MetLife

# Getting your business ready for **Minnesota PFML 2026**

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# A defining choice for employee wellness—and business success

**Minnesota's path to establishing a Paid Family and Medical Leave (PFML) program has been more than a decade in the making, resulting in one of the most comprehensive paid leave initiatives at the state level in the United States.** We view PFML as essential for both employees and employers, particularly in light of ongoing economic uncertainty and shifting workforce expectations.

Our 2025 Employee Benefits Trends Study (EBTS) finds that paid leave benefits play a crucial role in supporting work-life balance. These benefits not only improve employee retention, morale, and productivity but also allow employees to prioritize their health, and address personal or family needs without the risk of lost income or job security.

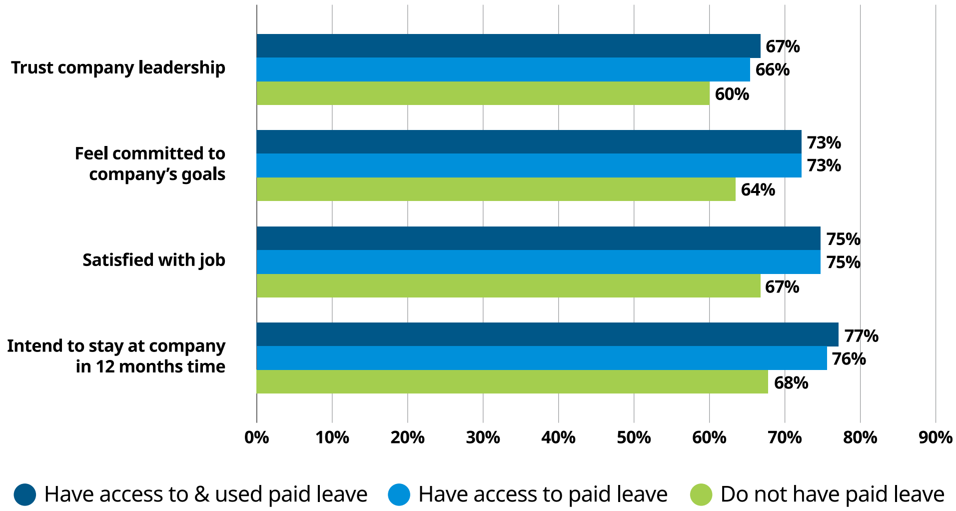
When employees return to work more focused and loyal, organizations see measurable business advantages, including higher revenue and profit per employee, as well as reduced turnover costs.

However, not all PFML plans offer the same value. The state-administered plan provides standardized coverage, but it often lacks the flexibility, customization, and personalized service that private carriers can deliver.

Employers relying solely on the state plan may encounter administrative challenges, higher costs, and difficulties integrating PFML with existing benefits. In contrast, private carriers are able to offer tailored solutions, potentially lower costs for low-risk employers, and enhanced support for unique workforce needs.

Choosing the right PFML plan may be one of the most consequential decisions you make this year.

## How paid leave affects employee outlook




Source: MetLife 2025 US Employee Benefit Trends

# Minnesota PFML key milestones

## 2023

**May 25, 2023**

Governor Tim Walz signed House File 2 (HF 2) into law, officially creating Minnesota's PFML program. This law made Minnesota the 12th state, plus the District of Columbia, to enact such a program.

## 2024

**May 15, 2024**

Minnesota Department of Employment and Economic Development (DEED) begins issuing guidance for employers, clarifying compliance requirements and preparing the infrastructure for wage reporting and premium collection.

**May 24, 2024**

The Minnesota legislature passed amendments to the PFML law, most notably increasing the payroll tax rate from the original 0.7% to 0.88% based on actuarial recommendations to ensure sufficient program funding.

**Oct 31, 2024**

Employers were required to submit their first quarterly wage reports to DEED, laying the groundwork for premium calculations and program funding.

