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HUMAN RESOURCES EXPERTS

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Client Newsletter | Q2 2026

ISSUE 6



Pictured L-R: David Huntley, Justin Terch, Faith Wickenhauser

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Dear Valued Clients,

As we move into the second quarter of 2026, we want to thank you for your continued partnership and the trust you place in Terch & Associates. It is a privilege to support your organizations as you navigate an increasingly complex and evolving workplace environment.

This quarter brings a continued focus on implementation and compliance. With major programs now in effect, many employers are shifting from preparation to execution. At the same time, new requirements and emerging legislative developments continue to shape how organizations manage their workforce.

In this issue, we highlight key updates, practical reminders, and forward-looking insights to help you stay informed, compliant, and prepared for what's ahead.

If you need assistance with any human resource issues or would like to discuss how these changes may impact your organization, please contact our team at info@terchandassociates.com or by calling (218) 213-7162.

Updated State Mandated Poster Workers' Compensation

As part of ongoing compliance requirements, employers should ensure that all required workplace posters are current and properly displayed. A recently updated workers' compensation poster was shared in January of this year. All Minnesota employers must review and post this updated notice when possible.

As with all other posters, Minnesota employers must post required notices in a location where employees can easily see them. Updated posters are available through the Minnesota Department of Labor and Industry website, and are linked below.

While reviewing your workers' compensation notice, this is a good opportunity to confirm that all required postings are current, including:

- Age discrimination
- Employer-sponsored meetings
- Minimum wage notice
- Paid Family and Medical Leave (PFML) notice
- Safety and health protection on the job
- Unemployment insurance
- Veterans benefits and services (Employers with more than 50 full-time employees)

Employers with remote or hybrid employees should also ensure that required notices are accessible electronically.

Paid Family and Medical Leave is Live

What Minnesota Employers Are Experiencing

Minnesota's Paid Family and Medical Leave (PFML) program officially launched on January 1, 2026. While many employers prepared throughout 2025, the first few months of implementation have highlighted both expected challenges and new areas of uncertainty.

A quick reminder for employers

As the program moves forward, employers remain responsible for:

- Coordinating PFML with existing leave programs (such as FMLA and internal policies)
- Maintaining accurate payroll deductions and premium contributions, including the **first quarterly premium due April 30th**
- Communicating clearly with employees about leave processes and expectations
- Ensuring compliance with job protection and reinstatement requirements

What we're hearing from employers

Through conversations and feedback from HR professionals across Minnesota, several consistent themes have emerged:

1. **Operational impact and increased leave usage.** Many employers are experiencing higher-than-expected leave utilization. In some cases, multiple employees are out simultaneously, creating staffing gaps and operational strain, particularly for small and mid-sized organizations.
2. **Administrative complexity and inconsistent guidance.** Employers report challenges navigating the state system, including inconsistent communication and difficulty obtaining clear information for topics like coordinating benefits or confirming payment amounts.
3. **Coordination with other leave programs.** One of the most common areas of confusion is how PFML interacts with federal FMLA. While many assumed these leaves would run concurrently, employees may stagger or sequence them. In practice, this can lead to longer total leave periods than anticipated.
4. **Approval and documentation inconsistencies.** Some employers have noted discrepancies between medical documentation and approved leave durations, as well as uncertainty around benefit calculations and "top-off" practices.

What this means for employers

While many of these challenges are expected with any new statewide program, they reinforce the importance of proactive planning and communication. Employers should:

- Review internal leave policies and ensure alignment with PFML
- Clearly document how PFML interacts with FMLA and other leave programs
- Train managers on handling leave requests consistently
- Monitor ongoing guidance and updates from the state

As the program continues to evolve, we expect additional clarification and refinement. In the meantime, employers who stay proactive and adaptable will be best positioned to navigate these early-stage challenges.



Minnesota Secure Choice Retirement Program

What Employers Should Be Doing

Minnesota's Secure Choice Retirement Program is officially underway, and impacted employers should now be preparing for upcoming registration and compliance deadlines. While the program launched in early 2026, required employer participation will roll out in phases based on organization size.

