CHAPTER 04

DEDUCTIONS

0401  GENERAL REQUIREMENTS

040101. Written authority to make voluntary deductions from pay shall be obtained from DoD employees in all cases. All mandatory deductions shall be based on specific previsions of law or a court order. The authorization for each type of deduction shall contain sufficient information to properly establish the deduction and to enable payment to the proper payee of the amount deducted. A current file of all deduction authorizations shall be kept in the civilian payroll office, liaison office or other designated storage sites as justification for each deduction and maintained in accordance with General Records Schedule 2 (reference (g)).

0402  ORDER OF PRECEDENCE

040201. Mandatory deductions are deductions required by law or regulation to be withheld from an employee’s pay. Voluntary deductions are deductions which require written authorization from the employee to affect withholding from his or her pay. In some instances, an employee’s gross pay is not sufficient to permit all mandatory and voluntary deductions to be made. In this case, the following order of precedence shall apply.

A. Retirement, including retirement withheld under the Civil Service Retirement System (CSRS) Act of May 29, 1930, as amended (reference (y)), the Federal Employees’ Retirement System (FERS) Act (P.L. 99-335) (reference (e)) (5 U.S.C. 8334 and 8422) (reference (b)), State Retirement deductions for title 32 National Guard technicians who elected to remain covered by a State retirement system (P.L. 90-486, Section 6c) (reference (e)) and 5 U.S.C. 5518 (reference (b)), and retirement contributions withheld for NAP plans (P.L. 101-508) (reference (e)).

B. Federal Insurance Contributions Act (FICA) i.e., Social Security and / or Medicare (26 U.S.C. 3102,3121, and 3122) (reference (z)).

C. Current Federal income tax authorized or required by law to be withheld (26 U.S.C. 3402) (reference (z)). This includes any amounts voluntarily authorized by an employee in excess of the minimum withholding required.

D. Health insurance premiums for the current pay period and, when owed by the employee, for up to four pay periods immediately preceding the current period (5 C.F.R. 1104(c)) (reference (l)).

E. Basic group life insurance premiums (5 U.S.C. 8707) (reference (b)) and State life insurance premiums.

F. State income tax authorized, or required by law to be withheld, pursuant to an agreement between the State and the Secretary of the Treasury (5 U.S.C. 5517) (reference (b)).

G. Local income tax authorized, or required by law to be withheld, pursuant to an agreement between the local taxing authority and the secretary of the Treasury (5 U.S.C. 5520) (reference (b)),

H. Mandatory repayments of indebtedness to the United States based on the age of the debt, not the agency to which it is owed, excluding those permitting Internal Revenue Service (IRS) levy for back Federal income taxes discussed in subparagraphs 040201.M. and O. (5 U.S.C. 5514,5522,5705, and 5724) (reference (b)) and (31 U.S.C. 3716) (reference (d)).

1. The amounts to be withheld and the duration of such withholdings must be determined under the due process provisions and other limitations contained in the law that applies to the particular collection action.

2. When there are multiple deductions required to satisfy various indebtednesses to the United States and an employee’s available pay subject to deduction is insufficient for all such deductions, priority shall be deter-
mined in accordance with the best interest of the United States. Debts to be collected are normally subject to the statute of limitations. Deductions for those debts for which the statute of limitations would first bar collection shall normally be made before deductions are made for debts under statutes of limitation allowing a longer time before barring collection.

I. Court-ordered garnishments for alimony and child support payments. If gross pay is not sufficient for both payments ordered in a single garnishment, a proportionate share of each payment must be made to the extent gross pay is available (42 U.S.C. 659) (reference (aa)). If there are multiple garnishments for these payments, the garnishments filed earliest are withheld first.

J. Court-ordered bankruptcy payments under 11 U.S.C. 1325 (reference (ah)).

K. Court-ordered garnishments for commercial debts (P.L. 103-94) (reference (e)).

L. Optional life insurance premiums (5 U.S.C. 8714a, 8714b, and 8714c) (reference (b)).

M. Voluntary repayments of indebtedness due the United States in the order specified by the employee. These are separate payments from those set forth in subparagraphs 040201.H. (5 U.S.C. 5525) (reference (b)) and 040201.0. (31 U.S.C. 3716) (reference (d)).

N. All other voluntary deductions in the following order (5 U.S.C. 5525 and 8432) (reference (b)):

1. Voluntary allotment for alimony and child support;
2. TSP loan allotments;
3. TSP deductions;
4. Employee organization dues;
5. Charity deductions;
6. Savings bond deductions;
7. Military service deposits;
8. National Guard Association of the United States (NGAUS) basic and optional insurance;
9. State-sponsored insurance for National Guard technicians; and
10. Other allotments.

O. IRS levy for back Federal income taxes. The levy is based upon an employee’s net pay, and, during the time period it is effective, the affected employee may not increase the number or size of voluntary deductions (26 U.S.C. 6331 and 6334) (reference (z)).

040202. An employee’s available gross pay shall be reduced by the amount of each deduction withheld in the order specified in paragraph 040201. If an employee’s remaining available pay, after applying as many deductions in the order of precedence as the pay will allow, is not sufficient to fund entirely the next deduction, then that deduction, if voluntary, will not be made. The full remaining available salary shall be paid the employee as net pay. However, if that next deduction is mandatory, it will be made to the full extent of the remaining available pay, in which case, net pay will be zero.

0403 RETIREMENT

040301. CSRS and FERS Record keeping

A. General. The CSRS and FERS Handbook for Personnel and Payroll Offices (reference (at)) contains the instructions that civilian payroll offices need to carry out their responsibilities under CSRS and for basic retirement benefits under FERS.

B. Coverage. For employees subject to retirement, the SF 50 will reflect the appropriate retirement system to which an employee is subject. See Table 4-1 for pay subject to retirement deductions. Refer to the CSRS and FERS Handbook for Personnel and Payroll Offices (reference (at)) for the current deduction rates for both CSRS and FERS employees as well as the rates for employer contributions.
C. Responsibilities. Civilian payroll offices must fulfill the following general responsibilities relating to CSRS and FERS:

1. Withholding retirement deductions from employees' pay, making the correct agency contribution, and transmitting these monies to the fund.

2. Preparing and maintaining an individual retirement record for each employee who is covered by CSRS or FERS.


4. Certifying individual retirement records and related records, and ensuring the correctness of data in these records.

5. Certifying that the civilian payroll office portion of applications for retirement and survivor benefits is accurate and complete.

6. Maintaining retirement control accounts and preparing retirement accounting reports.

D. Communication with OPM. Forward records of separated employees directly to the Employees Service and Records Center, Boyers, PA, as follows:

1. CSRS Retirement Records
   OPM/CSRS
   P.O. Box 45
   Boyers, PA 16020

2. FERS Retirement Records
   OPM/FERS
   P.O. Box 200
   Boyers, PA 16024

E. Preparation and Maintenance of SF 2806/3100

1. An SF 2806/3100 is maintained for each employee subject to CSRS/FERS. These forms are used by OPM to adjudicate the retirement rights of a separated employee or survivors. It is important each SF 2806/3100 be correct, complete, clear in every detail, and properly certified. Timely and accurate maintenance of the SF 2806/3100 also expedites close-out procedures when an employee is separated or transferred to the paying jurisdiction of another agency.

2. The civilian payroll office will prepare an SF 2806/3100 for each employee subject to CSRS/FERS. Examples are shown in the CSRS and FERS Handbook for Personnel and Payroll Offices (reference (ac)).

3. Method of Posting

   a. The SF 2806/3100 may be posted by an automated data processing system, by typewriter, or handwritten in permanent ink. All entries must remain within the ruled lines on the hard copy form. If necessary, use a second line to complete an entry, but do not post in the margin.

   b. Manual corrections to SFs 2806/3100 will be noted by the officer who certifies the form or other responsible person, by lining through an incorrect item, entering the correct data, and initialing the correction.

   c. If the Service History or Fiscal Record becomes filled on one side of the record for a manually maintained record, continue posting on the reverse side by bringing the cumulative salary deductions forward with the annotation “Balance Forward.”

4. Civilian Payroll Office Number. Each civilian payroll office has been assigned a civilian Payroll Office Number which has been provided to OPM. This number is used by OPM to control records and identify the civilian payroll office making and remitting deductions and contributions. This number must be reflected on each retirement record.

5. Maintenance of Service History

   a. Post Service History entries as they occur. Obtain the data from the SF 50. FPM Supplement 292-1 (reference (ad)) contains the standard data elements which shall
be used. Examples are shown in the CSRS and FERS Handbook for Personnel and Payroll Offices (reference (ac)).

b. Include additional pay to which an employee is regularly entitled and which is a part of basic salary for CSRS/FERS deductions, e.g., firefighter standby premium. Omit postings for additional pay which are received on an irregular or unscheduled basis. Also omit additional pay not subject to CSRS/FERS deductions.

6. Fiscal Record Posting

a. Post the total of retirement deductions withheld during the year in column 6 of the SF 2806/3100 at the end of the calendar year. If no deductions were made because of a nonpay status, enter a zero in column 6. If an employee had more than one retirement deduction rate during the year, enter separate yearly totals for each retirement deduction rate and note the deduction percentage rate for each entry in column 8.

b. If calendar year deductions entered in column 6 include deductions from additional pay not included in the base pay posted in the Service History, place an asterisk after the amount in column 6. Place an asterisk and footnote additional pay status or night shift pay in the lower left corner of the form. If calendar year deductions are annotated additional pay status or night shift pay, show in column 8 the number of LWOP hours for each hourly rate during the year. If none, show “No LWOP”. All LWOP must be shown.

7. Entries in Remarks Columns.
In addition to the Service History and Fiscal Data, record the following information on the SF 2806/3100 under Remarks, column 4 and 8, as appropriate.

a. Enter periods of LWOP or furlough of more than 6 months in a calendar year. Enter LWOP of more than 3 calendar days for reemployed annuitants.

b. For employees serving on an intermittent basis without a regular tour of duty, enter the number of days in a pay status during each calendar year. If the employee is paid at an hourly rate and the number of days on which work was performed cannot be determined, enter the number of hours in a pay status during each calendar year.

c. For employees serving on a part-time basis with a regular tour of duty administratively determined in advance, enter the tour of duty (4 hours a day, 5 days a week etc.).

d. Enter the last date on which the employee was in a pay status, unused sick leave, and the service computation date annotated as “SCD (month, day, year)” when an employee retires or dies.

e. For piecework employees, record the aggregate earnings and number of days of LWOP, if any, during each calendar year.

f. Record periods of employment under the Social Security Act Amendments of 1965.

8. Sick Leave. If an employee dies, retires, or elects to convert to FERS, enter the amount of unused sick leave in column 4 of the SF 2806/3100 as follows:

a. If there is a minus or zero sick leave balance, enter “No unused sick leave balance.”

b. If the employee has unused sick leave at the time of separation, enter the number of hours and cite “5 U.S.C. Chapter 63.”

c. For employees with uncommon tours of duty, enter the number of hours of unused sick leave, with a notation showing there was an uncommon tour of duty, and the date the sick leave, if used, would have expired. Cite “5 U.S.C. Chapter 63.”

d. If the SF 2806/3100 is for an application for disability retirement, post “Will use (or has used) all sick leave.” When the
application for disability retirement has been approved, post "No unused sick leave balance" on the final SF 2806/3100 to be forwarded to OPM.

9. Health Benefits Data. SFs 2806/3100 forwarded to OPM for regular retirement, disability retirement, or deceased employees must be annotated with the status of health benefits in column 4 of the record. Examples are shown in the CSRS and FERS Handbook for Personnel and Payroll Offices (reference (ac)).

10. FEGLI must be shown on the SF 2806/3100 as follows, selecting the appropriate statement shown in parentheses.

   a. “Basic life: Elected (75%), (50%), (No) reduction.”

   b. “Standard Optional Insurance: (declined), (eligible to continue, coverage began (date)), (not eligible to continue).”

   c. “Additional Optional Insurance: (declined), (eligible to continue, coverage began (date)), (not eligible to continue).”

   d. “Family Optional Insurance: (declined), (eligible to continue, coverage began (date)), (not eligible to continue).”

11. Disposition of SFs 2806/3100

   a. Transfers between civilian payroll offices in the same Component, e.g., from one Air Force payroll office to another Air Force payroll office or from one DoD (code 97) civilian payroll office to another DoD civilian payroll office:

      (1) If the employee is covered by CSRS, complete the SF 2806 and transmit it to OPM at the address cited in subparagraph 040301.D.2. via the SF 3103.

   b. Transfers between civilian payroll offices not in the same Component, e.g., from an Air Force payroll office to a Navy payroll office or from an Army payroll office to a Department of Commerce payroll office (Inter-agency transfer):

      (1) If the employee is covered by CSRS, complete the SF 2806 and transmit it to OPM at the address in subparagraph 040301.D.1. via the SF 2807.