**Are you compliant?**
**If not, learn how you can submit a report today.**

## 2025

**Feb 13, 2025**

DEED published guidance for employers on equivalent private PFML plans, allowing employers to use approved private plans in lieu of the state plan, provided they meet statutory requirements.

**July 2025**

Private PFML plan application begins. MetLife offers both fully insured and self-insured private PFML plans that are designed to meet or exceed all statutory requirements set by Minnesota. Consider a private plan to support compliance.

**Dec 1, 2025**

Employers must post state-prepared notices about PFML benefits and provide written notification to employees.

## 2026

**Jan 1, 2026**

The PFML program officially launches. Employers and employees begin making contributions. Eligible employees can start taking paid family and medical leave.

**Apr 30, 2026**

The first premium payments are due based on wages paid in the first quarter of 2026.

# What is the Minnesota PFML program?

PFML law mandates that most employers provide paid leave benefits to eligible employees. This requirement can be met by participating in the state-run plan or by offering a private plan, which may be fully insured or self-funded.

In Minnesota, PFML offers two primary benefits: short-term paid leave with partial wage replacement and job protection for employees who have been with their employer for more than 90 days. Employers interested in private plans can apply starting July 1, 2025. Below are the key differences between the options.

| | State plan | Self-funded private plan (e.g., MetLife as plan administrator) | Fully insured private plan (e.g., Metlife PFML) |
|---|---|---|---|
| **Administration** | Minnesota Department of Employment and Economic Development (DEED). | Employer or third party administrator (TPA) after state approved private plan application. | Insurance carrier provides dedicated claims administration after state approves private plan application. |
| **Funding** | Payroll tax (0.88%, split 50/50) to fund the PFML trust. Benefits would be paid directly from this trust. | Employers may deduct up to 0.44% from payroll for a special PFML fund and will pay these benefits directly to their own claimants. | Employers may deduct up to 0.44% from payroll, combine with their own funds, and send these premiums to an insurance carrier, who assumes all risk and pays benefits directly to claimants. |
| **Coverage requirements** | Set by statute. | Must match or exceed state plan benefits and protections. | Must match or exceed state plan benefits and protections. |
| **Reporting (quarterly wage)** | Employer submits report to the state. | Same as state's program. Employer submits report to the state. | Same as state's program. Employer submits report to the state. |
| **Claims processing** | State processes employee claims. | Employer or TPA processes employee claims. | Insurance carrier processes employee claims. |
| **Employee communication** | Employer is responsible. | Same as state's program. Employer is responsible. | Same as state's program. Carriers can supply extra employee notices for compliance and educational materials. |
| **Benefits integration** | Employer is responsible for managing federal, unpaid state or company benefit overlaps. | Employer or TPA is responsible for managing overlaps. | Carriers can help prevent benefit duplication and ensure seamless coverage. |
| **Implementation** | Employer is responsible. | Employer or TPA is responsible. | Carriers can provide onboarding support and streamlined processes for plan approval and employee enrollment. |

# Who's required to participate in Minnesota PFML?

All private-sector employers with at least one employee working in Minnesota must participate in the PFML program. This mandate also applies to state and local government employers.

## Covered

**Employees who have earned at least 5.3% of state's average annual wage**
in base year
( e.g., $3,781 in 2024 )

**Note:**
Employees in MN must have the payroll deduction taken from their first paycheck in 2026. If not, the employer must pay the full 5.3%.

**Employees working at least 50% of their time in Minnesota.**
Or if they do not work 50% in MN or any other state and they reside in Minnesota at least 50% of the year.

**Note:**
If employee is working 50% or more in a different state, they are not eligible for MN PFML coverage even if they do reside in Minnesota.

**Former employees are eligible to use benefits for up to 26 weeks**
after employment separation or until hired by new employer.