Employers who have five or more employees receiving taxable Minnesota wages and don't currently offer a qualifying retirement plan (like a 401(k), SIMPLE IRA, SEP, etc.) **must** enroll in the program. Employers that already offer such a plan may certify an exemption instead of participating. Employer registration phases are as follows:

Number of employees at covered employer	Phase duration
Soft launch and voluntary enrollment for any size covered employer	Jan. 19, 2026 to March 30, 2026
100 or more	April 1, 2026 to June 30, 2026
50 to 99	July 1, 2026 to Dec. 31, 2026
25 to 49	Jan. 1, 2027 to June 30, 2027
10 to 24	July 1, 2027 to Dec. 31, 2027
5 to 9	Jan. 1, 2028 to June 30, 2028

What employers should do now

- **Determine applicability:** Review whether your organization already offers a qualifying retirement plan. If not, assume participation will be required.
- **Watch for your registration notice:** Employers will receive communication from the program (via Vestwell) with instructions and deadlines tied to their assigned phase
- **Coordinate with payroll providers:** Employers are responsible for setting up payroll deductions and remitting employee contributions to the program. While employers do not contribute funds, they must ensure deductions are accurate and timely
- **Prepare employee communications:** Employees will be automatically enrolled in the program but may opt out or adjust their contributions. Employers are responsible for distributing required program information and helping employees understand what to expect

The Secure Choice program is an employee-funded retirement savings program. Employers are not permitted to contribute, but they are responsible for facilitating participation through payroll and administrative processes.

For more information from the Secure Choice Retirement Board, visit securechoice.mn.gov.



On the Radar: AI in the Workplace

What to Watch in AI Legislation

Minnesota lawmakers are actively considering several proposals that could affect how employers use artificial intelligence (AI) in the workplace. While these bills have not become law, they point to a clear direction: more notice, more transparency, and more human oversight when AI affects workers.

One proposal, [SF 4576](#), would require covered employers to give at least 90 days' advance written notice before an AI-related technological displacement affects 25 employees or 25% of the workforce, whichever is less. It would also require a 90-day transitional employment period, during which affected employees must receive continued employment or equivalent wages and employer-paid participation in an approved retraining or reskilling program. Employers that fail to comply could become ineligible for certain state grants, loans, or tax incentives for five years.

A second proposal, [SF 4689](#), would regulate employers' use of automated decision systems in employment settings. The bill would prohibit employers from relying solely on an automated decision system for employment-related decisions and would require a designated human reviewer to investigate and corroborate AI-supported decisions. It would also require written notice to affected workers, access to plain-language information about how the system was used, and a process for workers to appeal AI-related decisions.

A related bill, [SF 1886](#), would require businesses to clearly disclose when a person is communicating with AI rather than a human and to offer an option to interact with an actual person instead. For employers, that could become relevant anywhere AI is used to communicate with applicants, employees, or customers.

What employers can do now

- Identify where AI is already used in hiring, scheduling, performance management, or employee communications
- Ensure meaningful human review remains part of employment decisions
- Review vendor tools and ask what data they use, what outputs they generate, and how decisions can be explained
- Prepare for possible future requirements around notice, disclosure, documentation, and appeals

Even if these proposals change, they suggest that employers should expect greater scrutiny of AI tools that affect people at work. Planning now can help reduce risk later.

An Interesting Statistic

McKinsey & Company Report

92% of companies plan to increase AI investment, but only 1% consider themselves “mature” in their use of AI.

This finding comes from a recent McKinsey report examining how organizations are adopting artificial intelligence in the workplace. While many companies are actively investing in AI tools, the report found that very few have fully integrated these technologies into their operations in a structured, strategic way.

For most employers, AI adoption is still in its early stages. It is often limited to individual tools or isolated use cases rather than organization-wide implementation. This gap highlights both a challenge and an opportunity.

Organizations that take a thoughtful approach focusing on practical applications, employee training, and clear policies may be better positioned to unlock the long-term value of AI as the technology continues to evolve.

Read on: [Superagency in the workplace: Empowering people to unlock AI’s full potential](#)

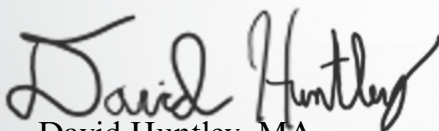
Thank you for taking the time to read our Q2 2026 newsletter. At Terch & Associates, we remain committed to equipping employers with the tools, insights, and compliance support needed to navigate an increasingly complex and evolving workplace.

As many organizations move from planning to implementation, we recognize that this stage often brings new questions and challenges. We hope this newsletters has provided you with practical guidance and real-world insights to help you move forward with confidence.

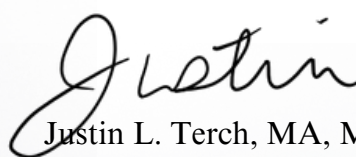
Whether you are refining policies, addressing compliance requirements, or preparing for what’s ahead, our team is here to support your organization every step of the way.

As always, please don’t hesitate to reach out.

With appreciation,



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