      (2) If the employee is covered by FERS, complete the SF 3100 and transmit it to OPM at the address in subparagraph 040301.D.2. via the SF 3103.

   c. Employee Death. Send the SF 2806/3100 via the SF 2807/3103 to OPM within 5 days of the date of the computation of final pay. Enter in column 4 of the SF 2806/3100 the service computation date “SCD (month, day, year),” FEHBP carrier control number and enrollment code, ‘unused sick leave (enter hours) 5 U.S.C. Chapter 63” and pay ceased (date). The deceased employee’s records and associated applications are to be received by OPM within 30 days of the date of death.

   d. Application for Refund of Retirement

      (1) Upon leaving Federal employment, an employee may request a refund of retirement deductions by submitting an SF 2802/3106, “Application for Refund of Retirement Deductions.”

      (2) If the request for refund is received at the same time as the notification of the separation, attach the SF 2802/3106 to the SF 2806/3100 and submit to OPM within 10 calendar days after the ending date of the pay period in which the employee was separated. Annotate in column 4 of the SF 2807/3103 that the SF 2802/3106 is attached.

      (3) If the employee completes the SF 2802/3106 within 30 days after
the separation date and the SF 2802/3106 is received in the civilian payroll office after the SF 2806/3100 is transmitted to OPM, send the SF 2802/3106 to OPM. Annotate the SF 2802/3106 showing the date and number of the SF 2807/3103 on which the SF 2806/3100 was transmitted.

(4) If the employee has been separated more than 30 days, he or she must file the SF 2802/3106 directly with OPM.

e. Disability Retirement Separations. Advance closeout of the SF 2806/3100 is required when an application for disability retirement is received from a current

(1) Annotate the SF 2806/3100 as follows:

(a) Add the words Preliminary Disability Retirement” in the top margin of the SF 2806/3100.

(b) Post retirement deductions to the close of the previous calendar year.

(c) Enter the date the application for disability retirement was made in the Service History.

(d) Show the pay status of the employee, as applicable: “Employee in duty status,” “Leave with pay will end (date),” or “Pay stopped (date).” Also, enter in column 4 of the SF 2806/3100 the service computation date as follows: ”SCD (month, day, year).”

(e) On each preliminary SF 2806/3100 submitted with an application for disability retirement, enter in column 4 the status of health insurance and life insurance. Examples are shown in the CSRS and FERS Handbook for Personnel and Payroll Offices (reference (ac)).

(f) Show the unused sick leave data in column 4 of the SF 2806/3100 and enter “Will use all sick leave” or “No unused sick leave.” In addition enter the projected date sick leave will terminate.

(2) Prepare a new SF 2806/3100 to record retirement deductions withheld after sending the Preliminary SF 2806/3100 to OPM. Add the words “Final-Disability Retirement” above the date of birth. Enter “APP FOR DIS RET EXC” and annotate the date the SF 2801/3107, ”Application for Immediate Retirement,” was executed on the Service History side of the SF 2806/3100. In addition, add a comment to reference the Preliminary Retirement SF 2806/3100 on which calendar year deductions were reported to OPM, plus the date and number of the SF 2807/3103 that transmitted the records. Post all actions that occur after submission of the SF 2801/3107 to this record.

(3) Prepare the SF 2807/3103 and send the Preliminary SF 2806/3100 with the SF 2801/3107 to the applicable address listed in subparagraph 040301.D. within 5 calendar days after receipt of the application. Annotate column 4 of the SF 2807/3103 with “Preliminary Disability and the date established by the civilian personnel office.”

(4) On approval of the application, complete the final SF 2806/3100. Post retirement deductions withheld after the Preliminary SF 2806/3100 was sent. Show the effective date of the disability retirement and the date that pay ceased on the SF 2806/3100. Send the final SF 2806/3100 to OPM within 5 calendar days after the date of the employee’s final pay check.

(5) Continue using the final SF 2806/3100 if the employee’s application is denied. OPM will not return the Preliminary SF 2806/3100. Annotate in column 4 of the SF 2806/3100 denial of the disability and the date.

f. Nondisability Retirement Separations. Send the SF 2806/3100 with the SF 2801/3107 with attached CSC Form 1084, “Information in Support of Civil Service Retirement Application,” to the applicable address, listed in subparagraph 040301 .D., within 10 calendar days after the ending date of the pay period in which the employee retired.
(1) Use OPM checklists to ensure complete and accurate processing. Submit the completed and signed checklist to OPM with the retirement package.

(2) Post retirement deductions through the date of retirement on the Fiscal Record of the SF 2806/3100.

(3) Enter the type of nondisability retirement in the Service History, e.g. Optional, Mandatory, or Discontinued Service.

(4) Enter the date pay stopped in column 4 of the SF 2806/3100. This will normally be the date of retirement however, if the employee’s pay status ends before the retirement date, enter the earlier date. Enter the service computation date “SCD (month, day, year).”

g. Service credit deposits for Post-1956 military service. Any individual first employed in a position subject to the CSRS Act (reference (y)) on or after October 1, 1982, will receive credit for post-1956 military service only if he or she deposits a sum equal to 7 percent of the military basic pay received for post-1956 military service. Individuals who were first employed under CSRS before October 1, 1982, will have the option of making deposits for post-1956 military service and avoid a possible annuity reduction. A FERS employee may receive credit for post-1956 military service under FERS rules only if he or she deposits a sum equal to 3 percent of the military basic pay he or she earned during the period of military service, plus interest.

(1) Payment of military service credit deposits may be made either by cash payment or biweekly payroll deductions. Installment payments must be in whole dollar amounts not less than $25 per pay period, except for the last payment which may be in any amount to complete repayment. Unpaid balances are subject to interest calculations, and OPM will issue annual guidance concerning the rate of interest to be used. Payments must be received by the agency, that is, physically in the possession of the agency official authorized to receive such payments, by the close of business on the last regular business day before the interest accrual date. Therefore, if a deposit is sent by mail, the date of the postmark does not constitute the date of payment. Interest will be computed on the unpaid balance on the employee’s interest accrual date.

(a) CSRS. Interest begins to accrue on deposits on October 1, 1985, or two years after an individual is first employed (or reemployed after a period of military service) in a position subject to CSRS. The interest accrual date (IAD) is the date each year when accrued interest is added to the amount owed by the employee. The initial IAD is the date one year after the end of the interest free grace period. Thereafter, the IAD falls on the anniversary of the first IAD until the deposit is paid in full.

(b) FERS. For employees first employed prior to January 1, 1987, interest started to accrue on January 1, 1989. Therefore, the initial IAD for these employees is January 1, 1990. For employees first employed on or after January 1, 1987, interest begins to accrue 2 years from the date the individual was first employed subject to FERS. Therefore, the initial IAD for these employees is one year after the two year interest free grace period ends.

(2) Record payments on the OPM Form 1514, “Military Deposit Worksheet.” In addition, a separate SF 2806/3100 will also be maintained for Post-1956 military deposits. The SF 2806/3100 Service History should carry the annotation “Military Service History and Deposit Record.”

(3) Upon retirement, close out the SF 2806/3100 when military service credit deposits are complete and annotate in the Remarks column “Deposit paid in full.” Submit the SFs 2806/3100 along with OPM Form 1514 and the SF 2803/3108 to OPM via a regular SF 2807/3103.

(4) Close out and submit the SF 2806/3100 to OPM via a regular SF 2807/3103 in the event an employee resigns,
retires, or dies prior to completing the military service credit deposits. Annotate the SF 2806/3100 in the Remarks column with either “Paid in full” or “Partially paid”, depending upon action taken by the employee or survivor. Notify the employee or survivor of the intended close out and provide the opportunity to complete payment prior to submitting to OPM. Advise the employee or survivor that refunds of military service credit deposits may be made only by OPM.

(5) Close out and send the SF 2806 for military deposits to the gaining civilian payroll office when an employee transfers to another civilian payroll office within the same Component. When the transfer is to another civilian payroll office, but not in the same Component, close out the SF 2806 and submit it to OPM. A FERS post-1956 SF 3100 is sent to OPM together with the regular SF 3100 for all transfers to another civilian payroll office including transfers within the same Component.

F. Safeguarding the SF 2806/3100. SFs 2806/3100 not maintained in a mechanized manner must be stored in secured fireproof containers. Manually maintained SFs 2806/3100 must be microfilmed/microfiche after the annual posting, and stored separately from the record itself in accordance with OPM requirements.

G. Register of Separations and Transfers

1. The SF 2807 is used to control and transmit SFs 2806 to other civilian payroll offices and OPM. The SF 3103 is used to control and transmit SFs 3100 to OPM.

2. Series Designations. Maintain two separate series of SFs 2807 transmittal numbers depending on whether the SF 2807 is transmitted to another civilian payroll office or to OPM. Each series is consecutively numbered throughout the calendar year, and the first SF 2807 prepared in a new calendar year will begin with the number 1. SFs 2807 transmitted to another civilian payroll office will be designated Intra-Agency (IA). Those transmitted to OPM will be designated “OPM”. For example, the first SF 2807 transmitted to OFM for calendar year 1993 will be designated “OPM-93-1”, while the first SF 2807 submitted to another civilian payroll office will be designated “IA-93-1.”

3. Because all SFs 3100 are transmitted to OPM it is necessary to maintain only one series of transmittal numbers for SFs 3103. These forms must also be consecutively numbered throughout the calendar year, and the first SF 3103 transmitted to OPM in a calendar year will begin with the number 1. All SFs 3103 will be designated “FERS”. For example the first SF 3103 submitted to OPM for calendar year 1993 will be designated “FERS-93-1.”

4. More than one SF 2806/3100 may be submitted with each SF 2807/3103. However, the transmittal of completed retirement records should not be delayed while other records are being prepared for submission.

5. Copies Required

a. OPM Series. Prepare and submit the original to OPM. Retain one copy in the civilian payroll office’s files. An additional copy may be required according to the applicable DFAS Center’s departmental instructions.

b. IA Transfers. Prepare and submit the original and one copy to the gaining civilian payroll office. Retain one copy for the losing civilian payroll office’s files. An additional copy may be required according to the applicable DFAS Center’s departmental instructions.

c. FERS Series. Prepare and submit the original to OPM. Retain one copy for the civilian payroll office’s files. An additional copy may be required according to the applicable DFAS Center’s departmental instructions.

6. Filing the SF 2807/3103. File SFs 2807 received from other civilian payroll offices in a separate file in order of receipt by calendar year. Maintain a separate file for “IA” series of SFs 2807 forwarded to other civilian payroll offices. Maintain a separate file for
"OPM" series of SFs 2807 forwarded to OPM. Maintain a separate file for “FERS” series of SFs 3103 forwarded to OPM. These files shall be in numerical order for each calendar year.

H. Adjustments

1. Current Employees
   a. Erroneous Deductions. If an overdeduction was made for retirement from the pay of a current employee, make an adjustment during the next payroll cycle. Decrease the current retirement deductions from the employee’s current pay period earnings, and make a corresponding adjustment in the employer’s contributions.

   b. Inductions Not Withheld When Required. If an underdeduction occurred, or if deductions were not made for a period when an employee should have been covered by CSRS/FERS, that employee must be afforded his or her rights under due process to repay the overpayment. If deductions were made for a NAP retirement plan when deductions are required for CSRS/FERS, adjust the NAP retirement deductions and contributions and Social Security contributions and deductions in the next pay period. These amounts should then be offset against the amounts that should have been submitted for CSRS/FERS to determine the net amount that must be withheld from the employee’s current period pay.

2. Separated Employees
   a. Overdeductions
      (1) When an excess amount has been deducted from a former employee’s pay, and the SF 2806/3100 has not yet been forwarded to another civilian payroll office within the same Component, the amount is included in the current calendar year and the total accumulative deductions posted in columns 6 and 7 respectively on the SF 2806/2807. In addition, the amount of excess deductions is shown in column 8, Remarks.

      (2) If the overdeduction is found after the SF 2806/3100 was sent OPM, an SF 2806-1, “Notice of Correction of Individual Retirement Record for CSRS Employees,” or an SF 3101, “Notice of Correction of Individual Retirement Record (FERS),” must be prepared and submitted to OPM.

   b. Underdeductions
      (1) When an insufficient amount has been deducted from a former employee’s pay, and the SF 2806/3100 has not yet been submitted to OPM, note the amount of the deficiency in column 8 of the SF 2806/3100. If the SF 2806/3100 has been submitted, another SF 2806/3100 must be prepared and annotated “Supplemental” in the upper left margin.

      (2) When an underdeduction from a former employee’s pay results in insufficient employer contributions, the insufficient amount will normally be included in the next pay period’s SF 2812 report.

   c. In the cases of subparagraphs 040301.H.2.a. and b., an SF 1081, “Voucher and Schedule of Withdrawals and Credits,” will need to be prepared and attached to the SF 2812 for accounting purposes.

   d. Service History Corrections. Corrections to the Service History portions of the SF 2806/3100 should be made on the retirement record if the error is detected before the record is submitted to OPM. If the error is detected after the record is sent to OPM, prepare an SF 2806-1 or SF 3101.

3. Transferred Employees
   a. Overdeductions
      (1) When an excess amount has been deducted from a transferred employee’s pay, and the SF 2806 has not yet been forwarded to another civilian payroll office within the same Component, the amount is included in the current calendar year and total
accumulative deduction postings in columns 6 and 7 respectively on the SF 2806/2807. In addition, the amount of excess deductions is shown in column 8, Remarks.

