employees and employers. The initial premium rate is 0.88% of covered wages. Your employer may deduct up to 0.44% of your wages to fund your portion of the premium.

#### What are my rights?

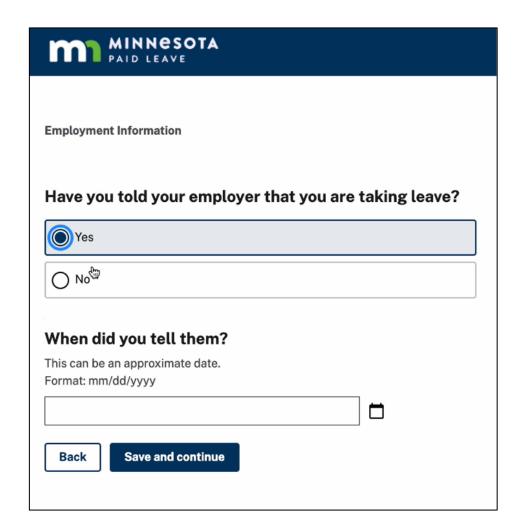
 Job protections: Generally, you must be restored to your job or an equivalent position when returning from leave. Job protections take effect 90 days after your date of hire.



#### Attendance and call-out procedures

## Employees will not be able to apply for Paid Leave until they have notified their employer.

- Employers can require employees to comply with their usual and customary notice and procedural requirements for requesting leave, unless the reason for an employee's leave prevents this.
- Employees should provide their employer with notice at least 30 days before leave begins.
- If 30 days' notice is not possible, notice must be given as soon as possible.





#### Intermittent leave policies

## Leave under Paid Leave can be taken either continuously or intermittently.

- Continuous leave is taken in a single block of time. (ex. 4 weeks of leave)
- Intermittent leave is taken in smaller blocks of time (ex. 2 days a week for 4 hours each over 2 months)

#### **Intermittent Leave**

M	T	W	Th	F

#### **Continuous Leave**

M	T	W	Th	F		

#### For intermittent leave, employers can:

- 1. Set a minimum increment of time (between 15 minutes and 1 day) that employees are allowed to use intermittent leave.
- 2. Decide if employees can take **more than**480 hours of intermittent leave in a single benefit year.



#### Coordination of other payments

Paid Leave provides payments that are a percentage of an employee's usual pay. Employers can choose to offer supplemental payments to employees on leave.

#### **Supplemental Benefits**

Some benefits can be **used with Paid Leave** to bring payments closer to a worker's regular salary. Think of it like "topping off" Paid Leave payments.

- Sick time
- Vacation pay
- Paid time off
- Short-term disability

#### **Substitution Payment**

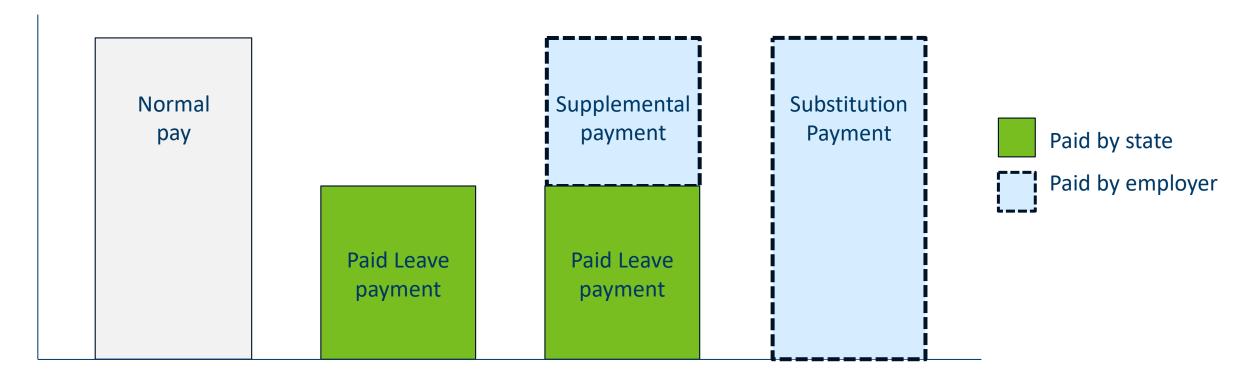
Some benefits, if taken during an absence, could reduce payments.

If a payment is not designated as a supplemental benefit, it's likely an offset.



#### Example: Coordination of other payments

## Employers can choose whether employees can take supplemental payments while on leave.





#### Coordination with other job protections

In addition to Paid Leave, employees may qualify for job protections under other programs. Employers should clarify to employees how these programs will work together.



