



## Office Memorandum

**Date:** June 30, 2016  
**To:** Agency Payroll and Human Resources Staff  
**From:** Mary Muellner, Director, Statewide Payroll Services  
**Subject:** Upcoming Changes in Employees' Net Pay

Some employees may notice one or more of the following changes that may affect their net pay beginning on the pay periods noted below:

### Pay Period Ending 6/28/2016 (Payday 7/8/2016)

- For employees in the St. Paul Teachers retirement plan, this is the first check that will reflect the increase in both the **employer** and **employee** retirement contribution amounts.

Retirement Plan	Contributor	Previous % Rate	% Rate effective on 7/8/2016 paycheck
St. Paul Teachers Retirement Association - Coord	Employee	7.00	<b>7.50</b>
	Employer	9.84	<b>10.09</b>

- Employees in bargaining units (such as MAPE and AFSCME) whose contracts entitle them to an **“automatic” deferred compensation employer-matching amount** for state fiscal year (FY) 2017 will see the first employer contributions on this check. Federal and state taxes are deferred on the employer match. However, FICA and Medicare taxes are collected on the match, which could result in a slight change in net pay.
- For employees in bargaining units whose contracts allow them to **choose the option of receiving a deferred compensation employer-matching amount** for FY 2017, this will be the first pay period in which an optional match transaction can be processed. Federal and state taxes are deferred on the employer match. However, FICA and Medicare taxes are collected on the match, which could result in a slight change in net pay.
- For employees in bargaining units whose contracts allow them to **choose the option of converting vacation leave to deferred compensation**, this was the last pay period in which a vacation conversion could be processed for FY 2016. Federal and state taxes are deferred on the conversion. However, FICA and Medicare taxes are collected on the conversion, which could result in a slight change in net pay.

### Pay Period Ending 7/12/2016 (Payday 7/22/2016)

- Compensatory time conversions with effective dates of June 29 - 30 will apply to FY 2016, and those with effective dates of July 1 – 12 will apply to FY 2017. (In Self Service, the effective date is the date of entry.) Federal and state taxes are deferred on the conversion. However, FICA and Medicare taxes are collected on the conversion, which could result in a slight change in net pay.

**Pay Period Ending 7/26/2016 (Payday 8/5/2016)**

- For employees in the MSRS State Patrol retirement plan, this is the first check that will reflect the increase in both the **employee** and **employer** retirement contribution amounts.

<b>Retirement Plan</b>	<b>Contributor</b>	<b>Previous % Rate</b>	<b>% Rate effective on 8/5/2016 paycheck</b>
MSRS State Patrol Retirement Plan	Employee	13.40	<b>14.40</b>
	Employer	20.10	<b>21.60</b>

- For employees in bargaining units whose contracts allow them to **choose the option of converting vacation leave to deferred compensation** for FY 2017, this will be the first pay period in which a vacation conversion can be processed. Federal and state taxes are deferred on the conversion. However, FICA and Medicare taxes are collected on the conversion, which could result in a slight change in net pay.

**Questions?**

If agency Payroll and Human Resources staff has questions regarding:

- **Deferred Compensation** - Contact Lynda Hanly in Statewide Payroll Services at 651.201.8074 or [lynda.hanly@state.mn.us](mailto:lynda.hanly@state.mn.us)
- **Retirement Rates** - Contact Erin Gregory in Statewide Payroll Services at 651.201.8077 or [erin.gregory@state.mn.us](mailto:erin.gregory@state.mn.us)

This information will also be posted on the State of Minnesota Self Service Announcements page.

**PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF.**