

A. PAID FAMILY AND MEDICAL LEAVE BASICS

A1. What is Paid Family and Medical Leave (PFML)?

PFML is a new program administered by the Minnesota Department of Employment and Economic Development (DEED) effective January 1, 2026. Using PFML, eligible Minnesota employees with qualifying events receive payments and job protection. For more information on PFML, visit pl.mn.gov/employers.

A2. Are PFML payments eligible for PERA contributions?

No, PFML payments are not eligible for PERA contributions because PFML payments are not PERA-eligible salary. Minnesota statute determines which payment types are eligible salary. PFML payments are like disability insurance payments and workers' compensation payments—both of which are ineligible salary under Minn. Stat. § 353.01, subd. 10 (b)(7). Even though PFML payments are not specifically named in the statutes that govern PERA, employers must treat PFML payments as ineligible salary. PERA is proposing legislation to explicitly list PFML payments as ineligible salary in statute effective January 1, 2026.

A3. We offer our own paid leave program. Will our payments to employees be eligible for contributions?

No, PFML payments are ineligible for PERA contributions whether the payment comes from the State, a private vendor, or an employer with a plan equivalent to the State's. However, if you offer a paid leave program that works differently than the State's, email your plan information to eligibility@mnpéra.org for our Eligibility Team to determine whether the payments are eligible for contributions.

A4. If we pay the employee's portion of the PFML premium on behalf of an employee, is that amount PERA-eligible salary?

No, if the employer pays the PFML premium for an employee, that amount is not eligible salary for PERA contributions. The employer's extra payment toward the employee's PFML premium is an employer-paid fringe benefit, which is ineligible salary.

B. USED PTO SALARY ELIGIBILITY

B1. If an employee uses PTO to cover the rest of their PFML leave, is the used PTO eligible for PERA contributions?

Used PTO may be eligible for PERA contributions.

- PTO used for workers' compensation leave is eligible for PERA contributions when that PTO increases the employee's salary up to 100% of their regular average salary.
- PTO used for medical leave is eligible for PERA contributions when:
 - an employee uses all their available PTO in a pay period, or
 - an employee uses some but not all of their available PTO to increase their salary to 50% or more of their regular average salary in a pay period.
- PTO used for non-medical leave is eligible for PERA contributions when:
 - an employee uses all their PTO in a pay period, or
 - an employee uses some but not all of their available PTO to increase their salary to 100% of their regular average salary.

B2. If an employee is on an intermittent leave and will work some hours in the pay period, are those hours PERA-eligible salary?

Yes, pay from hours worked is PERA-eligible salary. In addition, if the leave is not for workers' compensation, and the employee is also using PTO at a reduced rate during that pay period, add the used PTO to any hours worked. If the total is at least 50% of a medical leave or 100% of a non-medical leave, the used PTO is also PERA-eligible salary.

B3. Why isn't all used PTO eligible for PERA contributions?

Minn. Stat. § 353.01, subd. 10 (a) specifies which salary types are eligible for PERA contributions and the eligibility criteria.

With the support of our board of trustees, PERA is proposing legislation to include all used PTO as PERA-eligible salary as of July 1, 2026. The legislative session begins February 17, 2026; we will inform you of any updates. At this time, follow PERA's current guidance regarding used PTO salary eligibility and wait for the updated legislation to be in effect before making any changes to your processes.

C. LEAVE REPORTING BASICS

C1. Who needs to complete the *Annual Leave Report*?

Employers with at least one Defined Benefit Plan (DBP) member must complete the *Annual Leave Report*. PERA's DBPs include the Correctional, Coordinated, and Police & Fire Plans.

C2. What is the *Annual Leave Report* used for?

PERA uses the information from this report to create leave estimates for members who can make a payment for the portion of their leave that did not have PERA contributions. The member's optional payment could increase their service credit and/or highest average salary.

C3. What is an authorized leave?

An authorized leave is when an employer has authorized an employee not to work for a period of time.

C4. What types of leaves should be reported?

Report all authorized leaves that resulted in missed or reduced hours with unpaid or ineligible salary. If part or all of an employee's leave was compensated with paid time off (PTO) that had eligible PERA contributions, only indicate the number of hours from the unpaid or ineligible portion.