#### These job protections can run concurrent with Paid Leave:

- Family and Medical Leave Act (FMLA). FMLA is a federal law that provides up to 12 weeks of unpaid, job-protected leave per year.
- Pregnancy & Parental Leave (PPL). PPL is a state law that provides up to 12 weeks of unpaid, job-protected leave during pregnancy or upon the birth or adoption of a child.

Other Leaves: If an employer shows that an employee has already taken job-protected leave for a reason that qualifies under Paid Leave once the program starts, then the amount of Paid Leave the employee can take may be reduced.

## Example: Coordination of leave time and payments

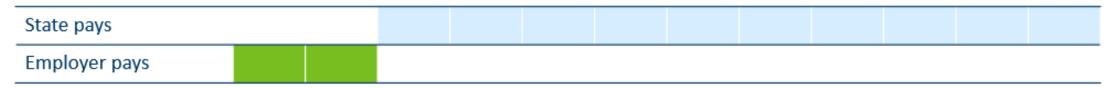
**Scenario:** An employee qualifies for FMLA and applies for Paid Leave two weeks after their leave begins.

#### Leave time (weeks)

	1	2	3	4	5	6	7	8	9	10	11	12
FMLA Leave												
Paid Leave												

Because the employer chose to run these programs concurrently, the Paid Leave start date is the same as the FMLA start date.

#### Leave payments

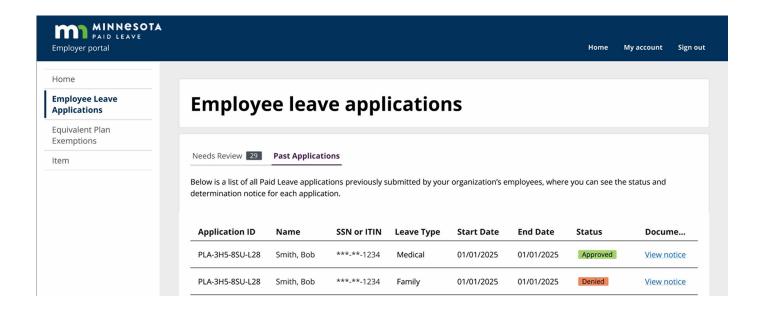


The employee uses two weeks of PTO <u>instead of receiving benefits from the state</u>. The state pays for the remaining 10 weeks.

# Step Four Administer leave



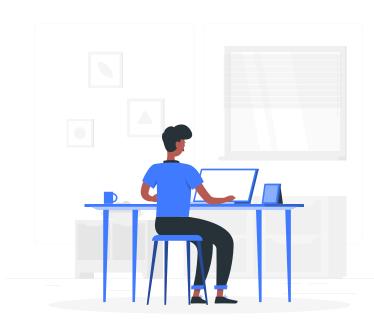
## Your Paid Leave Administrator Account will keep your organization in the loop





#### Who is a Paid Leave Administrator?

#### The Paid Leave Administrator is the point of contact within your organization for Paid Leave.



As a Paid Leave Administrator, you will be able to:

- Manage your account with Paid Leave
- Coordinate Paid Leave with other benefits
- Request an equivalent plan exemption
- Review applications submitted by employees
- Apply for small employer assistance funding



