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# COUNTDOWN TO COMPLIANCE: BE PREPARED FOR MN PAID LEAVE

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OCTOBER 2025

NORTH RISK WEBINARS | 2025

# PRESENTER

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**Jordan Cardenas**

HR Attorney

WAGNER, FALCONER & JUDD, LTD.

# LOGISTICS

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This webinar is approved for 1.0 continuing education credit with HRCI & SHRM



Ask questions via the Questions box



Two-question survey at the end



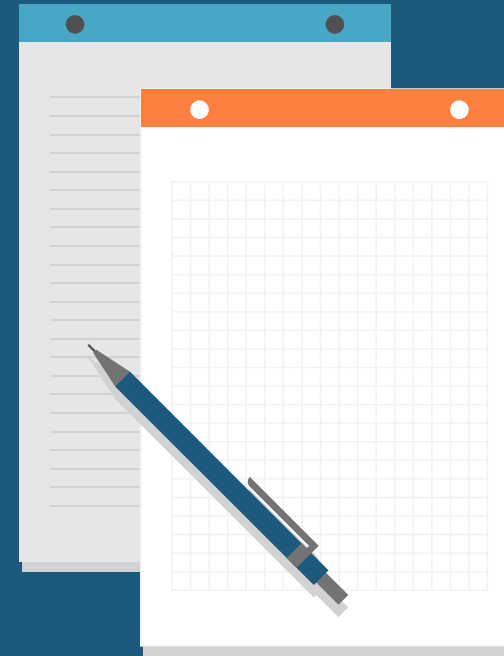
Webinar is recorded

✉ Follow-up email sent tomorrow with link to slides & recording!

# AGENDA

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- **Covered Employers**
- **Eligible Employees**
- **Qualifying Uses of Paid Leave**
- **State of MN's Requirements**
- **Employees' Requirements**
- **Employers' Requirements**
- **Private Equivalent Plans**



# MINNESOTA PAID LEAVE

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## MN Paid Family and Medical Leave (Paid Leave)

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# WHAT IS MN PAID LEAVE?

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- In 2023, Minnesota passed a bill to create a **state-mandated paid family and medical leave program to be a partial income replacement for employees.**
- The program ensures that **eligible workers have access to paid leave** during certain qualifying life events.
- MN Paid Leave is funded by **premiums** made up of contributions from employees and employers.

# **EFFECTIVE DATE**

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Employee  
deductions and  
benefits start  
**January 1, 2026.**

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# COVERED EMPLOYERS

All private and public employers are covered



Exception: Federal government



# COVERED EMPLOYEES

- **Covered:**

- Full-time
- Part-time
- Temporary
- Seasonal, unless in hospitality industry

- **Not Covered:**

- Seasonal employees in hospitality industry
- Independent contractors
- Self-employed individuals
- Tribal nations
- Federal government employees



# COVERED EMPLOYEES

## To be eligible:

1. Earned at least 5.3% of the statewide average annual wage in the past year (**\$3,900 in 2025**); **AND**
- 2(a). Worked at **least 50% of time in MN** in a calendar year; **OR**
- 2(b). the employee: (i) does not work at least 50% of their time in MN; (ii) does not work at least 50% of their time in any other state; (iii) performs "**some**" work in MN; and (iv) **lives** in MN for at least **50%** of the calendar year.



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# COVERED EMPLOYEES: EXAMPLE 1

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\*Assume the employee earned \$3,900\*

**Q:** An employer does not have a physical office in MN and only has one employee in MN who works remotely for at least 50% of their time in MN. Is the employee eligible?



# COVERED EMPLOYEES: EXAMPLE 1

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**A:** Yes, worked at least 50% of their time in MN.



# COVERED EMPLOYEES: EXAMPLE 2

\*Assume the employee earned \$3,900\*

**Q:** Employee lives on the Wisconsin-Minnesota border. Employee works 75% of time in WI, works 25% in MN, and lives full-time in **Wisconsin**. Is the employee eligible?



# COVERED EMPLOYEES: EXAMPLE 2

**A:** No, works more than 50% of their time in a state other than MN.



# COVERED EMPLOYEES: EXAMPLE 3

\*Assume the employee earned \$3,900\*

**Q:** Employee lives on the Wisconsin-Minnesota border. Employee works 75% of time in WI, works 25% in MN, and lives full-time in **Minnesota**. Is the employee eligible?