(2) Prepare and submit an SF 2806-1 or an SF 3101 to the gaining civilian payroll office if the overdeduction is found after the SF 2806/3100 was forwarded to another civilian payroll office within the same Component.

(3) When an overdeduction from a transferred employee’s pay results in excess employer contributions, deduct the amount of excess employer contributions from the SF 2812 report for the next pay period.

b. Underdeductions. Note the amount of underdeductions in column 8 of the SF 2806 when an insufficient amount has been deducted from a former employee’s pay, and the SF 2806 has not yet been forwarded to another civilian payroll office within the same Component. Prepare and forward a supplemental SF 2806 to the gaining civilian payroll office if the SF 2806 has previously been submitted.

c. Service History Corrections. Correct the Service History portion of the SF 2806 if the error is detected before the record is sent to another civilian payroll office within the same Component. Prepare and submit an SF 2806-1 to the gaining civilian payroll office if the error is detected after the record is submitted.

d. Retroactive Payments

(1) Report CSRS/FERS deductions withheld from a retroactive salary payment for a separated employee by preparing a supplemental SF 2806/3100, and forwarding it to OPM with an SF 2807/3103.

(2) Include CSRS/FERS deductions withheld from a retroactive salary payment for a current employee in the current year salary deduction on the SF 2806/3100 being maintained for the employee.

(3) Report CSRS/FERS deductions withheld from a retroactive salary payment for an employee transferred to another civilian payroll office within the same Component by preparing a supplemental SF 2806/3100. Send the SF 2806 to the gaining civilian payroll office via the SF 2807. The SF 3100 will be sent to OPM via the SF 3103.

I. Availability of Retirement Funds for Loans, Garnishments, and Indebtedness

1. Loans and Garnishments

   a. An employee may not borrow from the retirement fund or assign money credited to his or her account as security for a loan or for any other purpose. An employee’s retirement account is not subject to any execution of levies, attachments, garnishments, or other legal processes except as follows:

   (1) OPM will comply with a garnishment or attachment order issued to enforce child support or alimony obligation.

   (2) OPM will comply with the assignment of retirement benefits in a State court order, decree, or community property settlement agreement in connection with the divorce, annulment of marriage, or legal separation of a Federal employee or retiree.

2. Indebtedness

   a. Conditions governing collection for indebtedness.

   (1) An employee’s contributions to the retirement fund may be offset to recover any valid debt to the United States.

   (2) All of the following conditions must be met before an offset of these contributions may be made:

      (a) The employee has been separated.

      (b) The civilian payroll office has exhausted all other means of recovery.
(c) The employee has filed an application for refund or for a monthly civil service annuity benefit.

(d) The creditor agency has given the employee an opportunity to request reconsideration of the collection including an oral hearing, waiver, or compromise.

(3) If the employee dies before becoming entitled to annuity benefits, retirement fund contributions may be offset when an application for lump sum benefits is filed.

b. Collection procedures.

(1) Before a civilian payroll office can request OPM to recover a debt for a former employee from the retirement fund, the employee must be notified in writing of the following

(a) The reason for, and amount of, the debt;

(b) The date repayment must be made, (normally not more than 30 days after the date of the notice);

(c) The intention to collect the debt by offset from the retirement fund unless the employee has entered into a repayment agreement with the agency;

(d) An opportunity to request reconsideration of the decision to collect the indebtedness, including waiver or compromise; and

(e) An explanation of the employee’s right to an oral hearing.

(2) Only one written demand containing the above information is required to be sent to the employee. If there is no reason to believe that the employee has not received the demand notice, the civilian payroll office has the right to judge the claim based on evidence in its possession.

(3) An SF 2805, “Request for Recovery of Debt Due the United States,” will be prepared, and the civilian payroll office will send Part 1, 2, and 4 of the SF 2805 to OPM. Part 3 will be retained in the civilian payroll office. See section 0408 for instructions for health benefits indebtedness.

(4) If a debt has been pursued to judgment, written demand need not be made. A copy of the court order must be attached to the SF 2805.

(5) Do not retain the SF 2806/3100 pending completion of action necessary to prepare and submit an SF 2805. If an SF 2805 will be submitted at a later date, the SF 2806/3100 should be annotated in column 8, Remarks, of the existence of the debt, the amount (if known), and the reason for the debt. If the exact amount of the debt is unknown, note in column 8 of the SF 2806/3100 that the employee is indebted in an unknown amount.

J. Entries on the Payroll Voucher. Employee deductions and employer contributions shall be reported separately on the DD Form 592, Part I - Payroll Summary. Civilian payroll offices reporting to OPM via hard-copy SF 2812 shall cite the OPM deposit fund account 24X8135.8 for the deductions and contributions on Part I. Civilian payroll offices reporting to OPM via the Retirement Insurance Transfer System (RITS) shall report deductions and contributions on Part I, but shall not cite the OPM deposit fund account. Employer contributions shall be charged to the appropriation(s) from which the employee’s salary is paid and shall be reported on Part II, Accounting Classification.

K. Pay Period Transmission of Deductions and Contributions. Deductions and contributions for CSRS and FERS are reported to OPM each pay period using procedures described in subparagraph 090203.C.

040302. Contributions to State Retirement Programs for National Guard Technicians

A. General. DoD will negotiate agreements with States for Federal employees’
contributions to a State or State-sponsored contributory retirement program, and cooperate and process agreements with each State requesting a withholding agreement covering technicians of the National Guard for a State-sponsored retirement program.

B. Procedures

1. P.L. 90-486, Section 6 (reference (e)) requires technicians who elected to continue coverage under a State retirement plan to make such an election by January 1, 1969. If a technician filed a valid election to remain covered by an employee retirement system sponsored by a State, the U.S. Government may pay the amount of the employer's contribution and withhold the employee’s designated share for deposit to the State program that becomes due for the period beginning on or after January 1, 1969.

2. The Federal share of payments, including employer’s taxes imposed by 26 U.S.C. 3111 (reference (z)), may not exceed the amount that the employing agency otherwise would contribute on behalf of the technician to the Civil Service Retirement and Disability Fund under 5 U.S.C. 8334 (reference (b)) and 32 C.F.R. 79.5(b) (reference (ae)).

3. A person covered under a State-sponsored program shall not concurrently earn credits toward retirement or receive an annuity under 5 U.S.C. 8331-8345 (reference (b)).

4. A person who retires under a State retirement program shall not be eligible for any rights, benefits, or privileges to which retired civilian employees of the United States may be entitled.

5. Agreements with States shall comply with the standards contained in subparagraph 040302.D.

C. Responsibilities

1. The Under Secretary of Defense (Comptroller) shall establish policy and procedures regarding State retirement programs for National Guard technicians and shall update agreements with authorized State officials for the Secretary of Defense. This authority may be redelegate. See 32 C.F.R. 79.6 (reference (se)).

2. The Secretary of the Army and the Secretary of the Air Force shall coordinate and implement the provisions of this Chapter, and designate the National Guard Bureau as the responsible agent for maintaining existing agreements with States and for coordinating administrative actions, to include preparing updated agreements.

D. Standards for Contribution Agreements with State Retirement Programs for National Guard Technicians. Each agreement between the Secretary of Defense and the Governor, or other authorized State official, for employer and employee contributions to a State retirement program for National Guard technicians shall be completed within 120 days of receipt of a State request, provided that:

1. State law provides for payment of employee contributions to a State-sponsored employee retirement system by withholding sums from the employee’s compensation and making payment to the official designated to receive sums withheld.

2. The program is limited to technicians of the National Guard.

3. Each agreement is consistent with 32 C.F.R. Part 79 (reference (ae)) and contains a clause that subjects the agreement to any statutory amendments occurring after the effective date of the agreement.

4. The agreement shall comply with the requirements of State law that specify who is eligible for such State-sponsored retirement programs.

5. The commencement date for contributions must be specified.

6. Contribution procedures, filing requirements and payment instructions conform, when practicable, to the usual fiscal practices of the DoD.
7. The agreement does not impose requirements on the DoD that are more burdensome than those requirements imposed on departments, agencies, or subdivisions of the State concerned. Except to the extent that an agreement may be inconsistent with 32 C.F.R. Part 79 (reference (se)), the agreement shall continue in full force and effect until amended, modified, or terminated by appropriate authority. See 32 C.F.R. 79.7(g) and (h) (reference (se)).

040303. Civil Service Employees Covered By Retirement Systems for Nonappropriated Fund Employees

A. The Portability of Benefits for Nonappropriated Fund Employees Act of 1990 (Subsection 7202 of P.L. 101-508) (reference (e)) permitted certain NAF employees to retain coverage under a NAF retirement plan during employment in a position that would normally be covered by CSRS or FERS. An employee who elects to remain covered by a NAF retirement plan is excluded from coverage under CSRS or FERS for all subsequent periods of employment including periods of service as a reemployed annuitant. Refer to 5 C.F.R. 831.201(h), 831.204, 842.102, 842.104(g), and 842.106 (reference (1)) for additional information.

B. The opportunity to retain coverage under a NAF retirement plan is limited to NAF employees who move after December 31, 1986, to positions within the DoD or the Coast Guard which are covered under CSRS or FERS.

C. Employees who elect to retain coverage under a NAF retirement system will have block 30 of the SF 50 annotated as “5-other.” The Remarks block of the SF 50 will state that the employee has elected to retain coverage under a NAF retirement system.

D. There are currently six NAF retirement plans. Employees who elect to retain NAF coverage will continue to be covered by the plan in effect at the time of election.

040304. Uniformed Services University of the Health Sciences (USUHS) Faculty Retirement

All full-time civilian faculty members of the USUHS with an appointment of more than 1 year are covered under the Teachers Insurance and Annuity Association and College Retirement Equities Fund, which is a tax deferred retirement plan. A total of 15 percent of the employee’s base salary is collected for the retirement plan. The employer (USUHS) contribution is 10 percent and the employee’s deduction is 5 percent. Collect the funds into deposit fund --X6875 and disburse from this fund to TIAA/CREF, 730 Third Avenue, New York NY 10017.

0404. FEDERAL INSURANCE CONTRIBUTIONS ACT (FICA) TAX

040401. Authority. FICA (reference (z)) states that all civilian employees of the Federal Government are eligible to receive Social Security and/or Medicare benefits. See paragraph 040406. for employees who are exempt from Social Security and/or Medicare withholdings. Wages for covered employment are taxable regardless of the worker’s age or whether the worker is receiving Social Security benefits. For purposes of this Regulation, taxes withheld under FICA (reference (z)) will be referred to as Social Security and Medicare taxes. The term FICA applies to the total taxes deducted for both Social Security and Medicare.

A. Generally, civilian Federal employees are covered by Social Security and Medicare or Medicare only, based on the type of appointment. Coverage is determined by the civilian personnel office and is reflected on the SF 50. Social Security/Medicare taxes are withheld on the same entitlements, but are subject to different wage limitations. The guidance herein applies to both Social Security and Medicare deductions. The taxes are shown separately on the Form W-2, “Wage and Tax Statement.” For purposes of determining the maximum wages subject to Social Security / Medicare taxes, the DoD is considered to be one employer. Effective with the first pay period in calendar year 1983, Federal employees under CSRS became subject to Medicare tax.
B. Effective January 1, 1984 new Federal employees were subject to Social Security and Medicare as well as retirement deductions directed by OPM. If an employee transfers within the DoD, the gaining civilian payroll office must consider those Social Security/Medicare taxes already deducted by the losing civilian payroll office in order not to exceed the maximum Social Security/Medicare tax liability due for that payroll year. When an employee transfers, include Social Security/Medicare year-to-date wages, and Social Security/Medicare year-to-date taxes in the Remarks section of the SF 1150.

040402. Compensation Subject to Social Security/Medicare

A. Current Earnings and Allowances

1. For employees covered under FICA, generally any compensation subject to Federal income tax (without regard to exemption status) is subject to Social Security and Medicare tax deductions (see Table 4-1). Employees covered under CSRS are subject to Medicare tax only. The basis for Social Security/Medicare tax deductions is the employee’s gross pay for each pay period.

2. In areas outside the United States, the gross amount upon which Social Security/Medicare tax is computed includes the Canal Zone tropical differential, foreign post differentials, and nonforeign post differentials.

B. Backpay Awards. Employee and employer portions of Social Security/Medicare taxes computed for backpay awards should be figured at the rate in effect for the periods covered by the corrective action.

040403. Tax Amounts. The tax rate percentage and wage base limitation for Social Security/Medicare taxes require separate computation and reporting.

A. Employee Deductions. For each pay period, deduct the applicable Social Security/Medicare tax from the gross pay of each employee covered by Social security/Medicare. Discontinue these deductions when the employee’s earnings reach the applicable maximum limitation. Refer to IRS Circular E (reference (i)) for the yearly update. Maximum limitations for prior years is listed in Table 4-2.

B. Employer’s Social Security/Medicare Tax. The Federal Government must pay an employer’s contribution tax equal to the same rate used for employees.