#### Roles in Paid Leave application

#### The employee, employer, and Paid Leave all play a role in the application process.

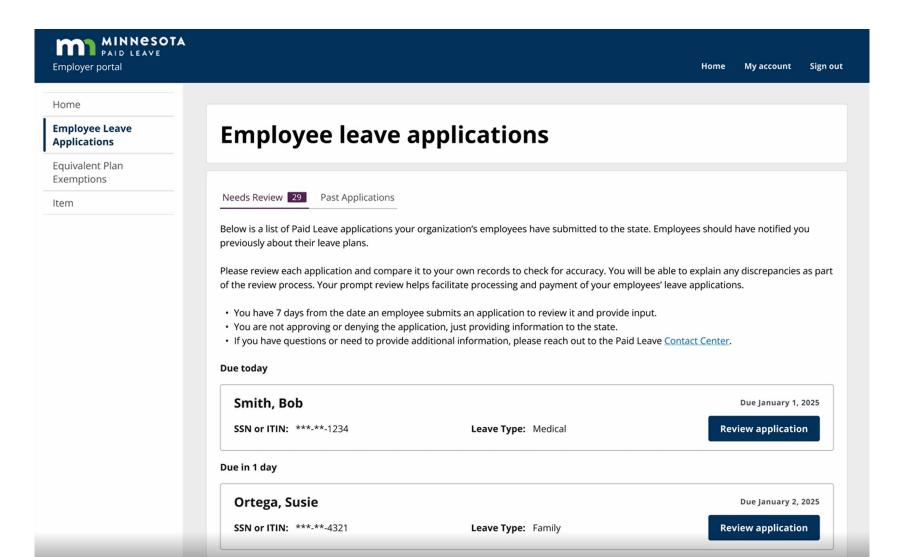
#### The Paid Leave application process

- 1. Employee notifies Employer about intention to take leave.
- **2. Employee** starts an application for Paid Leave.
- Employee submits application for Paid Leave.
   Paid Leave Administrator is asked to review the application.
- **4. Paid Leave division** adjudicates the application.
- 5. Employee and Paid Leave Administrator are notified of determination.



#### Paid Leave application review, part I

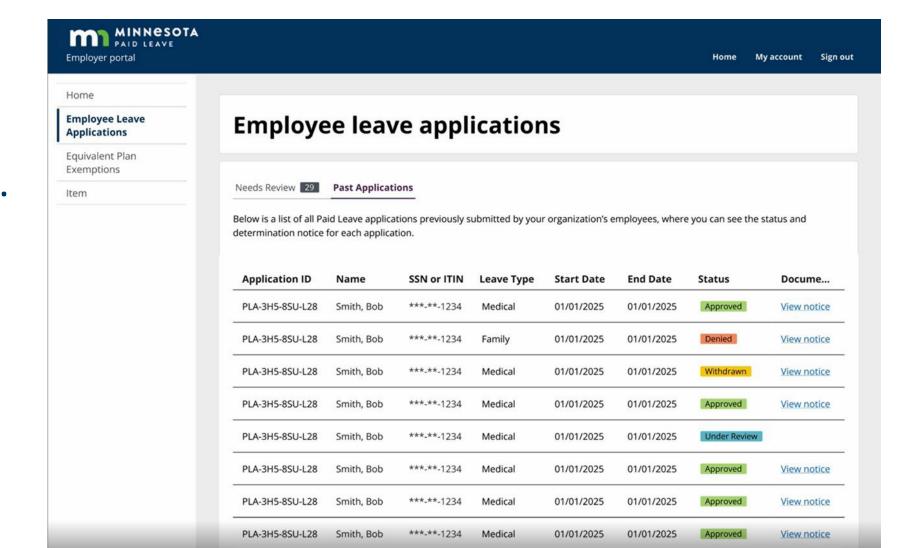
Employers will be able to review leave applications submitted by employees, and confirm the information submitted by employees is correct.





#### Paid Leave application review, part II

Employers will be able to track the status of each leave application, and view notices from the Paid Leave division.





#### Small Employer Assistance Grants



**Starting in January 2026,** funding will be available to support small businesses during an employee's absence. Leave administrators will be able to apply for this funding once an employee is approved for leave.

#### **Qualifications:**

- 30 or fewer employees
- Average employee wage of under 150% of Statewide Average Annual Wage (\$107,016 in 2025)

#### **Benefits:**

Funding up to \$3,000 to

- Hire temporary workers
- Increase existing workers' pay
- Train workers to cover for an employee on leave



#### We're listening



Small **Employers** 



Larger Employers



HR Professionals



Medical Providers



**Equity Groups** 



Domestic
Violence and
Sexual Assault
Advocates



Social Service Organizations



Insurance Industry



Third Party Administrators

- Input from businesses, organizations, and individuals helps to make Paid Leave work better for all Minnesotans.
- We've held over 200 engagement sessions with a variety of stakeholders to answer questions and gather input on the program.
- We are also conducting user research interviews to get feedback on everything from leave administration to safety leave certification.



#### Learning from employers

## Minnesota Paid Leave is engaging with employers big and small across the state.

#### Based on lessons learned, we:

- Launched wage detail in a system employers already know and trust
- Drafted rules to support implementation of the statute, building on feedback from businesses, workers, and other stakeholders
- Partnered with the Department of Commerce to create a viable market for equivalent plans





#### Help make Paid Leave work

#### Your partnership and experience help make Paid Leave work. Visit the <a href="Paid Leave website">Paid Leave website</a> to:

- Check out frequently asked questions for employers.
- Estimate premium payments using our online calculator.
- Register for a Paid Leave Only account in the UI system and report wages.
- Sign up to receive Paid Leave updates.
- Send us questions.

To reach the Contact Center by phone, call 651-556-7777 or 844-556-0444 (toll-free). Paid Leave staff are available 9:00 a.m. to 4:00 p.m., Monday through Friday, except state holidays.





#### Thank you + Questions

Greg Norfleet | Minnesota Paid leave