C5. How should I report an employee who has multiple leaves during the year?

Report multiple leaves separately unless the same leave type occurs within 30 days.

C6. How should I update an employee's status who is on PFML?

Do not update an employee's status for PFML; military leaves are the only leave type you must report as an employment status change in ERIS.

C7. Where can I find more information about annual leave reporting?

To learn more about annual leave reporting, refer to:

- The "Leave Reporting" webinar or *Leave Reporting Overview* at mnpera.org > Employers > Resources > Employer Programs
- Chapter 9 of the *Employer Manual*

D. EXAMPLES OF SALARY ELIGIBILITY DURING LEAVES

WORKER'S COMP LEAVE EXAMPLE

PTO used for workers' compensation leave is eligible for PERA contributions when that PTO increases the employee's salary up to 100% of their regular average salary.

D1. Dylan takes an eight-week workers' comp (WC) leave. Dylan earns \$15 per hour and works 60 hours each pay period ($\$15 \times 60 \text{ hours} = \$900 \text{ each pay period}$).

- Workers' Comp Payment
 - WC covers 2/3 of Dylan's salary each pay period ($\$900 \times 2/3 = \600).
 - Since this pay comes from WC, it is not eligible salary.
- Used PTO
 - Dylan uses PTO to cover the remaining \$300 each pay period ($\$900 \text{ salary} - \$600 \text{ WC} = \300 remaining).
 - The \$300 PTO plus the \$600 WC payment increases Dylan's salary to 100% of their regular average salary ($\$300 + \$600 = \$900$).

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- The used PTO is eligible salary. Report contributions to PERA for the used PTO.

- **Leave Report**

- Report the hours paid by WC on the *Annual Leave Report* (40 hours x 4 pay periods = 160 hours).

MEDICAL LEAVE EXAMPLES

PTO used for medical leave is eligible for PERA contributions when:

- an employee uses all their available PTO in a pay period, or
- an employee uses some but not all of their available PTO to increase their salary to 50% or more of their regular average salary.

D2. Sam takes an eight-week medical leave. Sam earns \$15 per hour and works 60 hours each pay period ($\$15 \times 60 \text{ hours} = \900 each pay period). Sam has 80 hours of PTO available and will use 20 hours of PTO each pay period of the leave (60 total hours - 20 hours = 40 unpaid hours each pay period).

- **Used some but not all of her available PTO**

- Sam uses 20 PTO hours each pay period ($\$15 \times 20 = \300 PTO each pay period).
- \$300 is less than 50% of \$900 ($\$900 / 2 = \450).
- The used PTO is ineligible salary

- **Used all of her available PTO in a pay period**

- Sam uses her last 20 hours of PTO on the fourth pay period.
- Since Sam used all of her PTO in that pay period, the pay is eligible.
- Report contributions on the fourth pay period salary.

- **Leave Report**

- Report 220 missed hours on the *Annual Leave Report*:
 - (a) All hours from the first three pay periods since there was no eligible salary (60 total hours x 3 pay periods = 180 hours), and
 - (b) 40 unpaid hours from the fourth pay period (180 hours + 40 hours = 220 hours).

D3. Juan takes an eight-week medical leave. Juan earns \$15 per hour and works 60 hours each pay period ($\$15 \times 60 \text{ hours} = \900 each pay period). Juan has 160 hours of PTO and is using 40 hours each pay period of the leave (60 hours - 40 used PTO hours = 20 unpaid hours each pay period).

- **Used some but not all of their available PTO**

- Juan uses 40 PTO hours each pay period ($\$15 \times 40 \text{ hours} = \600).
- \$600 is more than 50% of \$900 ($\$900 / 2 = \450).
- The used PTO is eligible salary.

- **Leave Report**

- Report the 80 unpaid hours on the *Annual Leave Report* (60 total hours - 40 used PTO hours = 20 unpaid hours, and 20 unpaid hours x 4 pay periods = 80 hours).