## Excluded

**Self-employed**
(can opt in) and independent contractors.

**Seasonal workers**
(worked fewer than 150 days in prior consecutive 52 weeks).

**Federal employees**

# Who pays for Minnesota PFML?

**Minnesota's PFML law establishes a shared premium system, requiring both employers and employees to contribute through payroll deductions.** The state's default program creates a PFML trust, which is funded by these contributions and used to pay out benefits.

Employers must cover at least 50% of the PFML trust premium, with the remaining portion (up to 50%) deducted from employee wages. Employers also have the option to pay the entire premium themselves.

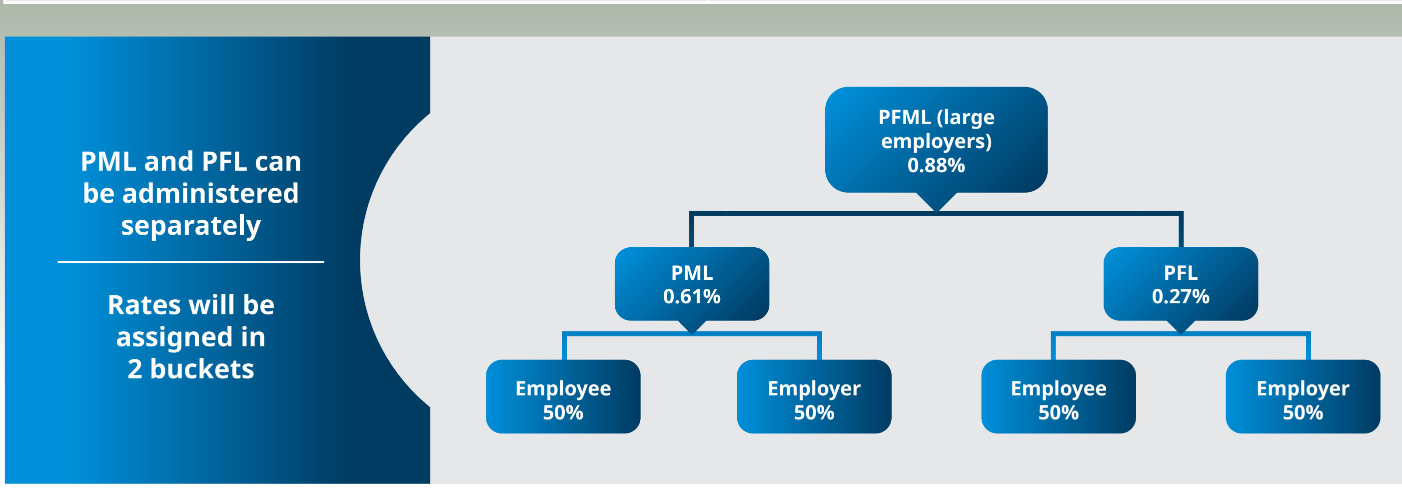
For those who choose a private plan instead of the state program, the rates may differ, but employees cannot be required to pay more than they would have contributed under the state plan.

In 2025, for example, the maximum amount of an employee's wages subject to the PFML premium is $176,100. Any income above this threshold is exempt from additional PFML premiums. This cap, which aligns with the federal Social Security wage base, ensures consistency in payroll tax administration and limits the total PFML contributions for high earners. The same wage cap applies to both the state PFML trust and approved private plans.

After the program's first year, the premium rate will be set annually by July 31 for the following year, based on program performance and an independent actuarial study. The rate may be adjusted to maintain the fund's solvency, but it cannot exceed the statutory cap.

The definition of wages for PFML purposes is broad and includes all forms of compensation: salary, commissions, bonuses, severance, vacation or holiday pay, tips, non-cash compensation, and more. Both paid medical leave and paid family leave are available as distinct, but related, benefits under the program.

| State plan premium rates | |
|---|---|
| **Large employers** | **Small businesses (<30 employees)** |
| **0.88%** of annual wages, split 50/50 between employer and employee | **0.66%** of annual wages (split: employers 0.22%; employees 0.44%) |



# How much do employees contribute?

Understanding state premiums is crucial because contributing to the PFML trust is legally required. In this example, an employer with 30 or more Minnesota employees splits premium contributions 50/50 with employees, covering both paid family and medical leave.

