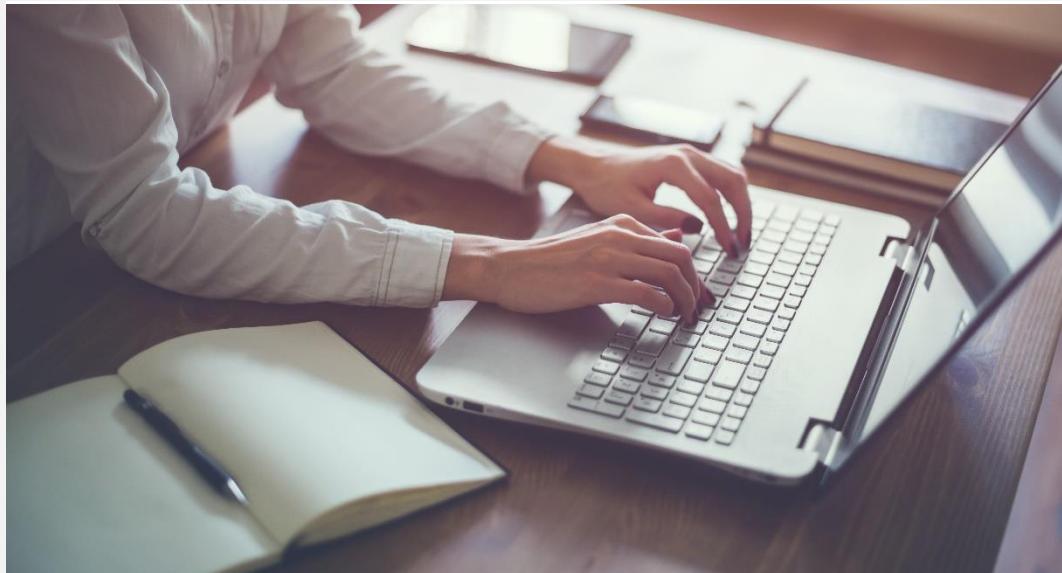




Rewards Policy Insider 2025-22



In this Issue:

1. [2026 Health and Welfare Plan Limits Now Available](#)
2. [Minnesota Paid Leave Law Set to Take Effect in 2026](#)
3. [Appeals Court Addresses Withdrawal Liability Calculation Question for Multiemployer Plans](#)

Upcoming Compliance Reminders for Calendar Year Employee Benefit Plans

November 2025

1st: ACA Marketplace Open Enrollment for 2026 Begins

December 2025

31st: Gag Clause Attestation Due

Note: This is meant to be a reminder of certain upcoming compliance deadlines for employee benefit plans operating on a calendar year basis. It is not an exhaustive list of compliance obligations. Specific plans may be subject to different obligations and deadlines depending upon a variety of factors, including the plan type, plan year, and whether or not the plan is subject to ERISA, among other things.

2026 Health and Welfare Plan Limits Now Available

The IRS recently published [Rev. Proc. 2025-32](#) to provide a variety of inflation-adjusted limits relating to health and welfare benefits for 2026, along with updated individual tax brackets and other items in the federal tax code. Following is a summary of the relevant health and welfare limits for 2026, including some – such as the HSA limits – that were released earlier this year.

	2025	2026
Affordable Care Act		
OOP Max for EHBs -- Single	\$9,200	\$10,600
OOP Max for EHBs -- Family	\$18,400	\$21,200
Affordability Threshold for Employer-provided Minimum Essential Coverage	9.02%	9.96%
Health Savings Accounts		
Annual Contribution -- Self	\$4,300	\$4,400
Annual Contribution -- Family	\$8,550	\$8,750
Age 55+ Catch-up Contribution	\$1,000	\$1,000
HDHP Minimum Deductible -- Self	\$1,650	\$1,700
OOP Max -- Self	\$8,300	\$8,500

HDHP Minimum Deductible -- Family	\$3,300	\$3,400
OOP Max -- Family	\$16,600	\$17,000
Excepted Benefit HRA		
Maximum Amount that may be made newly available for the plan year	\$2,150	\$2,200
Health FSAs		
Maximum Salary Reduction Contributions	\$3,300	\$3,400
Maximum Carryover	\$660	\$680
Dependent Care Assistance Programs		
Maximum Gross Income Exclusion	\$5,000	\$7,500
Educational Assistance Programs		
Maximum Gross Income Exclusion	\$5,250	\$5,250
Qualified Transportation Fringe Benefit		
Maximum Combined Exclusion for Transit Passes and Commuter Vehicle	\$325/month	\$340/month
Maximum Exclusion for Qualified Parking	\$325/month	\$340/month
Adoption Assistance Programs		
Maximum Gross Income Exclusion for Child with Special Needs	\$17,280	\$17,670
Maximum Gross Income Exclusion for Qualified Adoption Expenses	\$17,280	\$17,670

Minnesota Paid Leave Law Set to Take Effect in 2026

Three years after its enactment, Minnesota's paid family and medical leave law will go into effect on January 1, 2026. The law applies to nearly all employers in Minnesota, regardless of size.

The Basics of Minnesota Paid Leave

Enacted in 2023, Minnesota's paid leave law provides paid family and medical leave for employees in two circumstances. First, they may take up to 12 weeks of paid leave per year for "serious health conditions," including a physical or mental illness, injury, or condition, or a substance use disorder that meets certain conditions. Second, they may take up to 12 weeks of paid family leave per year. This can include spending time with a newborn child or newly adopted or fostered child; taking leave from work because of domestic abuse or stalking of the employee or the employee's family member; taking time off to care for a family member with a serious health condition; or taking time off arising out of a military member's active-duty service in the armed forces. If an employee takes both types of leave in a single year, paid leave is capped at 20 weeks altogether.

