Changes in your deductions may affect the net pay on paychecks in the new year.

**Throughout 2017**

In 2017, all insurance premiums (other than Long Term Care Insurance) and all flexible spending account deductions will continue to be taken from the first two paychecks of each month. Nearly all employees will receive a third paycheck in March and September without insurance or flexible spending account deductions. Changes to some bargaining unit membership dues will result in either an increase or decrease in net pay.

The contribution limits for employees who participate in 403(b) and 457 plans remain unchanged for 2017.

### Plan 403(b) – Tax Sheltered Annuity

<table>
<thead>
<tr>
<th>Participant Age</th>
<th>Maximum Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Age 50</td>
<td>$18,000</td>
</tr>
<tr>
<td>Age 50 &amp; Over</td>
<td>$24,000</td>
</tr>
<tr>
<td>Catch-Up Provision *</td>
<td>$27,000</td>
</tr>
</tbody>
</table>

* The Catch-Up Provision permits participants under certain circumstances to contribute up to the maximum limit stated for 2017. For details, contact your plan administrator. (For contact information, refer to Questions below.)

### Plan 457 – Deferred Compensation

<table>
<thead>
<tr>
<th>Participant Age</th>
<th>Maximum Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under Age 50</td>
<td>$18,000</td>
</tr>
<tr>
<td>Age 50 &amp; Over</td>
<td>$24,000</td>
</tr>
<tr>
<td>Catch-Up Provision *</td>
<td>$36,000</td>
</tr>
</tbody>
</table>

### January 6, 2017 Paycheck

**Federal and State Tax Withholding**

Changes in federal and state tax tables will be effective on this paycheck.

- **The amount of federal withholding** for any employee may increase or decrease depending on the employee’s tax marital status, withholding allowances, and amount of taxable gross pay.
- **The amount of state withholding** for any employee may increase or decrease depending on the employee’s tax marital status, withholding allowances, and amount of taxable gross pay.
- **The federal supplemental tax rate** remains unchanged at 25%. The Minnesota supplemental tax rate will remain unchanged at 6.25%.
- **FICA withholding** for employees will remain unchanged at 6.2% for 2017.
- **The maximum annual earnings subject to FICA** will increase from $118,500 to $127,200 for 2017.
- **Medicare** continues at 1.45% on all earnings subject to Medicare with an additional Employee Contribution Rate of 0.9% when the annual earnings subject to Medicare is $200,000 and above.

**Charitable Contributions**

Employees who entered Combined Charities Campaign pledge amounts on the Self Service website using the default dates supplied on the Voluntary Deductions page will see the deduction starting on this check. Employees are responsible for managing their own charitable contributions using the links and instructions on the Self Service website. Employees can add, stop or edit a charitable deduction at any time.
Flexible Spending Accounts (Dependent Care, Medical/Dental Expense and Transit Expense)
The 2016 deductions for Dependent Care, Medical/Dental Expense, Transit Expense Account-Parking, and Transit Expense Account-Bus Pass/Vanpool were stopped after the pay period ending December 13. New amounts authorized by employees for 2017 will be deducted starting with this paycheck. All of these accounts are exempt from federal, state, FICA, and Medicare tax withholding, so if employees added, stopped, or changed the amounts during open enrollment, their tax withholding will be affected.

Insurance
2017 insurance rates will be effective with this paycheck. For details on rates, refer to the 2017 Enrollment Information at http://www.mn.gov/mmb/segip/open-enrollment/.

- **Medical Insurance:**
  The employee-paid portion of medical insurance premiums will increase for most employees for 2017. The minimum employee contribution for single medical coverage will be $15.33 per paycheck. The minimum employee contribution for family coverage will be $104.60 per paycheck, with the single contribution added.

- **Dental Insurance:**
  The minimum employee contribution for single dental contribution remains $2.50 per paycheck while the employee contribution for family premiums will increase to $38.00 per month.

Employees who made changes to medical and/or dental insurance during open enrollment will see the new premium on this paycheck. For those employees who have their premiums taken pre-tax, an increase in the deductions (e.g., employee-paid dental insurance or if an employee changed from single to family medical coverage) will decrease federal, state, FICA, and Medicare tax withholding slightly.

Other employee-paid insurance changes will also be effective on this paycheck. Employees who made changes to their long-term disability, optional employee or spouse life insurance and/or manager’s income protection plan during open enrollment will see the new premium on this paycheck. Also, employees with optional employee or spouse life insurance will notice an increase in premium if the age of the employee or spouse changed to a five-year increment in 2016; e.g., the employee changed from 39 to 40 years old in 2016. Employee-paid life and disability insurance does not have an effect on tax withholding.

Retirement Rates
There are no changes to retirement contribution rates in January 2016 for either employees or employer.

Questions?
**Insurance:** If an incorrect amount is being deducted for any insurance or pre-tax expense account, contact the State Employees Insurance Program at 651-355-0100 or segip.mmb@state.mn.us.

**Plans 403(b) and 457:**
- For Plan 403(b) – Tax Sheltered Annuity questions, contact:
  - TIAA- Minnesota State’s Retirement Center at 1-800-682-8969, Monday - Friday, 8:00 a.m. to 5:00 p.m. and ask to speak to a Minnesota State’s Retirement Center Representative.
  - Minnesota State Benefits Helpdesk at employee.benefits@so.mnscu.edu.
- For Plan 457 – Deferred Compensation questions, contact:
  - MNDCP Service Center at 1-800-657-5757, extension 3 and ask to speak with a Deferred Compensation Counselor.

**Other:** If you have other questions about this information, contact your Human Resources or Payroll office. You can obtain contact information from within Self Service: under Need Assistance?, select Employee Contacts.