Employers who choose a private plan may have different rates, but employee contributions cannot exceed what they would have paid into the state plan.

| Example | Toby | Jim | Michael |
|---|---|---|---|
| **Annual salary** | $45,000 | $75,000 | $176,100 |
| **Total contribution rate starting 2026 0.88% of employee wages** | 50% employee | 50% employee | 50% employee |
| | 50% employee | 50% employee | 50% employee |
| **Total annual premium (0.88%)** | **$396.00** | **$660.00** | **$1,549.68** |
| **Employee and Employer split 50/50** | $198.00 | $330.00 | $774.84 |
| **Weekly payroll deduction** | $3.81 | $6.35 | $14.90 |

# What are the paid leave benefits and processes?

**Under Minnesota's PFML law, employees must apply for benefits by submitting an application and proof of their need for leave, similar to the current process for short-term disability claims.** Employees are eligible for up to 12 weeks of paid leave per year for their own serious health condition and up to 12 weeks for family caregiving, bonding, military exigency, or safety-related reasons, with a combined maximum of 20 weeks in a 12-month period.

Except for bonding leave, a qualifying event must last at least seven days for an employee to be eligible, and benefits for this period are paid retroactively. This is not a waiting period. Leave can be taken intermittently, typically in increments as small as one workday, up to 480 hours per year; private plans may allow even smaller increments to align with federal Family Medical Leave Act (FMLA) requirements. The definition of "family member" is broad, allowing employees to take leave for a wide range of family relationships, including non-relatives with close caregiving ties.

Employees qualify for wage replacement benefits as soon as they have earned at least 5.3% of the state's average annual wage from all Minnesota employers during the base period. After working at least 90 days for their employer, employees are guaranteed the right to return to their same or an equivalent job and are protected against retaliation or discrimination for taking or requesting leave.

# Types and durations of paid leave

## Medical leave

Allows employees to take time off for their own serious health condition, including pregnancy, illness, injury, or ongoing medical treatment.

## Family leave

Provides time off to care for a family member with a serious health condition or to bond with a new child through birth, adoption, or foster care.

## Military exigency leave

Covers absences needed to address issues arising from a family member's active military duty or impending call to duty.

## Safety leave

Supports employees who need time away from work due to domestic violence, sexual assault, or stalking affecting themselves or a family member.

**12 weeks**

Amount of paid medical leave (PML) or paid family leave (PFL) employees may take in a benefit year per leave category.

**20 weeks**

Maximum total leave employees may take in a benefit year combined from both PML and PFL leave categories.

**7 days**

Minimum duration of an event certified by healthcare providers to qualify for PFML.

**1 hour**

Minimum increment in duration for PFML leaves under a private plan.

# How does partial wage replacement work?

**After an employee files a claim, the claim administrator—whether the state or a private plan —will review the application to determine eligibility.** This includes verifying that the employee works in Minnesota, meets the earnings threshold, and has a qualifying event. If the employee is found eligible, the administrator then calculates the benefit entitlement based on the employee's average weekly wage and typical work schedule.

| **Tier 1** (up to 50% of SAWW) | **+ Tier 2** (50% to 100% of SAWW) | **+ Tier 3** (>100% of SAWW) |
|---|---|---|
| Employees receive 90% of their AWW | Employees receive 66% wage replacement for that portion | Employees receive 55% wage replacement for that portion |
| Weekly income up to $686/week | Weekly income between: $687 – $1,372 | Weekly income over $1,372 until benefit reaches its max |

