



Services

[Employee Benefits and Executive Compensation](#)

[Fiduciary Duties and Governance](#)

[Qualified Retirement Plans](#)

[Taft-Hartley Plans](#)

[Health and Welfare Plans](#)

[Government Plans](#)

[Higher Education](#)

[Employee Stock Ownership Programs \(ESOPs\)](#)

[Executive Compensation and Nonqualified Plans](#)

[ERISA and Benefits Litigation](#)

[College Savings and ABLE Plans](#)

[Mandatory Paid and Unpaid Leave](#)

[Audits and Investigations](#)

## Recent Changes in Minnesota Law Impacting Employee Benefits

This May, Governor Walz signed four bills that will impact the benefits Minnesota employers provide to their employees. These bills create two paid leave programs, a state-run retirement program, and expand the coverage obligations of insurers regulated by the State of Minnesota.

### Minnesota Earned Safe and Sick Time

Beginning January 1, 2024, employees who work at least 80 hours a year in Minnesota will begin to accrue one hour of paid leave for every 30 hours worked. Employers may cap an employee's annual accrual at 48 hours, but employees must be able to accrue up to 80 hours total accrued and unused time that must be carried over from year-to-year unless it is frontloaded. As with other sick and safe time laws, accrued sick leave may be used by an employee:

- To care for their own or a family member's illness, injury, or health condition or seek a diagnosis, care for, or treatment of such illness, injury, or health condition;
- To seek medical attention related to injury or disability caused by domestic abuse, sexual assault, or stalking or obtain counseling, legal, or other services related to domestic abuse, sexual assault, or stalking; and
- For reasons related to a public emergency (e.g. a school closure or quarantine order).

Unlike the paid leave laws of many other states, the Minnesota law:

- Requires succeeding employers to honor the original employer's remaining employees' accrued but unused leave. This includes employees who were fired by the original employer and were rehired within 30 days by the successor employer; and
- Defines "family member" to include an individual as designated by the employee annually for whom leave can be used (e.g. a close friend).

### Minnesota Family and Medical Benefit Insurance Program

With this new law, Minnesota joins twelve other states in establishing their own state-run family and medical leave insurance program. Like other paid family and medical leave programs, the Minnesota program will be funded through payroll contributions split between employers and employees – with employers paying at least 50% of the contribution. The contribution rate will be adjusted annually and for 2026 is .7% of an employee's wages.

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The Minnesota program provides for up to 12 weeks of leave for a person's own serious illness or pregnancy. It also provides 12 weeks of paid leave for a family member's serious illness, bonding with a new child, safe leave, or leave for a military exigency. An individual may take both types of leave up to a total of 20 weeks of paid leave per year. The program provides exemptions for federal employers, self-employed individuals, individual contractors, certain seasonal employees, and employers with their own state-approved private program.

### Minnesota Secure Choice Retirement Program

With the enactment of House File No.782, Minnesota becomes one of the 18 states with a state-run retirement program for private-sector employees. The Minnesota Secure Choice Retirement Program will allow covered employees to make pre- or after- tax contributions to an individual retirement account within the Program. Covered employees include individuals 18 and older who are not subject to the Railway Labor Act and on whose behalf contributions are not made to a Taft-Hartley pension fund.

The law also creates the Secure Choice Retirement Program Board of Directors which will be responsible for establishing an enrollment process, minimum and maximum contribution rates and selecting default investments, among other administrative duties outlined in the law.

The Program covers Minnesota employers with five or more covered employees who do not currently sponsor or contribute to a retirement plan and have not sponsored or contributed to a retirement plan in the last twelve months. Federal and state government employers are exempt. When the Program opens to the public, covered employers will be responsible for collecting and remitting employee contributions to the Program and distributing information about the Program to employees; a failure to satisfy these obligations may result in a civil penalty.

The Program will be open to the public no sooner than January 1, 2025.

### Protection of Preventive Care Services Access

Earlier this year, a Texas District Court struck down a provision of the federal Patient Protection and Affordable Care Act ("ACA") that required private health insurers and group health plans to provide certain preventive care services at no cost. Anticipating further federal litigation limiting preventive care services, Minnesota codified the ACA's preventive care services provision in its own insurance laws. This means, group health plans subject to Minnesota state insurance regulations – such as fully insured group health plans - will be required to provide these same preventive care services at no cost. The Minnesota law's definition of "preventative care services" defers to the meaning specified in the ACA such as vaccines or women's health services (including contraceptives). This law was immediately effective May 25, 2023.

If you have questions about the new Minnesota laws including which laws apply to you, if your current leave program is compliant, or if you require assistance creating a compliant leave program, please contact a member of the Kutak Rock [Employee Benefits Practice Group](#).