# COVERED EMPLOYEES: EXAMPLE 3

**A:** No, works more than 50% of their time in a state other than MN.



# COVERED EMPLOYEES: EXAMPLE 4

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\*Assume the employee earned \$3,900\*

**Q:** Employee lives on the Wisconsin-Minnesota border. Employee works 40% of time in WI, works 40% in MN, works 20% in IA, and lives full-time in **Minnesota**. Is the employee eligible?



# COVERED EMPLOYEES: EXAMPLE 4

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**A:** Yes, does not work in any state more than 50% of their time and lives full-time in MN.



# SEASONAL EMPLOYEES

A **seasonal employee** is an individual who:

1. is employed for 150 days or less during any consecutive 52-week period
2. in **hospitality**
3. by an employer whose average receipts during any six months of the preceding calendar year were not more than 33 percent of its average receipts of the other six months of such year.

**Hospitality** means: boarding establishment, food and beverage establishment, food cart, hotel or motel, limited food establishment, lodging establishment, mobile food unit, resort, restaurant, seasonal permanent food stand, school concession stand, seasonal temporary food stand, or special event food stand.

# REPORTING SEASONAL EMPLOYEES

- Employers must file a report to **DEED** if they intend to classify certain employees as seasonal employees.
- Employer must file a report to DEED within **5 business days** from the date the employee loses his or her seasonal employee classification.
  - Ex: Works **longer than 150 days**.
  - Ex: No longer works in hospitality.

# NOTICE TO SEASONAL EMPLOYEES

- Must notify employees that you intend to classify them as seasonal employees and not eligible to receive Paid Leave benefits.
  - **Current employees:** Must notify by December 1, 2025.
  - **New hires:** must notify them at the time an **employment offer is made.**
  - Employee must provide a physical or electronic signature acknowledging receipt of notice.



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# QUALIFYING REASONS TO USE PAID LEAVE

12  
weeks

**Medical Leave** for employee's own serious health condition.

12  
weeks

## Family Leave

- Bonding time during the first 12 months following birth of a child or after adoption or foster care placement of a child.
- Care for a family member with serious health condition.
- Active duty - family member on active duty or ordered to active duty.
- Safety leave because employee or family member was a victim of domestic abuse, sexual assault, or stalking.

20  
weeks

**Combined** family and medical leave in a **benefit year** → 52 calendar weeks beginning the first day of leave.



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# QUALIFYING REASONS TO USE PAID LEAVE

12  
weeks

## Medical Leave and Family Leave

20  
weeks

## Combined family and medical leave in a benefit year

Single qualifying event must be at least **7 days** (retroactive) and be supported by certification documentation from employee.

**Exception:** Bonding time with newborn child or newly placed adopted or foster child.

# QUALIFYING REASONS TO USE PAID LEAVE

**Question:** What if employee welcomed a child in 2025, can the employee take Paid Leave in 2026?

**Answer:** Yes, if leave is taken within 12 months of the child's birth, adoption, or foster care placement.

Child Arrives	Leave Must Be Taken By	Leave Time Available
June 1, 2025	June 1, 2026	Up to 12 weeks (Jan 1, 2026 - March 31, 2026)
March 1, 2025	March 1, 2026	Up to 8 weeks (time between Jan 1, 2026 - March 1, 2026)

# DEFINITION OF “FAMILY MEMBER”

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- Spouse or domestic partner
- Child (biological, adopted, foster, step, child of domestic partner, or child that employee stood in loco parentis, legal guardian, or de factor custodian)
- Parent or legal guardian
- Sibling
- Grandchild
- Grandparent or spouse’s grandparent
- Son-in-law or daughter-in-law
- Individual who has a relationship with the employee that creates an expectation and reliance of care without compensation and the two do not have to live together



# SERIOUS HEALTH CONDITION

**A serious health condition means a physical or mental illness, injury, impairment, condition, or substance use disorder that involves:**

## **1. Inpatient care**

- Inpatient care in a hospital, hospice, or residential medical care facility and includes any period of incapacity.

