

**Posting Date:** January 6, 2026

## Net Pay Changes in 2026

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

### Throughout 2026:

- In 2026, all insurance premiums 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 May and October 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 IRS has changed contribution limits for certain optional savings and retirement plans for 2026. Employees are encouraged to consider the benefits of participation to grow their retirement savings.

#### 457(b) – Deferred Compensation Plan

Participant Age	2026 Maximum Limit
Under age 50	\$24,500
Age 50-59	\$32,500
Age 60-63	\$35,750
Age 64 and Older	\$32,500
Catch-Up*	\$49,000

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

Participant Age	2026 Maximum Limit
Under age 50	\$24,500
Age 50-59	\$32,500
Age 60-63	\$35,750
Age 64 and Older	\$32,500

\* The Catch-Up Provision permits participants under certain circumstances to contribute up to the maximum limit stated for 2026. For details, contact the plan administrator.

(For contact information, refer to [Questions](#) below).

### Changes to Optional Savings Plans Age-Based Contributions in 2026

Beginning January 1, 2026, employees participating in the Minnesota Deferred Compensation Plan (MNDCP) 457(b) and/or the Minnesota State TSA Plan 403(b) may have additional requirements for age-based (over age 50) contributions based on prior-year income. Depending on the employee's prior-year income, employee age-based contributions may be required on an after-tax Roth basis. These changes are a result of the SECURE 2.0 Act. This does not affect the 457(b) Plan Catch-Up Provision.

The new rule mandates that deferred compensation plan age-based contributions for participants age 50 or older be directed to a designated Roth account when the participants' 2025 Social Security wages are \$150,000 or more.

## Minnesota Paid Leave

On January 1, 2026, the [Minnesota Paid Leave \(MPL\)](#) program launched. The program provides job-protected leave and partial pay to eligible Minnesota workers. Minnesota Paid Leave is a combination of employee and employer contributions.

Employees will notice four new tax rows when reviewing their paystubs.

- **MN PFL/EE** – 0.135% for Employee Paid portion of Family Leave.
- **MN PML/EE** – 0.305% for Employee Paid portion of Medical Leave.
- **MN PFL/ER** – 0.135% for Employer Paid portion of Family Leave.
- **MN PML/ER** – 0.305% for the Employer Paid portion of Medical Leave.

## January 9, 2026 Paycheck:

### Tax Withholding

Changes in federal, Minnesota, and some other states tax tables will be effective on this paycheck.

- **Minnesota Paid Leave** premiums will be reflected in the Taxes section for the employee and in the Paid Benefit section for the Employer portion.
- **The amount of federal and state withholding** for any employee may increase or decrease depending on the employee's amount of taxable gross pay.
- **The federal supplemental tax rate** remains unchanged at 22%.
- **Social Security withholding** for employees will remain unchanged at 6.2% for 2026.
- **The maximum annual earnings subject to Social Security** will increase from \$176,100 to \$184,500 for 2026.
- **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.
- **Minnesota supplemental tax rate will remain unchanged at 6.25%.**

### Charitable Contributions

Employees who entered Combined Charities Campaign pledge amounts in Self Service 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 in Self Service. Employees can add, stop, or edit a charitable deduction at any time.

### Flexible Spending Accounts (Dependent Care, Medical/Dental Expense and Transit Expense)

The 2025 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 16. New amounts authorized by employees for 2026 will be deducted starting with this paycheck. All of these accounts are exempt from federal, state, Social Security, and Medicare tax withholding, so if employees added, stopped, or changed the amounts during open enrollment, their tax withholding will be affected.

### Insurance

2026 insurance rates will be effective with this paycheck. For details on rates, refer to the [2026 Benefits Information Guide](#).

## Medical Insurance:

The employee-paid portion of medical insurance premiums will increase slightly for most employees for 2026. The employee contribution for single medical coverage will be \$24.47 per paycheck. The employee contribution for family coverage will be \$166.96 per paycheck.

## Dental Insurance:

The employee contribution for single dental coverage in 2026 will be \$7.25 per paycheck, and the employee contribution for family premiums will increase slightly to \$30.93 per paycheck.

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, Social Security, 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 2026; e.g., the employee changed from 39 to 40 years old in 2026. Employee-paid life and disability insurance does not have an effect on tax withholding.

## 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](mailto: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 10:00 p.m. and ask to speak to a Minnesota State's Retirement Center Representative.
  - Minnesota State Benefits Helpdesk at [employee.benefits@minnstate.edu](mailto:employee.benefits@minnstate.edu).
- For Plan 457 – Deferred Compensation Plan questions, contact:
  - MSRS Service Center at 1-800-657-5757, option 3, Monday - Friday 8:00 a.m. to 4:30 p.m.

**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**.