

MINNESOTA PAYROLL CHANGES FOR EMPLOYERS

Earned Sick and Safe Time (ESST)

Reminder: Employees earn ESST on a per payroll basis, at a rate of 1 hour for every 30 hours worked, up to a maximum of 48 hours a year. They can carry over 80 hours from the previous year(s). You are required to report the balance with each pay stub, or on another form.

MN Department of Labor and Industry has more information and Frequently Asked Questions on their site.

Family and Medical Leave Act (FMLA)

Since 1993 U.S. law allows eligible employees to take up to 12 weeks of unpaid, job-protected leave for certain family and medical reasons. These reasons include the birth of a child, child adoption or foster care, the need to care for an ill family member, or for their own health condition.

Employees must notify their employer as soon as possible that they need FMLA leave. Employers can require a certification from a healthcare provider to verify the request for leave.

The U.S. Department of Labor provides comprehensive information, fact sheets, and resources for both employees and employers on their website.

NEW FOR 2026 PAYROLLS

MN Paid Leave

MN Paid Leave is for medical and family leave. Employees may qualify for up to 12 weeks of medical or family leave per benefit year. If an employee needs both medical and family leave in the same benefit year, they may qualify for up to 20 weeks in total.

Reporting started in October 2024 and wages were reported with your quarterly MN Unemployment filings. If you have employees who are not subject to MN Unemployment, a separate Paid Leave MN Unemployment account should have been set up to report these wages.

NOTE: If Hemann Grover files your quarterly MN Unemployment filings, we set up a separate Paid Leave account at MN Unemployment and have been filing the reports for you.

For 2024 and 2025 no payments were due for MN Paid Leave. Starting with the 1st quarter 2026 MN Unemployment filings, payments will be due in the amount of .88% on every dollar of wages paid. Employers may choose to pay the full .88% amount or pass on up to .44% to employees as a deduction from their paycheck.

As an employer, you can choose to opt out of MN Paid Leave insurance plan, but you need to submit your own equivalent plan or plan through a private insurer for state approval. Employers who do not opt out will automatically be enrolled in the state plan.

More information can be found on the MN Paid Leave website: paidleave.mn.gov

Important dates related to MN Paid Leave

October 1, 2024 – start to report wages through MN Unemployment site

October 1, 2025 – set up Paid Leave Administrator in your MN Unemployment account (if Hemann Grover files your reports, we have set up this administrator for you. We set up the owner of the business as the administrator.

November 1, 2025 – create a Paid Leave Administrator account in your Paid Leave account at **paidleave.mn.gov**

This account is for employers to review leave applications and view Paid Leave determinations.

This needs to be done by each employer, Hemann Grover, will not set these up for you.

November 15, 2025 – Deadline to opt out of the State plan

December 1, 2025

The Paid Leave poster needs to be posted for employees to see, in their primary language

The Employer needs to individually let each employee know about the MN Paid Leave program

Each Employee needs to acknowledge that they received the MN Paid Leave information by signing a form, acknowledging receipt electronically, or in another way decided by the employers.

December 15, 2025 – Hemann Grover needs to know the following:

If you have opted out of the State plan

If you are fully funding the .88% or if up to .44% is to be deducted from your employee's paycheck.

If you have set up your Paid Leave Administrator Account at paidleave.mn.gov

ALSO NEW FOR 2026 PAYROLLS

Minnesota Secure Choice Retirement Program

Employers with five or more employees who do not offer employees a retirement plan are required to enroll in the Minnesota Secure Choice Retirement Program. Employers **may not opt out** of the program.

An initial contribution of 5% is proposed with annual automatic escalation of 1% until it reaches 8%.

Employer contributions are not permitted, the only contributions to the program will be wages withheld from employee's pay checks.

Employers will be required to deduct contributions from their employees pay checks and remit those to the program. Employers will be responsible for any cost associated with these deductions.

NOTE: This program will be launching in January 2026.

ALL EMPLOYERS will be contacted by **VESTWELL** (the service provider selected by the state) around the time of the enrollment phase that describes their organization size (chart below) and be provided log-in information to the Vestwell portal.

<u>Number of Employees at covered employer</u>	<u>Phase duration</u>
Soft launch for any sized covered employer	Jan 1, 2026 – March 30, 2026
100 or more	April 1, 2026 – June 30, 2026
50 to 99	July 1, 2026 – Dec 31, 2026
25 to 49	Jan 1, 2027 – June 30, 2027
10 to 24	July 1, 2027 – Dec 31, 2027
5 to 9	Jan 1, 2028 – June 30, 2028

More information can be found on the MN Secure Choice Retirement Program website:
securechoice.mn.gov