## **2. Continuing treatment or supervision by a health care provider, which includes:**

- Incapacity and treatment
- Pregnancy or prenatal care
- Chronic conditions
- Permanent or long-term conditions
- Conditions requiring multiple treatments



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# INTERMITTENT LEAVE

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Employees may take MN Paid Leave intermittently **for any covered reason.**



Employers may limit intermittent use to **480 hours in a 12-month period**



# STATE OF MN REQUIREMENTS

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- Determine that the employee is eligible for leave
- Notify the employer and employee of employee's eligibility
- Notify employer and employee when employee's benefits begin
- Notify employer and employee of employee's weekly benefit amount
- Notify employer & employee of the maximum duration of the employee's benefits



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# BENEFITS PAID TO EMPLOYEES

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Employees will receive between **55% to 90%** of their regular wages while on leave, up to a maximum amount of **\$1,423** per week.

Lower-wage workers get more support. The less employees earn, the more their paycheck is covered while on leave.

# BENEFITS PAID TO EMPLOYEES

**Subject to the maximum weekly benefit amount (\$1,423), the weekly benefit is calculated as follows:**

- **90%** of the portion of average weekly wage less than or equal to 50% of the SAWW  
+
- **66%** of the portion of average weekly wage exceeding 50% of the SAWW but not 100%  
+
- **55%** of wages that exceed 100% of the SAWW

**= Weekly MN Paid Leave Benefit**



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# BENEFITS PAID TO EMPLOYEES

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For weekly wages between **\$0 and \$711.50**, employees get paid **90%**.

For weekly wages between **\$711.50 and \$1,423**, employees get paid **66%**.

For weekly wages above **\$1,423**, employees get paid **55%** but capped at **\$1,423** per week.



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# EMPLOYEE REQUIREMENTS

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Apply	Apply online for benefits ( <a href="https://paidleave.mn.gov">paidleave.mn.gov</a> ).
Certify	Provide certification documentation to State to support qualifying event.
Report	Report any additional weekly wages (vacation, ESST, PTO, disability, etc.).
Notify	Give notice of need for MN Paid Leave to employer.

# EMPLOYEE NOTICE REQUIREMENTS

- Must notify employer before beginning Paid Leave application.
- If need for leave is foreseeable, employee must give at least 30 days' advance notice.
- If need for leave is not foreseeable (e.g., lack of knowledge, change in circumstances, or medical emergency), then employee must give notice as soon as practicable.
- Employee can give notice verbally or via phone or text message.



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# EMPLOYER REQUIREMENTS

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Employer's obligations under MN Paid Leave are to:

1. Create Employer Account
2. Create Paid Leave Administrator Account
3. Designate Paid Leave Administrator
4. Submit Quarterly Wage Reports
5. Finalize Company Policies
6. Give Notice to Employees
7. Pay Premium Payments



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# UI ACCOUNT & PAID LEAVE ADMINISTRATOR ACCOUNT

## UI Account (a.k.a., Employer Account)

- Create account at [uimn.org](http://uimn.org)
- Submit quarterly wage reports
- Pay premiums for Paid Leave
- Designate a Paid Leave Administrator



## Paid Leave Administrator Account

- Create account at [paidleave.mn.gov](http://paidleave.mn.gov)
- Review Paid Leave applications submitted by employees
- View Paid Leave determinations made by the State of MN
- Request an Equivalent Private Plan Substitution

# QUARTERLY WAGE REPORTS

- Employers must submit wage report on a quarterly basis.
- Employers submit their wage reports in the same online reporting system as MN UI.
- If all employees are covered by MN UI, employers do not need to take additional steps because the same account for quarterly wage reports will be used for both UI and MN Paid Leave.
  - Employers will have a *Joint UI/Paid Leave* account.



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# QUARTERLY WAGE REPORTS

## Purpose?

- Used to determine the premiums to be paid by employers and employees.
  - First premiums are due **April 30, 2026**.
  - The first premiums will base on the wage reports submitted **between Jan. 1, 2026 to Mar. 31, 2026**.
- Used to determine employee eligibility and benefit amount for Paid Leave.



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# QUARTERLY WAGE REPORTS: DUE DATES

- 1st quarter (January 1 - March 31) → **April 30**
- 2nd quarter (April 1 - June 30) → **July 31**
- 3rd quarter (July 1 - September 30) → **October 31**
- 4th quarter (October 1 - December 31) → **January 31**

**Reports must be received on or before the due dates.**

# PREMIUM PAYMENTS

**Contributions:** Finance MN Paid Leave through employee payroll deductions and employer contributions.

**Premium Rate: 0.88%** (in 2026). Split between employer & employee.

- Employer pays 0.44% and employee pays 0.44%
- 0.27% for family leave and 0.61% for medical leave.