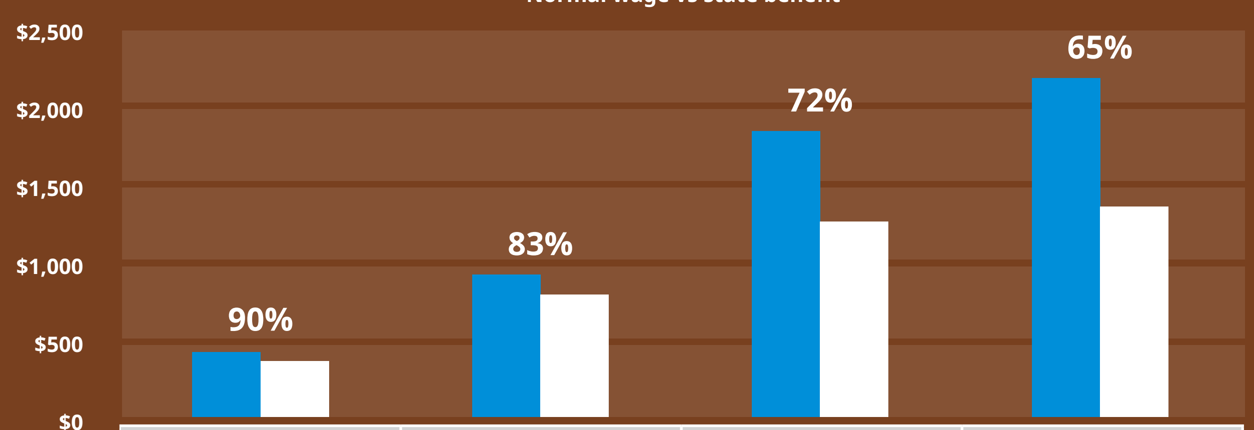
Minnesota's PFML program offers partial wage replacement during qualifying leave, using a progressive, three-tier formula that considers the employee's average weekly wage (AWW) relative to the state average weekly wage (SAWW). This structure is designed to provide higher wage replacement percentages to lower earners.

Wages used for this calculation include base pay, overtime, tips, commissions, and bonuses, consistent with what employers report to the state in quarterly wage reports. The AWW is determined by taking the highest-earning quarter from the last four completed quarters and dividing those earnings by 13.

The maximum weekly benefit is capped at the state's average weekly wage. For example, in 2024/2025, the SAWW is $1,372 per week.

# How much will employees receive?

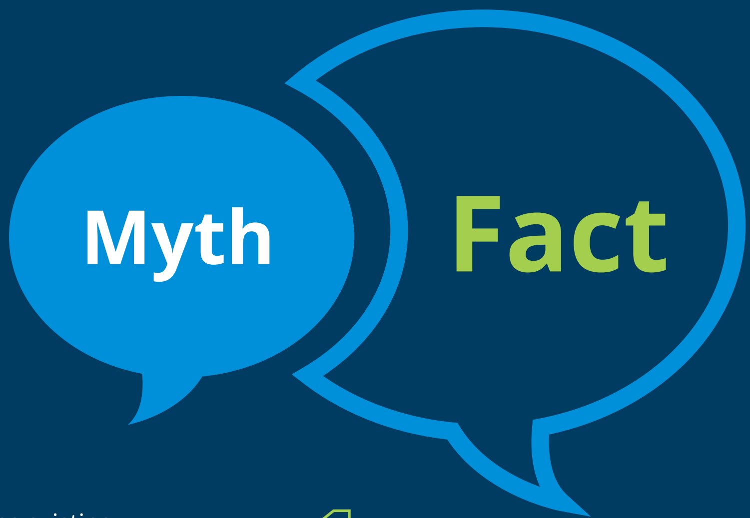
Let's take a look at an example that illustrates what four employees at different points of the pay scale will receive in weekly income based on the progressive, three-tier formula.




| | Mary | Joe | Peter | Sarah |
|---|---|---|---|---|
| **Annual salary** | $25,000 | $50,000 | $95,000 | $110,000 |
| **Weekly income** | $481 | $962 | $1,800 | $2,115 |
| **Benefit** | $432.69 | $799.26 | $1,306 | $1,372 |

