

# Minnesota's Paid Leave Law Is Final: Here's How Employers Can Prepare Now

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## Meet the Authors



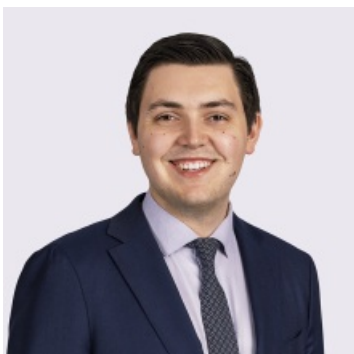
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## Takeaways

- The state's Paid Family and Medical Leave Law survived the legislative session with minimal change and the Department of Employment and Economic Development published its final rules on 06.16.25.
- Paid leave goes live on 01.01.26; employers can begin payroll deductions and employees can begin applying for paid leave benefits.
- Employers must provide employees notice by 12.01.25. First premium payments are due on 04.30.26.

## Related links

- [MN DEED Employers / Minnesota Paid Leave](#)
- [MN DEED Adopted Expedited Permanent Rules Regulating Paid Leave](#)
- [MN DEED Premium rate and contributions](#)

## Article

The Minnesota [Paid Family and Medical Leave Law](#) (Paid Leave) survived the latest legislative session with minimal change and is on track to go live on Jan. 1, 2026. The Minnesota Department of Employment and Economic Development (MN DEED) published its [final rules](#) on June 16, 2025.

## The Basics

Paid Leave provides job protections and partial wage replacement to employees who take leave for a qualifying condition. The benefits are paid by the state and funded by premiums contributed by employers and employees.

Eligible employees can take up to 12 weeks of medical leave and up to 12 weeks of family leave.

Family leave is a broad category that includes time off to bond with a new child (by birth, adoption, or foster placement), care for a family member with a serious health condition, address safety concerns related to domestic violence, sexual assault, or stalking, and support a family member called to active military duty.

An employee can take both medical leave and family leave in a single 12-month period, but total leave cannot exceed 20 weeks.

## Upcoming Deadlines

### *Premiums and paycheck deductions*

The first premium payments for Paid Leave are due on April 30, 2026. Employers can

## Related Services

Disability, Leave and Health  
Management

begin to deduct Paid Leave premiums from employee paychecks starting Jan. 1, 2026.

### *Notice requirements*

By Dec. 1, 2025, employers must post notice developed by the commissioner of MN DEED in a conspicuous place. Employers must also provide written information regarding the availability of paid family and medical leave benefits by this date (or 30 days from beginning employment).

MN DEED will provide workplace notice posters and written materials employers can use to meet these requirements.

### Cost to Employers

#### *Premiums*

The Paid Leave program is funded primarily through employer contributions in the form of premiums. The premium rate for 2026 is 0.88% of paid taxable wages. The premium rate will be set annually, but by law, it cannot be higher than 1.1%.

The premium is calculated based on factors like employee count and employee payroll. The premium is *not* affected by how much employees use the Paid Leave program.

Small employers are subject to a lower premium rate if they have 30 or fewer employees and the average employee wage is less than 150% of the statewide average weekly wage.

Employers must contribute a minimum of 50% of the premium. They may deduct the remainder from employee pay, so long as the deduction does not result in an employee earning less than minimum wage.

Remember to provide employees written notice of deductions under the Paid Leave program *before* changing payroll deductions.

#### *Tax implications*

According to MN DEED, employers may deduct their premium contributions as an excise tax. Additional contributions over the required minimum share of the premium may be deducted as a business expense. Employers must include this additional contribution as wages on the employee's Form W-2.

As to medical leave benefits, employers are responsible for reporting the taxable portion of medical leave benefits as wages on the employee's W-2 and paying their portion of Social Security and Medicare taxes.

### Alternative Equivalent Plan

In lieu of paying premiums to the state, employers can choose to meet their Paid Leave responsibilities by providing employees with an equivalent plan that meets or exceeds the coverage offered by the state. Employers must still submit quarterly wage detail reports to the state and comply with the notice requirements.

### Interplay with Other Types of Leave

Employers cannot require employees to exhaust accrued Minnesota Earned Sick and Safe Time (ESST), vacation, or personal time off before or while taking paid family leave. An employee can choose to use vacation pay, ESST, or paid time off in lieu of Paid Leave

benefits (provided the employee is concurrently eligible) or to supplement Paid Leave benefits up to the amount of their normal wages.

Employers may require that leave taken under Paid Leave run concurrently with leave taken for the same purpose under the federal Family and Medical Leave Act or the Minnesota Parenting and Pregnancy Leave law, provided that the leave is eligible for both.

For employers that provide employees with wage replacement during their leave and the total amount of benefits under the Paid Leave program and additional benefits exceed the employee's usual salary, the employee must refund the excess to the employer.

If an employee receives both disability insurance benefits and Paid Leave at the same time, the disability insurer may reduce the disability payments pursuant to the terms of the insurance policy.

### Next

Minnesota employers should take steps now to understand their obligations, update their policies, and provide employees notice before December.

If you have any questions related to compliance with Minnesota's Paid Leave, please contact the Jackson Lewis attorney with whom you regularly work.

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