



Memo

Date: June 16, 2026

To: Agency Payroll, Human Resources, and Accounting Staff

From: Katie Karow, Director, Statewide Payroll Services

RE: Upcoming Changes in Employees' Net Pay

Employees eligible for benefits related to their deferred compensation plans may notice one or more of the following changes that may affect their net pay beginning on the pay periods noted below. Federal and State taxes are deferred on the conversion or an optional match. However, Social Security and Medicare taxes are collected on the conversion or an optional match, which could result in a slight change in net pay.

Pay Period Ending (PPE) 6/16/2026 (Payday 6/26/2026)

- For employees in bargaining units whose contracts allow them to **choose the option of converting vacation leave to deferred compensation or receiving a deferred compensation employer-matching amount**, this is the last pay period in which an optional match can be processed for FY 2026.

Pay Period Ending (PPE) 6/30/2026 (Payday 7/10/2026)

- The last pay period to process a vacation conversion for FY2026 is June 30.
- Compensatory time conversions with effective dates of June 17-30 will apply to FY 2026 and those with effective dates of July 1 or later will apply to FY 2027. In Self Service, the effective date is the date of entry.

Pay Period Ending 7/14/2026 (Payday 7/24/2026)

- Employees in bargaining units whose contracts entitle them to an **“automatic” deferred compensation employer-matching amount** for FY 2027 will see the first employer contributions on this check.

Note: Beginning **July 1, 2026**, MMA, Nonrepresented Plan, Managerial Plan, and Medical Specialists' Addendum employees will move to an **automatic match**. Employees in these groups will no longer need to make a selection.

- For employees in bargaining units whose contracts allow them to **choose the option of receiving a deferred compensation employer-matching amount** for FY 2027, this will be the first pay period in which an optional match transaction can be processed.
- For employees in the following SPTRFA retirement plan, this is the first check reflecting the decrease in the employee retirement contribution amounts.

Retirement Plan	Retirement Plan Description	Contributor	Previous % Rate	% Rate effective on 7/24/2026 Paycheck
BI	St. Paul Teachers Retirement Fund Association - Coord	Employee	8.75	8.00
		Employer	13.59	13.59 (No Change)

Resources

[Deferred Compensation Conversion and Optional Match Deadlines Reminder](#) memo dated March 13, 2026.

[Deferred Compensation Conversion and Match](#) memo dated May 19, 2026.

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 [email](#).
- **Retirement Rates** - Contact Courtney Salmon in Statewide Payroll Services at 651-259-3774 or [email](#).

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

PLEASE SHARE THIS INFORMATION WITH APPROPRIATE AGENCY STAFF