Weekly income   Benefit

# Debunking common Minnesota PFML myths




| | Myth | Fact |
|---|---|---|
| 1 | PFML replaces existing leave benefits | Employers can keep or supplement their own leave policies, but must ensure they meet or exceed state PFML requirements. |
| 2 | PFML and Earned Sick and Safe Time are the same | Minnesota's Earned Sick and Safe Time program, launched in January 2024, provides up to 48 hours of paid time off per year for certain qualifying events. Beginning January 2026, the state's PFML program will offer up to 20 weeks of paid leave annually for a broader range of family and medical needs. Click here for a detailed comparison. |
| 3 | PFML and FMLA are the same | PFML is a state law; FMLA is a federal, unpaid leave law. Employees may qualify for both, but the requirements and benefits differ. |
| 4 | PFML is prone to widespread abuse | Evidence from other states and federal FMLA shows very low rates of abuse, with strict eligibility and documentation requirements in place. |
| 5 | Small businesses are hurt most | Small businesses often benefit, as PFML levels the playing field with larger employers and can improve employee retention and morale. |

# Myth Fact

6

Myth: Employers must pay state taxes even with a private plan

Fact: Employers with an approved private plan will receive a tax exemption and will not pay state premium PFML taxes.

7

Myth: Employees must use up PTO before PFML

Fact: PFML is separate from employer-provided paid time off (PTO). Employers may coordinate benefits but cannot require employees to use PTO before PFML.

8

Myth: PFML will lead to major staffing shortages

Fact: Experience from other states shows manageable impacts when employers plan ahead, using wage savings to hire temporary help or redistribute work. Providing a path for trained workers to return after leave strengthens the workforce by avoiding the need to hire and train new employees.

9

Myth: Only parents or new mothers will benefit from PFML

Fact: PFML supports employees of all ages, offering leave for serious health conditions, family caregiving, situations involving family violence, bonding with a foster child, and other qualifying events.

10

Myth: PFML does not cover mental health conditions

Fact: Employees can receive PFML benefits for leaves related to mental health conditions that cause incapacity or require ongoing healthcare treatment.

# Is your business PFML compliant?

If you have one or more employees working in the state, the new law requires specific duties to support compliance. Private plans can be a valuable partner in it compliance in many areas. Here's how to see if you're compliant:

1. **Determine if you need to comply**
   If you already pay unemployment insurance (UI) in Minnesota, you'll need to comply with PFML. The law also applies to small employers below the UI threshold, as well as nonprofits, religious organizations, and employers of remote workers.

2. **Identify your Minnesota workforce**
   Review all individuals receiving a W-2 from your organization in the state. This includes full-time and part-time staff, seasonal employees (including agricultural workers), student workers, and family members who receive paychecks. Don't forget to include owners and officers who draw a salary, as well as elected or appointed officials and their staff members.

3. **Submit quarterly wage detail reports**
   Ensure that every Minnesota employee who has been identified is accounted for in the quarterly wage report sent to the state.

4. **Pick a PFML plan administrator**
   By default, the state will enroll employers in the public plan run by the Department of Economic and Employment Development (DEED). However, employers may apply for a private plan exemption to opt out of this state-run plan if they offer an equivalent insured or self-funded plan.

5. **Inform and educate**
   By December 1, 2025, employers must inform eligible employees about upcoming PFML benefits, the application process, and any associated payroll deductions. Employers must also notify employees upon learning of a potential qualifying event, similar to FMLA requirements. New hires must be notified of the state's MN PFML benefits and any supporting payroll deductions. Additionally, annual notices are required if program changes occur, such as new state maximum benefits or payroll adjustments. To assist employers, the state and private plans will create templates for these communications.