C. Official Social Security and Medicare Tax Tables. Tax tables are published in IRS Circular E (reference (i)).

040404. Voucher Entry. For each pay period, enter the employees’ deductions and the employer’s contributions for Social Security/Medicare taxes on the appropriate line of the DD Form 592, “Payroll for Personal Services-Certification and Summary.” The employer’s portion is charged to the same appropriation(s) as the employee’s salary.

040405. Adjustments. Adjustments due to errors and cancellation of paychecks are outlined in section 0808.

040406. Employees Exempt from Social Security/Medicare. The following employees are exempt from Social Security/Medicare deductions:

A. Noncitizens employed outside the United States, the Virgin Islands, and Puerto Rico;

B. Interns, student nurses, and other student employees of Federal hospitals (except medical and dental interns and residents) (26 U.S.C. 3121(b)(6)) (reference (z));

C. Employees hired temporarily to handle fires, storms, earthquakes, floods, and other similar emergencies and disasters (26 U.S.C. 3121(b)(6)) (reference (z));

D. Civilian chaplains. If a civilian chaplain wants to be covered under Social
Security/Medicare, he or she must apply as a self-employed person, or if the order in which the chaplain belongs has made an election for its members to be covered by Social Security/Medicare, then the chaplain may also be covered by Social Security/Medicare;

E. Employees of instrumentalities of the U.S. Government that are specifically exempt from Social Security/Medicare by law (26 U.S.C. 3112) (reference (z)); and

F. Title 32 National Guard technicians in Massachusetts and Nevada who elected to remain in the State Employees Retirement System.

040407. Panama Social Security System. All non-U.S. citizens employed by the Panama Canal Commission, after September 30, 1979, are covered by the Panama Social Security System (Social Security Provisions of the Agreement in Implementation of Article III of the Panama Canal Treaty). The employee’s withholding is 7.25 percent of salary, and the employer’s contribution is 12.45 percent of salary. Non-U.S. citizens covered by CSRS prior to October 1, 1979, who are employed by the Panama Canal Company or Canal Zone Government and were covered by CSRS, will continue to be covered under CSRS until termination.

0405 FEDERAL INCOME TAX WITHHOLDING

040501. General

A. Withholding Authority for Federal Income Tax. Internal Revenue Code, 26 U.S.C. 3402 (reference (z)), requires each Federal Agency to withhold Federal income taxes from wages paid to employees. The current IRS Circular E (reference (i)) summarizes the employer’s responsibilities and contains rates and tables prescribed by the Treasury Department. Section 3306 (c)(6) of 26 U.S.C. (reference (z)) states that services performed in the employ of the United States are exempt from the tax imposed under the Federal Unemployment Tax Act.

B. Employer’s Identification Number (EIN) An EIN is assigned by the District Director of the IRS to identify the tax accounts of employers. Only one identification number per civilian payroll office is authorized for use in reporting all Federal and Social Security/Medicare taxes. Note that the Federal taxes deducted for PCS are not reported under the civilian payroll EIN. The civilian payroll office has the responsibility for the collection and reporting of Federal and Social Security/Medicare taxes via the Form 941. The current IRS Circular E (reference (i)) should be used for guidance to withhold and report Federal income tax and Social Security/Medicare.

C. Method of Withholding. The two most common methods for withholding tax provided by the IRS are the percentage method and the wage-bracket method. Refer to IRS Circular E (reference (i)) for information on these two methods.

040502. Form W-4. Statutory deductions for Federal income taxes will be supported by Form W-4, “Employee’s Withholding Allowance Certificate,” from each employee stating the number of exemptions claimed or extra withholding authorized. Forms W-4 may be obtained from the nearest civilian personnel office.

A. Withholding Allowances. An employee completes, at the time of entrance on duty, a Form W-4, and any additional forms required for withholding State or local taxes. The number of allowances claimed and the employee’s marital status provide the basis to compute Federal income tax withholding (FITW). (The withholding of additional income tax in a fixed amount is permitted when the employee requests such withholding in writing.) If an employee fails to submit a Form W-4, assume the employee is single and has no withholding allowances. Once filed, a Form W-4 remains in effect until the employee furnishes an amended certificate.

1. Permissible allowances are described on the Form W-4. Determining the accuracy of the number of allowances claimed is
not the responsibility of the civilian payroll office.

2. The number of allowances claimed on the Form W-4 may be different than the number of exemptions claimed on the employee’s tax return. Employees may use the worksheet on the Form W-4 to determine if they qualify for claiming extra allowances.

B. Additional withholding allowances, as computed through use of the table on Form W-4, may be claimed. An employee who wants to increase the amount of tax withheld may reduce the number of exemptions to which entitled. If an increase only in Federal tax withheld is desired, the employee may request an additional amount be withheld on Form WA, in whole dollar amounts, regardless of the number of exemptions claimed. The amount of withholding remains in effect until changed by the employee.

C. Reporting Certain Forms W-4 to the IRS. Civilian payroll offices must report to the IRS if certain Forms W-4 are received. This information will be accumulated in the liaison offices and then sent to the civilian payroll office to be submitted with the Form 941, for each quarter. The Forms W-4 which are required to be reported include:

1. Any forms received with more than 10 allowances claimed,

2. Any form received from an employee who claims exemption from income tax, but is expected to earn more than $400 in a biweekly pay period.

The reports must contain the following information: EIN; name and address of the civilian payroll office; and employee’s name, SSN, and address.

D. The civilian payroll office will submit a copy of the Form W-4 currently in effect (or make the original available for inspection), when a written request is received from the IRS.

040503. Allowance Status Change. If an employee submits a new Form W-4, change the withholding effective the next pay period. If an employee claims the Form W-4 on file is erroneous and submits a corrected one, no retroactive adjustment is permitted.

040504. Compensation Subject to Income Tax. The general rule is that all wages and differentials are taxable, and all allowances are not taxable. See Table 4-1 for taxability on specific types of compensations.

040505. Withholding Allowances

A. Withholding Not Required. An employer is not required to deduct and withhold any Federal income tax from wages paid to an employee who has certified to the employer (as prescribed by IRS) that the employee incurred no income tax liability for the preceding year and that the employee expects no liability for the current year. The Form W-4 is used by the employee to make this certification. The employee must file a Form W-4 each year by February 15 to claim exemption from withholding.

B. Retained Copies of Forms 941, "Employer's Quarterly Federal Tax Return," and related reports. As forms are superseded or become obsolete, remove them from the active file and place in an inactive file. Treasury Department forms, e.g., Forms 941, Forms W-4, etc., do not have to be sent to the District Director, IRS. However, the civilian payroll office must show, on request, that the information is on file as a supporting record.

040506. Tax Tables and Tax Periods. Refer to IRS Circular E (reference (i)) for the current tax tables or applicable payroll system tax package.

040507. Adjustment in Tax Withheld

A. Undercollection. If no tax (or less than the correct amount) is withheld due to a computing error, instruct the employee to refund the overpayment in accordance with due process procedures (refer to section 0803 for procedures).
If the employee is separated, refer to section 0804 for procedures.

**B. Overcollection.** If more than the correct amount of tax is deducted, refund the overcollection to the employee if within the same payroll year. Refund on the next payroll voucher, if possible, or use SF 1049, “Public Voucher for Refunds.” Make an appropriate entry on the individual pay record. Include the amount refunded and the disbursing voucher number. If a Form W-2 was issued, prepare a corrected form as stated in IRS Circular E (reference (i)). Adjust overcollection of taxes on the current payroll. Enter the amount refunded, less the current pay period’s tax withholdings on the pay record. Increase the normal net pay amount accordingly and note the reason for the adjustment on the pay record.

040508. **Tax Payments - Payment of Withheld Tax**

**A. Tax Collection.** All FITW/Social Security/Medicare taxes collected by the civilian payroll office will be deposited in account X6875.

**B. Accounting.** The civilian payroll office making the tax collection is responsible for preparing the Form W-2 and issuing it to the individual.

**C. Disbursement.** The disbursing office will disburse all taxes withheld based on the information provided by the civilian payroll office and the frequency of the payroll involved. The taxes are remitted on Form 8109, “Federal Tax Deposit Coupon,” and SF 1049 issued as a voucher for the remittance. Remit to the FRB head office of the Federal Reserve District where the disbursing officer is located for deposit and credit in the Treasury’s account. Remit amounts withheld from wages for Federal income taxes, Social Security/Medicare, employer’s contributions for Social Security/Medicare and a completed Form 8109 to the appropriate FRB on payday. To expedite handling at the bank, stamp in bold letters on the face of the envelope used to mail the payment, the words “FEDERAL TAX DEPOSIT.”

**040509. Resident and Nonresident Aliens**

**A. Withholding Tax.** Wages paid to both resident and non-resident aliens for services performed in the United States are subject to the withholding of Federal income tax. The same regulations, procedures, and rates that govern U.S. citizens apply to resident and nonresident aliens.

**B. Withholding Allowances.** Resident aliens may claim the full number of withholding allowances to which they would be entitled if they were U.S. citizens. Nonresident aliens who are residents of Canada, Mexico, Japan, or Korea may claim the full number of withholding allowances to which they would be entitled if they were U.S. citizens. All other nonresident aliens should not claim exemption from income tax withholding, request withholding as if they are single, and claim only one allowance. This may avoid underwithholding of income taxes.

**C. Payment of Taxes and Tax Return.** Federal income and Social Security/Medicare taxes withheld for resident and nonresident aliens covered in this Chapter will be included with the total tax deposit payment and reported on the Form 941.

**040510. Lump-Sum Leave Payment Refunds**

**A.** Refer to section 0808 regarding procedures on adjustments of overpayments and underpayment.

**B.** When the entire amount has been collected, prepare a statement (a sample format is shown in Figure 4-1) to be distributed as follows:

1. The original is sent to the employee, with one copy for each taxing authority for which tax has been withheld from the employee’s pay.
One signed copy is sent to the IRS, the State (if applicable), the city or county (if applicable), and any other authorized taxing authority.

040511. Advance Earned Income Credit (EIC). Civilian payroll offices must make advance EIC payments to eligible employees; however, eligible employees must request payment by filing an Form W-5, “Earned Income Credit Advance Payment Certificate,” with their employing activity. They must file a new certificate each year.

A. Eligibility. Eligibility requirements are shown on Form W-5 and are summarized below:

1. The employee’s expected earned income and adjusted gross income must each be less than the amount set by IRS for each taxable year.

2. The tax return must be filed as single, married filing jointly, head of household, or qualifying widow(er) with dependent child.

3. The employee cannot be a qualifying child of another person.

4. The employee generally must have a qualifying child, as defined in the instructions on Form W-5, living with him or her more than half the year, including time when the child is away at school or on vacation (the entire year for a foster child). The child must be under the age of 19 at the end of the year, a full-time student under the age of 24, or permanently and totally disabled.

5. A married child generally must be claimed as a dependent by the employee. However, there are special rules that may apply if the child is the child of divorced or separated parents, or if the employee qualifies as an unmarried head of household. See Form W-5 for details.

B. Form W-5. On Form W-5 an employee must show if they are married. If the spouse also has filed a Form W-5 with an employer, use the advance EIC tables in the IRS Circular E (reference (i)) (either the wage bracket or percentage method table) titled “Married with Both Spouses Filing Certificate.”

1. Form W-5 remains in effect until the end of the calendar year. Eligible employees must file a new certificate each year.

2. The signed form becomes effective with the first payroll period ending (or the first wage payment made without regard to a payroll period) on or after the date the certificate is received in the liaison office.

3. If an employee has given the liaison office a signed Form W-5 and later becomes ineligible for the credit, the employee must revoke the previously filed form. If the employee’s situation changes because his or her spouse files a Form W-5, the employee must file a new Form W-5 showing that his or her spouse has a Form W-5 in effect with an employer.

4. If an employee has a Form W-5 certifying that their spouse has a Form W-5 in effect and the spouse’s form is no longer in effect, the employee must file a new Form W-5.

C. Amounts to be Paid to Eligible Employees

1. IRS Circular E (reference (i)) contains a biweekly payroll period table to be used with the employee’s biweekly taxable wages to compute the advance payment.

2. The civilian payroll office will refer employees with questions about their eligibility for advance EIC payments to the IRS.

D. Paying the Advance EIC to Employees

1. The advance EIC payment does not change the amount of income tax, Social Security, or Medicare taxes that you
withhold from employees’ wages. The advance EIC payment is not compensation for services rendered and is not subject to payroll taxes.

2. Generally, employers will pay the amount of the advance EIC payment from withheld income, Social Security, and Medicare taxes. These taxes are normally required to be paid over to IRS either through Federal tax deposits or with employment tax returns.

3. If for any pay period the advance EIC payments are more than the withheld income, Social Security, and Medicare taxes (including the employer’s share of Social Security and Medicare taxes), the civilian payroll office may:

   a. Reduce each advance EIC payment proportionately. (Each payment must be reduced by an amount that has the same ratio to the excess as the payment has to the total of all advance payments for the payroll period); or

   b. Elect to make full payment of the advance EIC amount and have these full amounts treated as an advance payment of the employer’s tax liability. If excess EIC payments are applied against any other taxes, attach an explanation to that tax return on which the credit for overpayment is taken.