The law applies to nearly all employers in the state, regardless of size. In general, employees who qualify for paid leave are those that work at least 50% of the time from a location in Minnesota (with some exceptions, such as for certain seasonal employees and independent contractors).

The leave program will be funded by a 0.88% payroll tax split equally between employers and employees (although employers can choose to pay a larger portion). Small employers with 30 or fewer employees will be eligible for a reduced rate. The first payroll tax payment is due by April 30, 2026.

Employees will be entitled to take leave starting in 2026.

What Employers Need to Know

Employers with Minnesota employees who qualify for paid leave must take several steps to prepare for the 2026 effective date. First, they must decide if they want to use the state plan or instead offer a self-insured plan or insurance carrier plan that meets or exceeds the coverage offered by the state.

For employers who participate in the state plan, they will need to set up an employer [account](#) on the Minnesota paid leave website and designate a paid leave administrator. They are also required to notify employees about paid leave by December 1st, using both a workplace poster and an individual written notice. Employers should also update their policies and employee handbooks to reflect the new law.

Other Paid Leave Updates

Minnesota is not the only state with an important January 1, 2026 paid leave deadline—Delaware’s paid leave law, which generally applies to employers with 10 or more employees, goes into full effect in 2026. Contributions to the program already began earlier this year, and employees will be able to submit claims applications starting on January 1st.

Appeals Court Addresses Withdrawal Liability Calculation Question for Multiemployer Plans

The 11th Circuit Court of Appeals held in a recent case involving an employer’s withdrawal liability from a multiemployer pension plan that a credit should be applied early in the four-step formula used to calculate such liability, instead of at the very end. The timing of when this credit is applied can significantly impact an employer’s liability, potentially by millions of dollars.

Background

When an employer withdraws from an underfunded multiemployer pension plan, ERISA requires the employer to make a withdrawal liability payment to

cover its share of the underfunding. An employer can either make a "complete" withdrawal – where it has no further obligation to contribute to the plan or permanently ceases all operations under the plan – or a "partial" withdrawal. A partial withdrawal can occur when (1) there is a 70% or more decline in the employer's contributions to the plan or (2) there is a partial cessation of the employer's contractual obligations to contribute to the plan.

ERISA provides a four-step formula for calculating an employer's withdrawal liability, which is paid in installments on an annual basis. Employers who have incurred liability from a previous partial withdrawal receive a credit that is applied when calculating any future partial or complete withdrawals. An employer's overall liability cannot exceed 20 years.

There has been significant disagreement among courts on the question of which step in the withdrawal liability calculation process the credit should be applied. Whether the credit is applied before or after the 20-year cap is calculated can have significant impacts on the amount of an employer's ultimate withdrawal liability.

11th Circuit Sides with Multiemployer Plan on Calculation of Withdrawal Liability

In August, the 11th Circuit became the latest federal appellate court to address the issue of when an employer's credit should be applied when calculating withdrawal liability. In a case called *Perfection Bakeries v. Retail Wholesale and Department Store International Union and Industry Pension Fund*, the 11th Circuit sided with the multiemployer plan and held that the credit must be applied before the 20-year cap is calculated.

To illustrate how critical this issue can be in determining an employer's liability amount, this case involves an employer who partially withdrew from a plan in 2016, at which point its partial withdrawal liability was calculated. When it completely withdrew from the plan in 2018, the plan calculated the employer's complete withdrawal liability by applying the credit from its 2016 partial withdrawal early in the four-step process, and then applying the 20-year cap – resulting in a total liability of \$6.3 million. However, the employer argued – and the 11th Circuit rejected – that the plan should have deducted the credit after the 20-year cap was applied, meaning that its final withdrawal liability would have been \$4.4 million.

Courts Divided on Partial Withdrawal Credit Issue

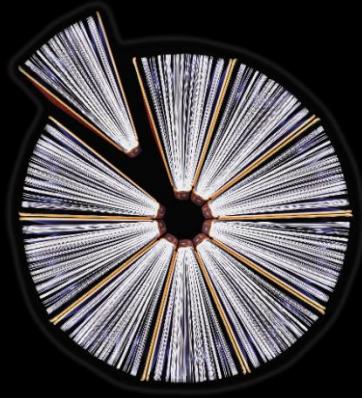
Because the timing of the application of the partial withdrawal credit can have such a huge impact on an employer's withdrawal liability, it is an issue that employers in multiemployer plans should continue to watch as more and more courts address the issue. With this ruling, the 11th Circuit has joined the 9th Circuit in applying the credit prior to the 20-year cap. Other courts at the district level, however, have applied the credit after the 20-year cap. Still other appeals courts, like the 7th Circuit, have yet to address this particular question but are expected to do so in the next year or so.

Visit the Archive

All previous issues of the Rewards Policy Insider are archived on Deloitte.com and can be accessed [here](#).

Don't forget to bookmark the page for quick and easy reference!

Upcoming editions will continue to be sent via email and will be added to the site on a regular basis.



[Get in touch](#)

[Subscribe/Unsubscribe](#)

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](#) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the "Deloitte organization") serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 330,000 people make an impact that matters at [www.deloitte.com](#).

None of DTTL, its member firms, related entities, employees or agents shall be responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2025 Deloitte Consulting LLP

To no longer receive emails about this topic please send a return email to the sender with the word "Unsubscribe" in the subject line.