6. **Initiate payroll deductions**
Beginning January 2026, the state's PFML trust premium will be assessed, potentially resulting in payroll deductions of up to 0.44%. Similar to the Federal Insurance Contributions Act (FICA), these deductions apply to all earnings (like bonuses and overtime) up to a payroll cap, and are not a fixed dollar amount.

7. **Submit PFML premiums /maintain the claim administrator**
Employers participating in the state public PFML plan must pay PFML trust premiums to the state on a quarterly, arrears basis. The state will use the quarterly payroll report to determine the required contributions for each quarter and will request payment accordingly, similar to how unemployment insurance premiums are handled.

For private plans, premium payment schedules can be more flexible and may be aligned with other insurance coverages. It's important to note that employers are not allowed to take payroll deductions retroactively if they miss deducting them as wages are earned. If payroll deductions are not taken on time, the employer is responsible for covering any missed contributions.

8. **Participate in claims**
Under Minnesota's PFML law, employers have several key responsibilities with each claim:

a. **Provide notice of employee rights** when informed about a potential qualifying leave, which may be required up to 30 days before the first day of leave or before a claim is filed.
b. **Identify and coordinate any available employer-sponsored time off,** flexible work schedules, or other benefits such as PTO, vacation, sick leave, or workers' compensation that may apply to the employee's reason for leave.
c. **Submit any necessary employment verification,** including wage and work schedule information, dates of employment, or termination details, to support the claim decision process.
d. **Align PFML leave with any other applicable federal or state leave laws,** such as the Family and Medical Leave Act (FMLA), Americans with Disabilities Act (ADA), or the Pregnant Workers Fairness Act (PWFA), as required by the qualifying event.
e. **Ensure job protection and enforce anti-retaliation policies** so employees can take leave without fear of negative consequences.
f. **Continue all health insurance coverage,** including medical, dental, and vision, while the employee is on leave.
g. **Support the appeals process** if a claim is denied.
h. **Coordinate PFML benefits with any other paid benefits,** such as paid parental leave or salary continuation, to ensure the employee does not receive more than 100% of their regular pay while on leave.

Additionally, Minnesota's PFML law allows employers to seek reimbursement if they provide an equal or more generous benefit for the same qualifying event. In these cases, after a claim is approved, the claim administrator will send the benefit payment to the employer if the employer has already paid the employee.

Private plan administrators may involve employers differently in the claims process and can often streamline overlapping benefits if they also manage FMLA, short-term disability, and PFML. This integration is the biggest advantage of choosing a private plan.

# The MetLife PFML advantage

**Claims management**
Enjoy experienced claims administration that efficiently handles intake, documentation, and benefit payments, reducing administrative workload.

**Compliance assistance**
Access expert guidance to navigate complex PFML requirements, coordinate with other employer-paid benefits, and remain compliant as state programs evolve.

**Benefits integration**
Benefit from coordinated PFML coverage with federal and state FMLA, unpaid leave, and employer-paid disability programs, minimizing overlap and ensuring employees do not receive more than their regular pay.

**Speedy claims**
Experience timely and consistent decisions with a streamlined claims process designed to enhance employee satisfaction and reduce confusion.

**Employee education**
Gain support to help educate employees about their rights and how to access PFML benefits, increasing awareness and utilization.

**Cost management**
Achieve potential savings on total PFML costs through competitive rates, administrative support, and other value-added services.

MetLife's private PFML plan can offer employers significant advantages compared to the state program.

**To learn more and get the latest updates, contact your broker for a consultation or visit the [MetLife PFML hub](#).**



Like most group insurance policies, MetLife policies contain certain exclusions, exceptions, waiting periods, reductions, limitations and terms for keeping them in force. Contact your plan administrator for details.

Any discussion of taxes is for general informational purposes only, does not purport to be complete or cover every situation, and should not be construed as legal, tax or accounting advice. Participants should confer with their qualified legal, tax and accounting advisors as appropriate.

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