E. Reporting EIC Payments

1. Advance EIC payments will be identified on the DD Form 592 and reported on the Form 941.

2. The total amount of advance EIC payments made during the year will be shown on the employee’s Form W-2.

3. The amounts shown on Form W-2 for income tax withheld (if any), Social Security, and Medicare taxes withheld are not affected by advance EIC payments. Likewise, no other entries on Form W-2 are changed because of these payments.

F. Record keeping

1. The civilian payroll office retains the following:
   a. Amounts and dates of all wage payments and advance EIC payments.
   b. Dates and amounts of tax deposits made.
   c. Copies of Form 941 returns filed.

2. The liaison office will retain the following:
   a. The employee’s State withholding allowance certificate. These forms will be kept until superseded or canceled.
   b. Copies of the employee’s Form W-5.
   c. Dates of employment.

STATE INCOME TAX WITHHOLDING

040601. General. Each DoD employee shall complete a withholding certificate for State taxes as a basis for proper withholding. The certificate shall specify the employee’s tax liability, place of residence, regular place of employment, exemptions and allowances. This certificate remains in effect until the employee submits a new certificate. State tax withholding is required for any DoD employee who is subject to the tax and whose regular place of Federal employment is within the political boundaries of the State that has entered into an agreement with the Treasury Department.

A. State Income Tax Withholding

1. Withholding Authority. Section 5517 of 5 U.S.C. (reference (b)) and E.O. 11,997 (reference (s)) provides for the withholding of State and territorial income taxes from the compensation of Federal employees if an agreement has been entered into between the Secretary of the Treasury and the proper official of
the State or territory. Employees may elect to have voluntary withholding for a State that has not reached an agreement.

2. Agreements with States. Agreements exist between the Secretary of the Treasury and many of the States for withholding income tax from the compensation of Federal employees whose regular place of employment is within the State (TFM, Part Three, Chapter 5000, Appendix 2) (reference (ag)). The civilian payroll office will send copies of Forms W-2 to States which have negotiated agreements with the Secretary of the Treasury with respect to employees who (1) are subject to mandatory State withholding, or (2) may elect withholding under a State law (TFM, paragraph 3-5070.10) (reference (ag)).

3. Deduction for More than One State. If the employee is subject to withholding in more than one State, use separate deduction columns or codes to identify tax remittance for each State. The State requirements for withholding income tax may be modified by reciprocal agreements between States. The effect of reciprocal agreements generally is to relieve the nonresident employee of a tax liability to the State in which employed, and to relieve the employer of the duty to withhold such taxes.

4. Determination of Exemptions. Use the number of exemptions shown on Form W-4 for withholding State taxes unless other instructions are in State regulations or specified in the agreement with the U.S. Treasury. In some instances the Treasury-State agreement or State law permits nonresident employees to certify their compensation is not subject to that State’s income tax. When the agreement or State law contains such a specific provision, the employee’s signed statement is accepted as justification to discontinue withholding of State income tax, and the statement is filed with the employee’s Form W-4.

5. Contacting States when a Civilian Payroll Office is Activated or a New Withholding Agreement is Established. To prepare to withhold State income taxes, the civilian payroll office will immediately prepare a letter to the State concerned including:

   a. A request for the forms and instructions required to withhold tax, process returns, and pay the tax.

   b. A request for a State EIN for the civilian payroll office.

   c. The approximate date withholding will begin.

   d. The name, address, and telephone number of the civilian payroll office,

6. Determining Employees Subject to Automatic State Withholding

   a. Employees are normally subject to withholding for the State in which their duty station is located. The duty station is usually shown on the SF 50. The duty station also governs withholding for employees in continual travel status. For an employee whose duties are performed at a place other than the official duty station, the place where the employee regularly performs his or her duties is considered the regular place of employment for State tax withholding purposes.

   b. Reciprocal agreements between States may affect automatic withholding according to the duty station.

   c. In all disputed cases, the civilian payroll office will:

      (1) Withhold the tax; and

      (2) Advise the employee to negotiate directly with the proper taxing authority as to liability.

7. Voluntary Deductions of State Income Tax

   a. When a State provides for voluntary allotment withholdings, civilian
payroll offices must withhold tax for employees who have a legal obligation to pay. This applies whether or not Treasury has a withholding agreement with the State.

1. Employees must request the allotment on a proper withholding certificate.

2. Employee tenure does not affect the allotment.

b. Civilian payroll offices located in foreign areas are not expected to exercise sole responsibility for determining the need for collection of State and local taxes for assigned employees. Each employee must assume that responsibility. Before a request is submitted, an employee must be advised of the following:

   1. Obtain assistance from the employing activity legal staff available to him or her, or

   2. Contact the proper State or local income tax office as to the applicability of withholding taxes while on an overseas assignment. Preferably, this should be done prior to an employee’s departure from CONUS. Once a determination is made that withholding applies, civilian payroll offices will honor the request.

c. The civilian payroll office must comply with the agreement, regulations, and instructions of the State concerned.

d. The civilian payroll office will base the allotment amount on either:

   1. The amount (in whole dollars) set by an employee; or

   2. The withholding certificate filed by an employee and the State withholding tables or formulas.

The civilian payroll office will pay withheld State income taxes to each State concerned as prescribed for that State.

8. **Wages Subject to State Withholding.** All wages and salaries subject to Federal income tax withholding are subject to State withholding. All cost-of-living allowances paid to employees in Hawaii are included as taxable income. Severance pay per 5 U.S.C. 5595 (reference (b)) is included; however, severance pay paid to the survivor of a deceased employee is excluded. Nonresident employees, who under the State income tax law are required to allocate at least three-fourths of their compensation to the State, shall be subject to withholding on their entire compensation. Nonresident employees, who under the State income tax law are required to allocate less than three-fourths of their compensation to the State, may elect to have:

   a. State income tax withheld on their entire compensation, or

   b. No income tax withheld on their compensation (31 C.F.R. 215.11) (reference (c)).

9. **Amount of State Withholding and Personal Withholding Allowance Forms**

   a. The civilian payroll office will withhold amounts based on personal exemptions and either:

      1. The State withholding tax tables; or

      2. Percentage or formula methods in accordance with the proper withholding agreement.

   b. Generally, the tax withheld, after subtracting proper exemptions and allowances, should not be less than:

      1. The amount set in the State withholding table; or
(2) The amount determined by the percentage or formula method prescribed.

c. The civilian payroll office may use the employee’s Form W-4 to determine State withholding in place of State forms if:

(1) The withholding agreement authorizes it; and

(2) The State and Federal exemptions allowed are the same.

d. Employees must file a State employee withholding exemption certificate if:

(1) Exemptions under State law are not the same as under Federal law; or

(2) The State requires the use of a separate form.

10. State Exemption Certificates. Employees are normally subject to mandatory withholding under Treasury-State withholding agreements; however, an employee may claim exemption from withholding under certain conditions. Civilian payroll offices shall:

a. Require the use of State-furnished tax exemption certificates, if available.

b. Give the designated official of the taxing State the following information (on request) about employees claiming exemption:

(1) Name.

(2) SSN.

(3) The basis for the claimed exemption.

11. Accounting for Withheld Taxes

   a. Employee Pay Records. The civilian payroll office shall record the amounts withheld each pay period on an employee’s pay record when a special payment occurs; otherwise the system will automatically update an employee’s records.

   b. Deposit Accounts. The civilian payroll office shall:

   (1) List the total of withheld State taxes as “State Taxes” under Payroll Summary on DD Form 592.

   (2) Deposit the total in deposit fund account --X6275, Withheld State Income Taxes. (This account will be credited regardless of the employing activity of the employee; however, taxes deposited in the deposit fund account of the Corps of Engineers civil function will be credited to 96X6070).

   c. Error Corrections. The civilian payroll office should correct a clerical error made in the prior pay period to the current calendar year if the employee is still on the payroll. If the error resulted in the underdeduction of withheld taxes, due process procedures will be followed to collect the overpayment. If the error resulted in the overdeduction of withheld taxes, the amount of the overdeduction will be refunded to the employee on the next regular payroll cycle. The civilian payroll office will not make any adjustment if:

   (1) The employee is no longer on the payroll; or

   (2) The error was in a prior calendar year.

   d. Paying Out Withheld Taxes

   (1) Frequency. Civilian payroll offices will comply with the State’s current tax law, whether payment is required biweekly, monthly, or quarterly. (Current laws may differ from those cited in Treasury-State agreements executed in the past).
payroll offices will not make payments more often than required.

(2) Payment identification. The disbursing officer will issue checks on the basis of the SF 1049 that the civilian payroll office prepares. The civilian payroll office must prepare required tax payment documents.

12. Balancing State Wage and Tax Information. The civilian payroll office will balance the amounts reported on the Forms W-2 or magnetic tape to each State with year-to-date control totals for State taxes withheld and State taxable wages. These amounts must be balanced before Forms W-2 are distributed to employees and forwarded to the States.

13. Change of Address. Employees must furnish a change of address to the liaison office as needed.


15. Notice to Employees. Agencies shall advise their employees that information returns will be sent to State and other taxing authorities of the employee’s State of residence (and, in some cases, employment) where such authorities have requested the information; however, only information properly releasable under the Privacy Act (reference (e)) shall be released. The notice should point out that employees may have income tax liability to these taxing jurisdictions.

16. Recordkeeping
   a. The civilian payroll offices shall keep the following records of State tax deductions:
      (1) EIN assigned by the State.
      (2) Amounts and dates of all wages subject to State tax withholding.

   (3) Names, addresses, and SSNs of employees.
   (4) Copies of returns filed.

   b. The liaison office shall keep the following:
      (1) The employee’s State withholding allowance certificate. These forms shall be kept until superseded or canceled.
      (2) Copies of the employee’s Form W-5.
      (3) Employment dates.

17. Annual Form W-2 Reporting. Refer to subparagraph 090207.C. for procedures.

18. Official State and Territory Codes and Abbreviations. The official abbreviations and State codes for all the States of the United States (including D.C.) and U.S. possessions and territories are listed in Table 4-3. No other abbreviations or codes will be used.

040602. Guam or the Northern Mariana Islands Federal Income Taxes. Refer to TFM, Part Three, Chapter 4000, Section 4085 (reference (ag)) for procedures.

040603. Puerto Rico Taxes

A. The U.S. Court of Appeals issued a decision on October 19, 1994, that invalidated the Department of the Treasury withholding agreement with Puerto Rico.

B. The decision does not relieve Federal employees of their tax liability to Puerto Rico. The effect of the Court’s decision is that all Federal agencies making wage payments to Federal employees in Puerto Rico must withhold Federal income taxes on those payments in the same manner as they did prior to the withholding agreement with Puerto Rico, even though Puerto Rico rather than the United States is entitled to income tax on those payments.
040701. Withholding Authority. Section 5520 of 5 U.S.C. (reference (b)) and E.O. 11,997 (reference (s)) authorized withholding of city, county or employment tax from compensation of Federal employees who are subject to tax and whose regular place of Federal employment is within the city which entered into a proper agreement with the Secretary of the Treasury. Withholding is also required if the employee is a resident of the local tax authority. Each DoD employee shall complete a withholding certificate for city or local taxes as a basis for proper withholding. An out-of-state employee’s consent to have city or local taxes withheld is also required when applicable.

A. An agreement must be reached between the Secretary of the Treasury and the applicable city, county or local taxing authority before withholding is required (TFM, Part Three, Chapter 5000 Appendix 3) (reference (ag)). The agreement provides for mandatory withholding of income or employment tax from the compensation of Federal employees whose regular place of employment is within the city or county or is a resident of the city or county. Generally, this is based on where employees report for work. In the case of employees who perform their services other than where they report, the regular place of employment is where the employee regularly performs his or her services.

B. Administration of City and County Withholding Agreements. Civilian payroll offices shall apply policies and follow procedures as prescribed for States. Wages subject to mandatory city and county withholding:

1. Basic wages. All wages and salaries subject to Federal income tax withholding are normally subject to city and county withholding. Severance pay paid to an employee is included; however, severance pay paid to the survivor of a deceased employee is excluded.

2. Mandatory withholding

   a. The civilian payroll office shall withhold tax from wages of Federal employees who reside in cities or counties that have entered into withholding agreements,

   b. The civilian payroll office shall withhold tax from the wages of Federal employees whose regular place of Federal employment is within a city or county if they are subject to tax. If the employee resides in a different State than that in which the city or county is located, he or she is exempt from mandatory withholding.

   c. The Federal employee’s regular place of employment is usually the employee’s official duty station which is shown on the SF 50. If an employee actually performs service at a location other than the official duty station, that location will be considered the regular place of employment.

   d. Services performed outside a city or county. Many local ordinances tax only wages for services performed within the city or county in most cases, this applies only to nonresident employees. An employee eligible to exclude part of his or her annual income under such provisions must submit a withholding certificate that specifies the amount or percentage. The civilian payroll office shall then reduce withholding accordingly. If the employee does not file a certificate, the civilian payroll office shall withhold tax based on his or her total compensation.

Note: Civilian payroll offices shall not make an adjustment in withholding if the employee performs less than 25 percent of his or her services outside the city or county.