**Maximum Employee Contribution:** 50% (50-50 split between employer & employee).

- Employer can cover 50% to 100% of the 0.88% premium rate.
- **Cannot put employee below minimum wage.**

**Employee Contribution Cap:** Premium rate applied on wages up to the Social Security cap of \$176,000.



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# PREMIUM PAYMENT FOR SMALL EMPLOYERS

**Premium Rate:** 0.88% (in 2026). Split between employer & employee.

- Small employer premium rate is **0.66%**.
- Reduces **employer's** minimum premium rate from 0.44% to **0.22%**.
- **Employee's** maximum premium rate stays at **0.44%**.

## Definition of Small Employers:

1. Has 30 or fewer employees; and
2. The average wage of all employees is 150% or less than the statewide average, which is \$107,106 in 2025.



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# OTHER EMPLOYER REQUIREMENTS

- Job protected leave after 90 calendar days of employment.
- Must maintain health insurance coverage while employee is on leave, and employees continues to pay their share of the premium.
- No retaliation.



# SUPPLEMENTAL BENEFITS

Supplemental benefits are payments an employer designates to make up the difference between partial and full wage replacement.

- Supplemental benefits can be **paid vacation time, ESST, PTO, or disability insurance.**
- Decision to offer supplemental benefits belongs to the employer, and employees choose whether to accept supplemental benefits.
- **Disability plans** (e.g., short-term disability) are supplemental benefits by default.

**MN Paid Leave benefit plus a supplemental benefit cannot exceed 100% of the employee's regular wage or salary**

# INTERSECTION WITH OTHER LAWS

- **Federal Family and Medical Leave Act**
  - May run concurrently (qualifying reason for both)
- **Minnesota Parental and Pregnancy Leave Act**
  - May run concurrently (qualifying reason for both)
- **Minnesota Earned Sick and Safe Time**
  - Cannot require it to run concurrently
  - Rather, may offer ESST as a supplemental benefit



# NOTICE TO EMPLOYEES

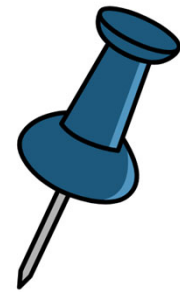
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- Employers have two notice requirements that be must be satisfied by **December 1, 2025:**
  1. Must display MN Paid Leave poster in the workplace.
    - Model poster available online.
  2. Must give notice to employees of employees' rights under MN Paid Leave.
    - Model template notice published by the State online.

# NOTICE TO EMPLOYEES: WORKPLACE POSTER

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- Must be displayed in the workplace in a location that can be seen by every employee.
- The poster must be in English.
- The poster must also be in each language that is the primary language of at least five employees or independent contractors but only if the State has published a poster in that language.



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# NOTICE TO EMPLOYEES: WRITTEN NOTICE

- Current Employees: must give notice by December 1, 2025.
- New hires: must give the written notice within 30 days of the employee's hire date.
- Employee must provide physical or electronic signature acknowledging receipt of notice.

# NOTICE TO EMPLOYEES: WRITTEN NOTICE

The following information must be included in the written notice:

- Overview of Paid Leave benefits, including:
  - Right to job reinstatement
  - Continued health insurance during leave
- Details on premium contributions:
  - Amount deducted from employee wages
  - Amount paid by employer
  - Employer's obligations under Paid Leave
- Employer Information:
  - Name and mailing address
  - DEED-assigned Employer ID number
- How to file a claim for Paid Leave benefits:
- DEED's mailing address, email, and phone number

**Any additional  
information  
required by DEED**



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# TAXES

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Paid Leave benefit payments are considered **taxable income** under both Minnesota and federal law.

When employees apply for Paid Leave, they have the **option to withhold state and federal taxes from their weekly benefit.**

If employee elects withholding: MN Paid Leave will withhold **5% for state taxes and 10% for federal taxes.**

Employees' premiums for MN Paid Leave must be included on the employee's W-2 and **does not reduce employees' taxable wages.**



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# TAXES

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If employer pays more than the minimum premium amount (0.44%), then it is deemed additional compensation to the employee and must be included in the employee's federal gross income as wages.

