

Office Memorandum

Date: June 17, 2022
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 6/21/2022 (Payday 7/1/2022)

- For employees in the Teachers retirement plan, this is the first check reflecting the increase in the **employer only** retirement contribution amounts.

Retirement Plan	Retirement Plan Description	Contributor	Previous % Rate	% Rate effective on 7/1/2022 paycheck
BI	St. Paul Teachers Retirement Fund Association - Coord	Employee	7.50	7.50 (no change)
		Employer	12.43	12.64
AD	Teachers Retirement Association - Coord	Employee	7.5	7.5 (no change)
		Employer	8.34	8.55

- Employees in bargaining units whose contracts entitle them to an **“automatic” deferred compensation employer-matching amount** for state fiscal year (FY) 2023 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 2023, 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 2022. 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 7/5/2022 (Payday 7/15/2022)

- For employees in the Individual Retirement Account Plan (IRAP) plans, this is the first check reflecting the increase in the **employee only** retirement contribution amounts.

Retirement Plan	Retirement Plan Description	Contributor	Previous % Rate	% Rate effective on 7/15/2022 Paycheck
CB	Ind Rtmt Acct Plan-CC No Elect	Employee	6.45	7.10
		Employer	6.00	6.00 (no change)
CF	IRAP-State Univ Mgr No Elect	Employee	6.45	7.10
		Employer	6.00	6.00 (no change)
CQ	IRAP-StU Foreign Natl No Elect	Employee	6.45	7.10
		Employer	6.00	6.00 (no change)

- Compensatory time conversions with effective dates of June 26 - 30 will apply to FY 2022 and those with effective dates of July 1 - 9 will apply to FY 2023. (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 7/19/2022 (Payday 7/29/2022)

For employees in bargaining units whose contracts allow them to **choose the option of converting vacation leave to deferred compensation**, 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.

Beginning this pay period, all Middle Management Association (MMA) employees may now choose to convert up to forty (40) hours of vacation leave to deferred compensation; or receive a \$400 deferred compensation match. Previously, the option to convert vacation leave was limited to employees at the top of their salary range.

Questions?

If agency Payroll and Human Resources staff has questions regarding:

- Deferred Compensation** - Contact Jody Dahl in Statewide Payroll Services at 651-201-8206 or jody.dahl@state.mn.us.
- Retirement Rates** - Contact Yer Lee in Statewide Payroll Services at 651-201-8074 or yer.lee@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