040702. Voluntary Withholding of City or Local Tax

A. Nonresident Employees. An employee who does not reside in the State in which the city or county (place of employment) is located is exempt from mandatory withholding; however, if there is an agreement between the city or county taxing authority and the
Treasury, the civilian payroll office may withhold tax with the employee’s consent. The employee must submit a withholding certificate.

B. Allotment for Voluntary Deduction. An employee has the option of making a voluntary allotment for the payroll deduction of taxes of their city or county of residence if they are employed outside that location. The fact that taxes are withheld for the city or county of employment does not affect the employee’s voluntary allotment.

1. An employee may make a voluntary allotment for withholding even though the city or county does not have a withholding agreement.

2. The civilian payroll office shall set the allotment amount on the city or county withholding method or deduct a whole dollar amount set by the employee. The employee must submit a proper withholding certificate.

C. Accounting for Voluntary Withholding. The civilian Payroll office shall account for voluntary tax deductions as prescribed for mandatory withholdings.

D. Amount of Withholding

1. The civilian payroll office shall withhold tax based on:
   a. The proper city or county tax withholding rate set in the city or county instructions;
   b. The prescribed percentage or formula method; or
   c. Computation of a set amount to be deducted from the employee’s pay each pay period.

2. The civilian payroll office shall deduct an amount, at a minimum, nearly equal to the tax required by the city or county.

A. Employees must submit a withholding certificate; they must provide the liaison office with all the information needed to properly deduct city or county income taxes. If an employee does not furnish a certificate, the civilian payroll office shall withhold tax at the highest level that applies to that employee’s annual wages; however, the civilian payroll office shall not withhold any tax from wages of an out-of-state employee until they submit a form consenting to withholding.

B. Employing activities may use a withholding or exemption certificate furnished by a city or county if it provides all required information. If it does not, employing activities may use TFS Form 7311, “Employee’s Withholding Certificate for Local Taxes.”

C. liaison offices may furnish copies of the employees’ withholding forms to the city or county on request; however, only information properly releasable under the Privacy Act (reference (e)) shall be released.

040704. Accounting for City and County Mandatory and Voluntary Withholdings

A. The civilian payroll office shall record amounts withheld each pay period in the employee’s pay records when a special payment occurs; otherwise, the system will automatically update an employee’s record.

B. Deposits. The civilian payroll office shall make a one-line entry on the DD Form 592 as follows:

1. Enter “Withheld City (or County) Income Tax” below State or territorial tax and the total amount withheld each pay period.

2. Credit the withheld tax to deposit fund account --X6275 for city and county tax.

C. Correcting Errors. Civilian payroll offices shall apply the same instructions applica-
ble to the withholding of State taxes. Refer to subparagraph 040601.A.11.c. for procedures.

D. Paying Out Withheld Taxes. Civilian payroll offices shall apply instructions for State tax.

E. Annual Form W-2 Reporting. Refer to subparagraph 090207.C. for procedures.

040705. Recordkeeping

A. Civilian payroll offices shall keep all records of city or county income tax deductions. Records should include the:

1. EIN assigned by the city or county;

2. Amounts and dates of all wages subject to city or county tax withholding;

3. Names, addresses, and SSN of employees;

4. Dates and amounts of city or county tax paid; and

5. Copies of all returns filed.

B. The employing activity shall file withholding authorization certificates for city tax deductions in a file for each employee until superseded or canceled.

0408 FEDERAL EMPLOYEES HEALTH BENEFITS (FEHB)

040801. General

A. Statutory Authority. The FEHB Program, authorized by P.L. 86-382 (reference (e)) and 5 U.S.C. Chapter 89 (reference (b)) as amended, provides for health insurance to protect civilian employees against the cost of hospital and doctor care in case of sickness or accident. The cost of the insurance is shared by the employee and the employer. OPM specifies the amount which the employer contributes towards the cost of each type of enrollment. The employee pays the remainder of the cost through withholdings from their salary. The employee’s participation in the program is voluntary.

B. Enrollment, Change of Enrollment, and Cancellation. The SF 2809 is completed by the employee to enroll, not to enroll, change enrollment, or cancel enrollment of FEHB coverage. An employee may elect to cancel FEHB coverage at any time. The civilian personnel office reviews SFs 2809 and, if they are properly completed, forwards two copies to the civilian payroll office for processing. The SF 2810, “Notice of Change in Health Benefits Enrollment,” is used for employees whose civilian payroll office changes, and by the employing office to terminate enrollment, reinstate enrollment, or change the name of the enrollee.

C. Effective Dates. Unless otherwise noted, enrollments and changes to enrollments become effective the first day of the pay period that begins after receipt of an SF 2809 in a civilian personnel office. An employee must be in a pay status at least part of the pay period preceding the effective date of enrollment or change. If an employee was not in a pay status during this preceding pay period, an enrollment becomes effective on the first day of the pay period after the return to pay status. Effective dates of “open season” enrollments and changes in enrollment are set by OPM. Report any discrepancies in establishing effective dates to the civilian personnel office.

D. Contact with Carriers. The civilian payroll office is the point of contact with the insurance carriers concerning names and numbers of enrollees under a carriers health benefits plan. The carrier’s copies of SFS 2809 and SFs 2810 should be sent to the appropriate carrier (with an SF 2811) on a daily or weekly basis, depending on the volume in the civilian payroll office. Under no circumstances should SFs 2809 and SFs 2810 be accumulated for longer than 1 week, nor should they be delayed to coincide with applicable payroll deductions. Before the carrier’s copies of SFs 2809 or SFs 2810 are transmitted, the civilian payroll office should verify that the payroll action required by the
form can be taken, e.g., that the employee was in a pay status sometime during the pay period preceding the effective date, if the pay status requirement is applicable to the action being taken.

E. Liaison. Civilian payroll offices must maintain appropriate liaison with the civilian personnel Offices or liaison offices to ensure prompt action in processing and solving any problems. Answers to carriers about personnel actions must be verified with the civilian personnel office or the liaison office before a reply is made to the carrier.

040802. Deductions and Contributions

A. Enrollment Codes. A three-digit enrollment code is designated by OPM to identify health benefit plans. The first two digits identify the plan and the third digit identifies the options, such as high or standard option and self only or self and family option.

B. Employee Deductions

1. Withholding. Deductions for full-time employees are made each pay period except as discussed in subparagraphs 040802.B.3. and 040802.B.4. The amount to be withheld is determined by the rate applicable to the plan, option, and coverage selected. The benefits, biweekly deduction, and other major features of each participating plan are described in the brochure for that plan. Refer to the Federal Employees Health Benefits Handbook for Personnel and Payroll Offices (reference (h)) for a description of the types of plans offered. The formula provided in the Federal Employees Health Benefits Handbook for Personnel and Payroll Offices (reference (h)) is used to compute employee and employer biweekly deductions and contributions for employees, such as teachers, who are paid an annual pay in less than 26 pay periods. Deductions are started only at the beginning of a pay period. Effective dates of termination of enrollment or coverage are outlined in the Federal Employees Health Benefits Handbook for Personnel and Payroll Offices, Subchapter S9 (reference (h)).

2. Partial Premiums. Partial premiums are not authorized except for employees who transfer to another Government agency, employees who retire and are eligible to continue FEHB or die and there apparently is a survivor eligible to continue the enrollment, or employees whose enrollment is terminated or reinstated because of entry into, or return from, military service. Refer to subparagraph 040802.B.8. for the proration of deductions. Otherwise, the full withholding must be made for each pay period even if an employee is in a pay status for only a part of the period.

3. Insufficient Salary for Withholding. If an employee’s salary is not enough to cover the full withholding, nothing is withheld. The requirements are the same as during a nonpay status. If no FEHB premium is withheld from the employee, the Government contribution is forwarded to OPM immediately. If the Government contribution has been forwarded to OPM on the SF 2812 and an adjustment is required in a subsequent pay period because of late receipt of the FEHB cancellation, appropriate changes must be made to the DD Form 592 and the SF 2812.

4. Withholding While in Nonpay Status

   a. If an employee is in a nonpay status for the entire pay period, the employee’s portion of the FEHB premium must still be paid in order to maintain coverage. Payment can be made by check money order, or payroll deduction from subsequent earnings. Any FEHB premiums collected during a period of leave without pay (LWOP) pending disability retirement or OWCP should be refunded if the disability retirement or OWCP is approved. The amounts due will be collected from the disability retirement or OWCP.

   b. The payroll system must produce a listing of enrolled employees with no deductions for FEHB. One copy of the listing should be retained and one copy should be sent to the civilian personnel office. The civilian personnel office prepares the notices to each
employee in accordance with instructions in the Federal Employees Health Benefits Handbook for Personnel and Payroll Offices, paragraph S20-2b and in Exhibit 20 (reference (h)). If an employee does not respond, it is presumed that coverage is to be continued. The employee should be advised of any withholding from pay, if possible, before the withholding occurs, and the employee should be given an opportunity to set a reasonable installment rate to liquidate the indebtedness. Any amount due accumulated over 4 pay periods or less immediately preceding the current pay period, can be collected without an employee’s consent. The civilian payroll office should note payments received or payroll deductions withheld. Payments should be recorded in the OPM deposit fund for FEHB premiums. If the employee separates, the amount an employee owes should be offset against any entitlements due. If pay is not sufficient to cover the debt, OPM Form 1522, “Request for Offset for Past Due Health Benefits Premiums from Monies Payable under the Civil Service Retirement System,” should be used to offset against CSRS/FERS. There is no minimum amount subject to offset. Payments will be withheld when the annuity begins. If any payments have been made by the employee, they should be refunded.

c. The date of last withholding and amount due should be shown in the Remarks section of the SF 1150 when an employee transfers and owes for FEHB premiums. Amounts due from employees transferring to or from another civilian payroll office can be collected and reported to OPM by the gaining civilian payroll office.

d. An employee who is retroactively restored to duty after an erroneous suspension or removal may have his or her enrollment reinstated retroactively, or may enroll in the plan and option of the employee’s choice, the same as a new employee. If the employee elects to have the enrollment reinstated retroactively, payroll deductions for the period of suspension or removal must be made from the retroactive pay adjustment. Government contributions are also required as though the suspension or removal had not occurred.

e. An employee may elect, within 60 days, to continue health insurance benefit coverage for the entire period while in an authorized LWOP status to serve as a full-time officer or employee of a labor organization. If this election is made, the employee pays his or her share of the premiums, through the civilian payroll office, with the employing activity making the Government contributions (Federal Employees Health Benefits Handbook for Personnel and Payroll Offices, Subchapter S8) (reference (h)).

f. An employee granted LWOP while temporarily assigned to a State or local government or to an institution of higher education may continue the coverage for the duration of the assignment. The employee must pay his or her share of the premiums, through the civilian payroll office, with the employing activity making the Government contributions.

g. An employee transferred to an international organization with the consent of his or her agency may continue health benefit coverage for the duration of the transfer. The employee pays his or her share of the premiums, through the civilian payroll office, with the employing activity making the Government contributions.

5. Withholding From Lump-Sum Leave (LSL) Payment. No health benefits deductions are made from the LSL payment. This does not apply to collections for indebtedness.

6. Cancellation of Coverage. An employee’s cancellation of enrollment is effected by forwarding an SF 2809 to the civilian personnel office. The effective date of cancellation of enrollment is the last day of the pay period in which the cancellation is received by the civilian personnel office. See 5 C.F.R. 890.304(d) (reference (1)).

7. Deductions Withheld Upon Transfer. An employee’s enrollment and cover-
age continues without change when the employee transfers from one civilian payroll office to another without a break in service of more than 3 days. Prorate withholdings and contributions in accordance with subparagraph 040802.B.8.

8. Four-Day Rule. The following illustrates the four-day rule for proration of deductions. Shown on the left is the number of calendar days between the transfer date and the preceding or next pay period. Shown on the right is the withholding rate to be used by the losing and gaining civilian payroll office.

<table>
<thead>
<tr>
<th>Days</th>
<th>Withholding Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-3</td>
<td>none</td>
</tr>
<tr>
<td>4-10</td>
<td>weekly</td>
</tr>
<tr>
<td>11-14</td>
<td>biweekly</td>
</tr>
</tbody>
</table>

9. Mass Transfers. When a group of 25 or more employees enrolled in the same plan are to be transferred on the same day from one civilian payroll office to another, separate transfer-out and transfer-in forms need not be prepared. A list may be prepared and attached to one SF 2810 documenting the mass transfer-out. Copies of the same list attached to the SF 2810 should be used by the gaining civilian payroll office to process the mass transfer-in.

10. Withholding Upon Retirement or Death. If an employee retires and is eligible to continue enrollment as an annuitant, or dies and there is a survivor eligible to continue enrollment, as determined by the civilian personnel office, the losing civilian payroll office makes withholdings and contributions, subject to the four-day rule, as for any other transfer between civilian payroll offices. If there is no eligible survivor or the annuitant is not eligible to continue enrollment, a full deduction is withheld. Withholdings are made by OPM beginning with the effective date of the annuity.

11. Withholding Upon Termination for Military Service or Reinstatement. If an employee’s enrollment is terminated or reinstated because of entry into, or return from, military service, prorate withholdings and contributions under the four-day rule as applied to transfers. The effective date of the action to be used as a basis in prorating is the date of entrance into, or return to duty from, the military service.