Employers may deduct their premium contributions as an excise tax under § 164.

If an employer pays more than the required minimum share of the premium, they can deduct this additional contribution as an ordinary and necessary business expense under § 162.



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# TAXES

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**Family and medical benefits are treated differently for tax purposes.**

## Medical Benefits

- **Employer paid portion** (50%)
  - Treated as wages and subject to:
    - Federal income tax withholding
    - Social Security & Medicare
    - FUTA (Federal Unemployment Tax)
  - The State reports these payments to the employer frequently to allow employer to pay their portion of Social Security and Medicare
  - Must be included on the employee's W2
- **Employee paid portion** (50%):
  - Excluded from employee's gross income and not taxable

## Family Benefits

Not taxed: Not considered wages; no employment taxes apply  
The State will report the benefit to the IRS and issues a 1099 to the employee

# ENFORCING THE LAW

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The statute creates a private right of action, allowing an employee to sue in federal or state court to enforce their rights-remedies include damages, interest, liquidated damages for bad faith actions, injunctive or equitable relief, and **attorney's fees and costs.**

Employers may be fined not **less than \$1,000** and not **more than \$10,000** for each violation-paid to the employee.

# PRIVATE PLAN

Employers can opt out of the state-run program by offering coverage under an approved private plan.  
**Submit private plan for approval or purchase pre-approved private plan.**



## Requirements

- Must provide equal or better benefits than the state plan.
- Cannot cost employees more than they would pay under the State plan.
- Cover all employees working for the employer.
- Must be for at least one year.



## Additional Information

- Can cover family leave or medical leave or both.
- Offer coverage for former employees for up to 26 weeks post termination or until the employee receives new employment.
- Not required to pay premiums to State but still need to submit quarterly wage reports.



## Plan Options

- Can be fully insured or self-insured.
- Fully insured must be through an authorized insurance carrier.
- Self-insured requires a surety bond.
- Market of pre-approved plans.

# PRIVATE PLAN

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## When is the deadline to submit a private equivalent plan?

- Employers can submit a request at any time, and they will be reviewed and approved on a rolling basis.
- An equivalent plan can take effect at the start of any quarter. It is best to submit your request as soon as it is ready, ideally one quarter before you want the plan to take effect.
- If you want your plan to be in place when the program launches on January 1, 2026, you should submit your request by **November 15, 2025.**

# IMPORTANT DATES

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**December 1, 2025:** Must notify employees of MN Paid Leave rights (workplace poster and written notice).

**November 15, 2025:** Submit private plan application for approval.

**January 1, 2026:** Payroll deductions begin, and employees may start going using MN Paid Leave.

**April 30, 2026:** First quarterly premium payments due.



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# ACTION STEPS

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## 1. Set up your accounts

- a. Joint/UI Paid Leave Account or Paid Leave Only Account (UI website)
- b. Paid Leave Administrator Account (Paid Leave website)

## 2. Notify your employees

- a. Workplace poster
- b. Written employee notice
- c. Notice for seasonal employees and private equivalent plans

## 3. Decide how to split premiums (default of 50%-50%)

## 4. Notification process—Before applying for MN Paid Leave, who should employees notify at the company and how should employees notify the company?

## 5. Decide whether to offer supplemental benefits

## 6. Create your intermittent leave policy

- a. Company decides shortest block of time—from one minute up to one day
- b. Decide how much leave can be taken intermittently (must allow at least 480 hours of intermittent leave)

**QUESTIONS?**



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Submit a ticket through your WFJ  
Compliance Center Portal

*Personalized  
consulting and  
best practices  
from HR  
professionals &  
attorneys*

\*First interaction with the HR hotline via  
phone or email triggers portal enrollment



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# UPCOMING WEBINARS

Employer Essentials



Watch your inbox  
for invitations

Thursday, Nov. 6 | 11:00 a.m. to 12:00 p.m.

**The Federal Drug & Alcohol Program:** Ensuring a Safe Workplace

Thursday, Nov. 20 | 11:00 a.m. to 12:00 p.m.

**Cyber Vulnerability Management:** Safeguarding Your Organization

Thursday, Dec. 4 | 11:00 a.m. to 12:00 p.m.

**Buy-Sell Planning:** Protecting Your Business from Unexpected Risks