

Everything you need to know about ...
Minnesota HR Changes



THE MINNESOTA HR LANDSCAPE IN 2026

In 2026, Minnesota is implementing a series of major workforce-related policy changes aimed at expanding worker protections and benefits.

Key among these are updates to the Earned Sick and Safe Time (ESST) law, the launch of the Paid Family and Medical Leave (PFML) program and the introduction of the Secure Choice Retirement Program, which requires certain employers to offer employees access to retirement savings plans.

These initiatives are part of a broader effort to ensure workers have access to paid leave, financial security and clear workplace rights — while also creating new compliance responsibilities for Minnesota employers.

WHY PARTNER WITH A CPA

Certified public accountants, or a CPA, are uniquely positioned to help businesses and individuals navigate many Minnesota law changes, including related to human resources and new workforce requirements. While not all CPAs offer advisory services in this space, many do — so be sure to ask your CPA today.

THE CPA DIFFERENCE

Not all tax preparers can call themselves a certified public accountant. CPAs are highly regulated by state and federal agencies, and must adhere to strict professional and technical requirements. CPAs also have special privileges to represent you to the IRS.

DEADLINE	Law/Topic	Non-CPA*
Jan. 1, 2026	A Minnesota Paid Family & Medical Leave (PFML)	Effective date — employers must begin withholding premiums and comply with leave rules
Jan. 1, 2026	Rest & Meal Break/Earned Sick & Safe Time (ESST) revisions	Employers must provide a paid 15 minute rest break every four hours, and a 30 minute unpaid meal break for six-plus hour shifts; ESST accrual/advance rules apply
Jan. 1-March 30, 2026	Secure Choice Retirement Program	The Secure Choice program will soft launch for any sized covered employer. Phased durations vary after that based on company size.



MINNESOTA PAID FAMILY AND MEDICAL LEAVE

This program provides workers with paid time off for family and medical reasons. Eligible employees — including full-time, part-time and many temporary workers — can take up to 12 weeks of medical leave for their own serious health conditions and 12 weeks of family leave to care for a new child, a sick family member or for safety-related reasons. Combined, the maximum leave is 20 weeks per year. While on leave, workers receive partial wage replacement, ranging from 55% to 90% of their usual pay, with benefits capped around the state's average weekly wage. Job protection applies after 90 days of employment, and employers generally must continue health insurance coverage during leave.

The program is funded by a payroll tax of 0.88% of wages, split evenly between employers and employees, with reduced rates available for small employers. Employers must start withholding premiums beginning Jan. 1, 2026, and make their first premium payments by April 30, 2026. The program is run by Minnesota's Department of Employment and Economic Development and covers most employees in the state, with opt-in options for self-employed and independent contractors.

EARNED SICK & SAFE TIME

This program mandates that employers provide paid leave to employees for various reasons, including personal or family illness, medical appointments and situations related to domestic abuse, sexual assault or stalking. Employees accrue one hour of sick and safe time for every 30 hours worked, up to a maximum of 48 hours per year, unless the employer offers a higher amount. Unused hours can be carried over into the next year, with a cap of 80 hours. Employers are required to pay employees at their base rate during ESST usage.

Recent updates to the ESST law, effective July 1, 2025, include modifications to notice and documentation requirements. Employers can now require employees to provide notice of ESST usage "as reasonably required by the employer" for unforeseeable absences. Additionally, employers may request reasonable documentation for absences exceeding two consecutive scheduled workdays. The law also clarifies that while employers cannot require employees to find replacement workers, employees may voluntarily trade shifts to cover their ESST hours. Furthermore, starting Jan. 1, 2026, employers are permitted to advance ESST hours to new employees based on anticipated hours worked, with reconciliation required to ensure accurate accrual.

SECURE CHOICE MINNESOTA RETIREMENT PROGRAM

Minnesota's Secure Choice Retirement Program is a state-sponsored initiative designed to help private-sector employees without access to employer-sponsored retirement plans save for their future. Employers with five or more employees who do not offer a retirement plan are required to enroll in the program, which facilitates automatic payroll deductions into individual retirement accounts (IRAs) for participating employees. Employees have the option to contribute to a Roth IRA on an after-tax basis or a traditional IRA on a pre-tax basis, with the flexibility to adjust their contribution rates or opt out entirely.

The program is set to launch in phases starting between Jan. 1 and March 30, 2026, with employers given time to enroll and begin payroll deductions. The contribution rate is proposed at 5% of an employee's pay, with automatic annual increases of 1% until it reaches 8%. Employees can direct their contributions into a diversified array of investment funds offered through the State Board of Investment.

STAY ON TOP OF YOUR HR NEEDS TODAY

Whether you're managing your team or navigating complex employer programs, a CPA can provide expert guidance to protect your business and keep you compliant. Connect with a CPA to review your HR needs, get answers to your questions and develop a clear plan to handle new workplace laws and requirements with confidence.

Don't wait — reach out to a CPA today to simplify your HR processes and stay ahead of changing regulations.