12. Retroactive Changes in Enrollment. If an employee retroactively changes from family to self only, adjustments should be processed in accordance with paragraph 040807.

C. Employer Contributions

1. The Government’s contribution must be paid every pay period during which an employee’s enrollment continues, whether the employee is in a pay or nonpay status. The Government’s contribution should be submitted as soon as it becomes due, that is, with the other deductions and contributions forwarded on the SF 2812, for the same pay period in which the coverage continued (Federal Employees Health Benefits Handbook for Personnel and Payroll Offices, Subchapter S20) (reference (h)).

2. See OPM’s Schedule of Subscription Charges for contribution rates for full-time employees. Charge the total to the same appropriation from which the salaries of the employees are paid.

D. Withholdings and Contributions for Part-Time Employees. P.L. 95-437 (Federal Employees Part-Time Career Employment Act of 1978) (reference (e)) provides that part-time employees subject to the act may elect coverage under FEHB. However, the law requires that certain part-time employees will pay not only the regular deduction for health benefit coverage but also a portion of the Government’s contribution. The civilian personnel office determines if the employee is exempt from the provisions of this law regarding proration of the Government’s contribution. If the employee is not exempt, the amount of the Government’s contribution is based on the proration of the number of hours the part-time employee is scheduled to work, as indicated on the SF 50, compared to the number of hours worked by full-time employees. See 5 U.S.C. 8906(b)(3) (reference (b)). The following example is provided:
1. A part-time employee is scheduled to work 50 hours per pay period.

2. Hours worked by a full-time employee are 80 hours per pay period.

3. The total health benefit premium per pay period is $51.55 of which $24.03 is the employee’s share and $27.52 is the Government’s share.

4. Divide the hours a part-time employee is scheduled to work (50) by the hours a full-time employee is scheduled to work (80) to determine a factor (.6250).

5. Multiply the Government’s contribution ($27.52) by the factor (.6250) to determine the Government’s contribution for the part-time employee ($17.20).

6. Subtract the Government’s contribution for the part-time employee ($17.20) from the total health benefit cost ($51.55). The difference is the pay period deduction for the part-time employee.

E. Temporary Employees. P.L. 100-654 (Federal Employees Health Benefits Amendments Act of 1988) (reference (e)) provides FEHB coverage for certain temporary employees. Generally, for a temporary employee to be eligible for coverage, the employee must have completed 1 year of current continuous employment, excluding any break in service of 5 days or less. Civilian personnel offices determine the eligibility of temporary employees for FEHB coverage. Once enrolled, the law requires that temporary employees with FEHB coverage pay both the employee and Government share of the health benefit premium. Civilian personnel offices must include the following statement in the Remarks section on the SF 2809: “Temporary employee eligible under 5 U.S.C. 8906a must pay the full premium amount with no Government contribution.” Civilian payroll offices will report the total premium withheld from the pay of the enrollee to OPM via the SF 2812. Since the full premium is deducted from the pay of the enrollee, it will be reported in the “withholdings” field on the “Health Benefits” line of the SF 2812. This amount will also be included in the amounts classified by enrollment code on the SF 2812 (5 U.S.C. 8906a) (reference (b)).

F. Temporary Continuation of FEHB Coverage

1. P. L. 100-654 (reference (e)) also provides temporary continuation of FEHB coverage to eligible individuals. These individuals are former employees, former spouses, and children of current or former employees or of annuitants. The civilian personnel office determines the eligibility of these individuals for such continued coverage. The Direct Premium Remittance System operated by the National Finance Center (NFC) in New Orleans, LA, provides insurance services for enrollees participating in the FEHB under P.L. 100-654 (reference (e)) and P.L. 98-615 (reference (e)). It is a centralized billing, collection, and reporting system operated by NFC. Participation in NFC’s system eliminates the necessity for civilian payroll offices to process transactions related to FEHB premiums for these enrollees. NFC also provides report data to OPM related to the SF 2812, SF 2812-A, and OPM Form 1523, “Supplemental Semiannual Headcount Report.” See 5 U.S.C. 8905a (reference (b)).

2. Section 4438 of P.L. 102-484 (reference (e)) and 5 U.S.C. 8905a(d) (reference (b)) allow eligible DoD employees separated by RIF to continue their health benefits coverage at the rates paid by current Federal employees. DoD pays the Government share and the 2 percent administrative charge. This provision applies to separations on or after October 23, 1992, through September 30, 1997, or through January 31, 1998, if specific RIF separation notice was given by September 30, 1997.

040803. Payroll Processing

A. Registration to Enroll

1. Upon receipt of the SF 2809 signifying enrollment:
a. Verify that the effective date of enrollment meets the requirement that the employee was in a pay status before the beginning of the current pay period. Also make sure that the effective date of enrollment or change of enrollment is the first day of a pay period and cancellation of an enrollment is the last day of the pay period. If there is any variance from the above, return both copies of the SF 2809 to the civilian personnel office or the liaison office with appropriate notation.

b. Enter the civilian Payroll Office Number under part F, item 4, of the form.

2. Distribute the SF 2809 as follows:

   a. Send the copy of the SF 2809 to each carrier concerned. If it is known that the employee will not be in a pay status during the pay period before the normal effective date, keep the SF 2809 until the employee returns to a pay status and the effective date of enrollment can be determined.

   b. Separations before enrollment becomes effective. If an employee who has filed an SF 2809 retires, dies, or is otherwise separated, except by transfer, before the effective date of enrollment, his or her registration is void. Under such circumstances, note in the Remarks section of the SF 2809, “Employee separated (date), (reason).” If the carrier’s copy was already transmitted, print “VOID” across the face of the original SF 2809 and mail it to the carrier. When the SF 2809 was not sent to the carrier, or the registration was not to enroll, destroy all copies of the SF 2809. In all instances, note the action on the pay record.

   c. Change in enrollment. Changes in enrollment may be processed on either an SF 2809 or an SF 2810. Process the SF 2809 as in 040803.A.2.a. and b. Upon receipt of an SF 2810, make the necessary adjustments in the payroll system and complete the SF 2811, “Transmittal and Summary Report to Carrier,” report number, and the payroll action boxes in the lower right-hand corner of the form. Distribution instructions are printed on the back of the payroll copy of the SF 2810.

   B. To terminate enrollment, send a copy of the SF 2809 to the carrier concerned.

040804. File. The SFs 2811, along with the supporting SFs 2809/2810, are filed in a single file. Destroy the copy of the SF 2811 originally retained and file the copy returned by each carrier. Carriers use the Remarks section of the returned copy of the SF 2811 to report any discrepancies. Clear all such discrepancies before filing the SF 2811. If an enrolled employee cancels coverage, file the SF 2809 in the employee’s file. If an employee transfers or is separated, file the SF 2809 (and SF 2810, if applicable) in a separate file. For disposition, file the SF 2809 (and SF 2810) for retired and deceased employees in a separate file and destroy 6 months after the date of separation.

040805. Entries on the Payroll Voucher. Employee deductions and employer contributions shall be reported separately on the DD Form 592, Part I, Payroll Summary. Civilian payroll offices reporting to OPM via hard-copy SF 2812 shall cite the OPM deposit fund account 24X8135.8 for the deductions and contributions on Part I. Civilian payroll offices reporting to OPM via RITS shall report deductions and contributions on Part I, but shall not cite the OPM deposit fund account. Employer contributions shall be charged to the appropriation(s) from which the employee’s salary is paid and shall be reported on Part II, Accounting Classification.

040806. Pay Period Transmission of Deductions and Contributions to OPM. The deductions and contributions for health benefits are reported to OPM each pay period using the procedures described in paragraph 090203.

040807. Adjustment of Errors

   A. Underdeduction. An overpayment as a result of the underdeduction of FEHB premiums is exempt from due process for up to 4 pay periods immediately preceding the current pay period (5 C.F.R. 550.1104(c)) (reference (1)).
FEHB premium underdeductions of more than 4 pay periods, for any amount, are subject to due process. See paragraph 080302. for procedures.

B. Overdeduction. If more than the correct FEHB premium is deducted, refund the overdeduction to the employee and adjust the employer contribution during the next pay period.

040808. Panamanian Program

A. Non-U.S. citizens employed in Panama by the U.S. Government may elect to be covered under this program. Biweekly, withhold one percent from the employee’s salary; the Panama Canal Commission’s contribution is an amount equal to the maximum biweekly Government contribution for the Federal Employee’s Health Benefits Act (reference (e)).

B. Withholdings and contributions are collected into a deposit fund and disbursed from this fund to the payee on the agreed dates.

040809. Disability Insurance for Uniformed Services University of the Health Sciences (USUHS)

A. Full-time faculty and staff members of the USUHS, School of Medicine, not eligible for coverage under the CSRS/FERS program, are covered under a Disability Insurance Program. The cost of the coverage is shared equally by the employer and employee. Monthly premium rates are based on the average of salary and age for the entire group covered.

B. Deductions are made from the employee’s pay and collected into a deposit fund. Disbursements from the deposit fund are made monthly to Teachers Insurance and Annuity Association/College Retirement Equities Fund, 730 Third Avenue, New York, NY 10017.

0409 Federal Employees Group Life Insurance (FEGLI)

040901. General

A. The Federal Employees Group Life Insurance (FEGLI) Act of 1954 (reference (e)) (5 U.S.C. Chapter 87) (reference (b)), as amended, provides life insurance coverage for Federal employees and their families. Under this program an employee may elect basic insurance in which the Government shares the cost.

B. Three types of optional insurance for which the employee pays the entire cost are also available. Refer to paragraph 040904. for a description of each type of optional insurance. The Federal Employees Group Life Insurance Handbook for Personnel and Payroll Offices (reference (x)) provides details on life insurance coverage for Federal employees.

040902. Basic Insurance

A. An employee can have basic life insurance and accidental death and dismemberment insurance each in the following amounts:

1. If annual pay is $8,000 or less, the employee is insured for $10,000.

2. If annual pay is more than $8,000, the employee is insured for an amount equal to the sum of the annual salary, rounded to the next highest thousand, plus $2,000 up to the maximum amount, which is equal to the pay of Executive Level II.

B. The annual pay on which an employee’s basic insurance deduction is based is his or her annual pay as fixed by applicable law or regulation. Included in this base pay are:

1. Night shift differential pay for wage grade employees.

2. Environmental differential pay for wage grade employees.

3. Tropical differential pay for Government employees in the Republic of Panama.

4. Annual premium pay percentage for standby time.
5. Annual premium pay percentage for irregular, unscheduled overtime for law enforcement officers. See 5 C.F.R. 870.302(c) (reference (l)).

C. The annual pay of a part-time employee is the basic salary applicable to his or her tour of duty in a calendar year. For example, an employee who has a salary rate of $8,000 a year and is employed half-time would have an annual salary of $4,000 for insurance purposes. See subparagraph 070301.C.3. for additional information. Also see 5 C.F.R. 870.302(c) (reference (l)).

D. Multiple rates -- regular schedule. For life insurance purposes, the annual pay of employees who are regularly scheduled to work at different pay rates such as day and night rates, two positions at different rates for each, etc., is the weighted average of the rates at which the employees are paid, projected to an annual basis. For example, the annual pay of an employee who is paid $3.87 per hour on a day shift and $4.08 per hour on a night shift and who is regularly scheduled to work 8 months on day shift and 4 months on night shift is $3.87 multiplied by 1,391 hours plus $4.08 multiplied by 696 hours, or $8,223; the weighted hourly average then is $3.94, which when multiplied by 2,087 hours produces the same result. A regular schedule may exist even though the schedule varies within a year or even within a pay period.

E. Multiple rates -- no regular schedule. For life insurance purposes, the annual pay of employees who work at different pay rates, but not on a regular schedule, is the annual rate which they were receiving at the end of the pay period, or in the event of death or dismemberment, the annual rate they were receiving at the time of the death or accident.

040903. Withholding Schedule for Basic Coverage. The cost for basic insurance is shared by both the employee and the Government. The Government contributes one third of the total cost for basic insurance. See Table 4-4 for the effective rates.

040904. Optional Insurance

A. An employee who has not waived basic FEGLI coverage can purchase additional optional life insurance plans. The employee pays the entire cost. Credit amounts deducted for optional insurance coverage to the same deposit fund account as regular FEGLI. The premium rate for optional coverage is increased the first day of the pay period beginning on or after January 1 of the year following the one in which the employee’s birthday for the next age group occurs. See Table 4-5 for the withholding rates. An employee may elect optional life insurance coverage provided:

1. The employee is enrolled for basic insurance coverage;

2. The employee has filed an SF 2817, “Life Insurance Election,” electing the optional insurance;

3. An uncanceled declination of optional insurance is not on file.

A covered employee may elect to stop or reduce optional insurance coverage at any time, although the opportunity to elect or increase multiples is strictly limited. If an employee cancels basic insurance, all optional insurance is automatically canceled.