D4. Solveig takes an eight-week intermittent PFML medical leave. Solveig earns \$15 per hour and works 60 hours each pay period ($\$15 \times 60 \text{ hours} = \900 each pay period). Solveig receives a \$450 PFML payment each pay period of the leave. Solveig works 10 hours per pay period during the intermittent leave. Solveig has 150 hours of PTO and uses 20 PTO hours each pay period (20 used PTO hours x 4 intermittent leave pay periods = 80 used PTO hours).

- **PFML Payment**

- Solveig receives a \$450 PFML payment each pay period of the leave.

- PFML payments are not eligible salary ($\$450 \text{ PFML payment} / \$15 \text{ per hour} = 30 \text{ ineligible salary hours}$).
- **Pay for time worked**
 - Solveig works 10 hours each pay period during the intermittent leave ($\$15 \times 10 \text{ hours} = \$150 \text{ each pay period}$).
 - Pay for hours worked is eligible salary.
- **Used some but not all of their available PTO**
 - Solveig uses 20 PTO hours each pay period ($\$300/\text{pay period}$).
 - The $\$300$ from used PTO plus $\$150$ pay for hours worked = $\$450$.
 - $\$450$ is 50% of $\$900$ ($\$900 / 2 = \450).
 - The used PTO is eligible salary.
- **Leave Report**
 - Report the ineligible salary hours on the *Annual Leave Report* ($30 \text{ ineligible salary hours} \times 4 \text{ pay periods} = 120 \text{ hours}$).

NON-MEDICAL LEAVE EXAMPLES

PTO used for non-medical leave is eligible for PERA contributions when:

- an employee uses all their available PTO in a pay period, or
- an employee uses some but not all of their available PTO to increase their salary to 100% of their regular average salary.

D5. Aisha takes an eight-week non-medical leave. Aisha earns \$15 per hour and works 60 hours each pay period ($\$15 \times \$60 = \$900$ each pay period). Aisha has 160 hours of PTO and is using 40 PTO hours each pay period (60 total hours - 40 used PTO hours = 20 unpaid hours each pay period).

- **Used some but not all of her PTO**
 - Aisha uses 40 PTO hours each pay period ($\$15 \times 40 = \600).
 - $\$600$ is less than 100% of $\$900$.
 - The used PTO is ineligible salary.
- **Used all of her PTO in a pay period**
 - Aisha uses her last 40 hours of PTO on the fourth pay period.
 - Since Aisha used all her PTO in that pay period, the pay is eligible.
 - Report contributions on the fourth pay period salary.
- **Leave Report**
 - Report the total hours for the first three pay periods ($60 \text{ total hours} \times 3 = 180$) and 20 unpaid hours from the fourth pay period on the *Annual Leave Report* ($180 \text{ hours} + 20 \text{ hours} = 200 \text{ hours}$).

D6. Nou takes an eight-week intermittent PFML non-medical leave. Nou earns \$15 per hour and works 60 hours each pay period ($\$15 \times 60 = \900 each pay period). Nou receives a \$450 PFML payment each pay period of the leave ($\$450 / \$15 \text{ per hour} = 30 \text{ hours}$). Nou works 10 hours per pay period (20 used PTO hours $\times 4$ intermittent leave pay periods = 80 used PTO hours).

- **PFML Payment**
 - Nou receives a \$450 PFML payment each pay period of the leave.
 - PFML payments are not eligible salary ($\$450 \text{ PFML payment} / \$15 \text{ per hour} = 30 \text{ ineligible salary hours}$).
- **Pay for time worked**
 - Nou works 10 hours each pay period during the intermittent leave ($\$15 \times 10 \text{ hours} = \$150 \text{ each pay period}$).
 - Pay for hours worked is eligible salary.

- **Used some but not all of their available PTO**

- Nou uses 20 PTO hours each pay period ($\$15 \times 20 \text{ hours} = \300 each pay period).
- The \$300 from the used PTO plus \$150 pay for hours worked = \$450.
- \$450 is less than 100% of \$900.
- The used PTO is not eligible salary.

- **Leave Report**

- Report the 30 ineligible salary hours from the PFML payment and the 20 hours used PTO hours for each pay period (30 ineligible salary hours + 20 used PTO hours = 50 hours) on the *Annual Leave Report* (50 hours x 4 pay periods = 200 hours).