B. Types of Optional Life Insurance

1. Option A - Standard Optional Insurance. Generally, the only amount of standard optional life insurance available is $10,000. The standard optional insurance may exceed $10,000 for those employees whose basic coverage is capped by the salary for Level II of the Executive Schedule. This occurs only if the combined total of the basic insurance amount and the $10,000 for this option is less than the employee’s annual basic rate of pay (the rate actually payable). The amount of standard optional insurance is then automatically increased to an amount which, when combined with the basic insurance amount, will equal the amount of the employee’s basic rate actually payable (rounded to the next higher thousand dollars, if not an even thousand). For example,
the maximum amount of basic insurance is $136,000. An employee at Level I of the Executive Schedule is actually paid $148,400. That individual’s standard optional insurance is $15,000 ($148,400 rounded up to $149,000 minus $134,000 equals $15,000 available in standard optional coverage). The premium for the extra $5,000 in coverage is prorated on the premium otherwise applicable to the $10,000 in coverage. If an employee states in writing that he or she does not want the higher amount of Option A, that employee may retain the $10,000 amount.

2. Option B - Additional Optional Life Insurance. An employee may elect Option B - Additional in an amount equal to one, two, three, four or five times the annual basic pay (after rounding to the next $1,000). The maximum amount of basic pay to be used is the actual rate of annual basic pay payable for Level II of the Executive Schedule under 5 U.S.C. 5313 (reference (b)).

3. Option C - Family Optional Insurance. An employee may elect Option C - Family to cover “eligible family members”: $5,000 for a spouse and $2,500 for each dependent child. The withholdings do not vary based on the family size.

040905. Enrollment Status Codes. An employee’s life insurance enrollment status is indicated on the SF 50 by use of the codes in Table 4-6.

040906. Premium Withholding

A. When to Withhold Premiums. Deductions will be made from an employee’s salary when the employee is in a pay status for all or part of a pay period. If the salary is insufficient to permit all payroll deductions, the order of precedence shown in paragraph 040201. shall be used. For new employees, deductions shall begin with the pay period in which coverage begins as follows:

1. Basic insurance. Coverage is effective on the first day in pay and duty status.

2. Optional insurance (all types). Coverage is effective the first day in a pay and duty status on or after the date the election (SF 2817) is received in the civilian personnel office.

3. When an employee waives basic insurance, cancels any or all optional insurance, or reduces the number of multiples under additional optional, coverage and deductions stop or are reduced effective the last day of the pay period in which an SF 2817 is properly filed. See 5 C.F.R. 870.204(a) (reference (l)).

B. Retroactive Adjustments. Retroactive adjustment to recover deficiencies in deductions for prior periods because of LWOP shall not be made. Effective after October 20, 1972, if an employee is retroactively restored to duty with pay after an erroneous suspension or removal, there will be no life insurance withholding made from the retroactive pay adjustment for the period of suspension or separation. However, if death or dismemberment occurred during the period of suspension or separation, insurance proceeds shall be paid and premiums withheld from the back pay. When an employee receives a retroactive within-grade increase (one which was delayed beyond its proper effective date through administrative error or oversight) and it results in an increase in life insurance premiums, the insurance deductions shall be applied retroactively.

C. Withholding During Nonpay Status

1. If an employee is in a nonpay status for an entire pay period, no withholdings for that pay period are made from future salary payments. An employee keeps insurance coverage without cost while in a nonpay status for up to 12 continuous months from the last date of pay.

2. Employees granted LWOP while assigned to a State or local government, or to an institute of higher learning may continue insurance for the period of LWOP. The employee’s share of the premiums are paid to the civilian payroll office and that office pays the
Government contribution. Employees transferred to international organizations and employees on approved LWOP to serve as full time officers or employees of an international organization may continue coverage for the period in LWOP status. Employees must pay or arrange to have paid on their behalf, to the civilian payroll office on a current basis, the employee withholding and the Government contributions to cover the premium cost for the entire period of LWOP. Premiums for any pay period are considered currently paid if received before, during, or within 1 month after the end of the pay period. Advance payments may be accepted at regular intervals in multiples of the amount due each pay period. Any excess advance payments resulting from death, retirement, etc., are refunded. The beginning date of premiums payable by the employee is the first day of the pay period following the one for which withholdings of the premiums were made. The ending date is the last day of the pay period before the employee returns to a pay status.

D. Withholding While Employee is Receiving Office of Workers’ Compensation Program (OWCP) Payments

1. An employee keeps basic life insurance (not accidental death and dismemberment) without cost if:

   a. On the day basic insurance would otherwise end, he or she is receiving benefits under the FECA because of disease or injury and is held by the Department of Labor to be unable to return to duty; and

   b. The employee does not convert to an individual policy.

2. An employee may keep optional life insurance (not accidental death and dismemberment) while receiving compensation from OWCP if eligible to continue basic insurance and if, in addition, optional insurance has been in force for not less than:

   a. The full period or periods of service during which optional insurance was available to the employee; or

   b. The 5 years of service immediately preceding the date the employee becomes entitled to compensation. Withheld from compensation is the full cost of optional insurance for any period before the first of the month following the employee’s 65th birthday during which an insured employee or former employee receives compensation.

3. An employee who qualifies for compensation benefits remains insured as an employee until such coverage ends because of separation or completion of 12 months in a nonpay status. When coverage as an employee stops for either of these reasons, the employee may convert the insurance to an individual policy, but the civilian personnel office should inform the employee of the right to have the life insurance continued while receiving compensation and unable to return to duty.

4. OWCP collects for all life insurance including basic. OWCP will make no optional insurance withholding if the employee receives compensation for less than 29 days.

E. Withholding During Nonpay Status, Employee Accepts Temporary Employment in Another Position. If an insured employee entitled to free insurance for up to 12 months while in a nonpay status accepts a temporary (or other) appointment to another position in which he or she would normally be excluded from insurance coverage, insurance (basic or basic and optional) continues in the temporary position. The amount of basic insurance is based on the greater of the two salary rates. The $10,000 minimum applies. Withholdings must be made from pay in the temporary position. The civilian personnel office is responsible for determining if the employee is insured in the first position and to indicate appropriate withholdings. Upon termination of the temporary appointment, the insurance coverage reverts to the employee’s coverage under the first nonexcluded position. If on termination of the temporary position the
employee has been separated from the first position, the employee’s insurance ends subject to the 31-day temporary extension of coverage. If on termination the employee is still on LWOP from the first position the coverage under the first position continues until the employee is separated or the end of the 12 month nonpay status. If the employee served 4 consecutive months in the temporary position, a new 12-month nonpay period of free insurance begins.

F. Withholding From Lump-Sum Annual Leave Payments. No insurance premium is withheld from the lump-sum payment.

G. Withholding From Employees Paid an Annual Salary on a School Year Basis. A full annual insurance premium deduction for educators is required. Compute the biweekly deduction for those employees not paid each pay period of the year (26 or 27 times) as follows:

1. Multiply the biweekly deductions rate based on the salary bracket by 26.
2. Divide this total by the number of pay periods in the school year.
3. Round the total in 2. above to the nearest cent. This is the biweekly insurance deduction.

040907. Entries on the Payroll Voucher. Employee deductions and employer contributions shall be reported separately on the DD Form 592, Part I, Payroll Summary. Civilian payroll offices reporting to OPM via hard-copy SF 2812 shall cite the OPM deposit fund account 24X8135.8 for the deductions and contributions on Part I. Civilian payroll offices reporting to OPM via RITS shall report deductions and contributions on Part I, but shall not cite the OPM deposit fund account. Employer contributions shall be charged to the appropriation(s) from which the employee’s salary is paid and shall be reported on Part II, Accounting Classification.

040908. Adjusting Errors

A. Current Employees

1. Overdeduction. When amounts have been erroneously withheld from the salary of an employee, refund the erroneous withholding the next pay period. This automatically corrects the excess Government contribution involved.

2. Underdeduction of FEGLI premiums of 4 pay periods or less immediately preceding the current pay period, are exempt from due process (5 C.F.R. 550.1104(c) (reference (1)). Underdeductions of FEGLI premiums after 4 pay periods, for any amount, are subject to due process. See paragraph 080302. for procedures. Government contributions shall be adjusted when payment is received from the employee.

B. Separated Employees

1. When an adjustment in withholdings is necessary for a separated employee, process it in the final salary payment to the employee or, if deceased, to the employee’s beneficiary or estate.

2. If a valid claim for refund of deductions is received from a separated employee, process it on a regular payroll on which FEGLI deductions are more than the refund amount.

C. Adjustment to Proper Appropriation. Be sure to adjust the correct appropriation when there is a change in fiscal years between the processing of the erroneous payroll and the processing of the payroll on which the adjustment is made. Credit the Government contribution for a prior year appropriation on DD Form 592 under “Other” (itemize) and explain.

040909. Pay Period Transmission of Deductions and Contributions. Deductions and contributions for life insurance are reported to OPM each pay period using the procedures described in paragraph 090203.

040910. Waiver of Insurance

A. Establishment and Revocation of Waiver. When notification of waiver is received
from an insured employee, discontinue withholdings beginning with the next pay period. When the waiver is canceled, the withholding applies for the full pay period in which the waiver is revoked.

B. Canceling Waiver or Declination. A waiver or declination of insurance coverage remains in effect until canceled, even if the employee transfers to another agency or is reappointed after a break in service. The SF 2822, “Request for Insurance—Federal Employees Group Life Insurance Program,” must be completed by the employee and forwarded to the civilian personnel office. The employee must submit an SF 2817 to the civilian personnel office within 31 days of approval of the SF 2822. Coverage will be effective the first day the employee is in a duty status on or after the day the SF 2817 is received.

1. Basic Insurance
   a. An employee may cancel a waiver of basic insurance if:
      (1) At least 1 year has elapsed since the effective date of such waiver; and
      (2) The employee furnishes satisfactory evidence of insurability (an SF 2822 to the civilian personnel office). See 5 C.F.R. 870.204 (reference (1)).

2. Option A - Standard. An employee with basic coverage may cancel a declination of Option A by meeting the same conditions required to cancel a waiver of basic insurance per subparagraph 040910.B.1. The employee must submit an SF 2817 requesting Option A to the civilian personnel office within 31 days of approval of the SF 2822. Coverage will be effective the first day the employee is in a duty status on or after the day the SF 2817 is received.

3. Option B - Additional
   a. An employee with basic coverage may cancel a declination of Option B - Additional by meeting the same conditions required to cancel a waiver of basic insurance per subparagraph 040910.B.1. An election of less than 5 multiples under Option B - Additional is a declination of the multiples over and above the number elected. When the employee meets the requirements to cancel a declination of Option B - Additional, enrollment is effective per subparagraph 040910.A.
   b. An employee may also elect Option B - Additional due to a change in family status. The number of multiples cannot exceed the number of family members acquired. To do so, the employee must elect Option B - Additional within 60 days (normally) following marriage or acquisition of a child.
   c. An employee may increase Option B - Additional by multiples due to a change in family status. The number of additional multiples elected cannot exceed the number of family members acquired. To do so, the employee must elect the increase within 60 days (normally) following marriage or the acquisition of a child.
   d. An election of, or increase in, Option B - Additional, because of an event in subparagraph 040910 .B.3.b. or c., becomes effective the first day the employee actually enters on duty (in a pay status) on or after the day the civilian personnel office receives the SF 2817.

4. Option C - Family. Employees who have basic life insurance may cancel a declination of Option C coverage due to any of the following events: marriage, acquisition of an unmarried dependent child, divorce, or the death of a spouse. Federal regulations (5 C.F.R. 873.205(a)) (reference (1)) state that the election must be filed with the employing office no later than 60 days following the date of the event permitting the election. This means that the SF 2817 may be submitted before and in anticipation of the qualifying event. Elections submitted in advance of a qualifying event become effective
on the date of the event, as long as basic insurance is in force on that date. Elections submitted within 60 days after the qualifying event are not retroactive.

040911. Canceling Optional Insurance. The employee may cancel optional life insurance at any time without waiving basic life insurance; however, if the employee cancels basic life insurance, all optional insurance is automatically canceled.

040912. Continued Protection for 31 Days. When basic or optional insurance, or both, terminates except by waiver or declination, the employee continues to have life insurance protection (not accidental death or dismemberment) for 31 days. Thereafter, this 31-day temporary extension is automatic. There is no extension of protection when insurance stops by waiver or declination. See 5 C.F.R. 870.501, 871.501, 872.501, and 873.501 (reference (1)).

040913. Office of Federal Employees’ Group Life Insurance (OFEGLI) Requests for Pre-Payment Verification. Civilian payroll offices will cooperate with the OFEGLI when it requests pre-payment verification. OFEGLI is required to obtain verification before making payment to beneficiaries of enrollees with $200,000 or more of FEGLI coverage. When seeking pre-payment verification, OFEGLI will ask for the insured’s current salary, annual salary (if different), and details on enrollment in optional insurance, if applicable.

0410 NATIONAL GUARD ASSOCIATION OF UNITED STATES (NGAUS) INSURANCE TRUST PROGRAM

041001. National Guard technicians may participate in this program as authorized by an agreement between the Secretary of Defense and the State or territory (5 U.S.C. 5518) (reference (b)). Biweekly deduction rates depend on the coverage selected and the age group of the employee. Deductions will be applied to the following accounts:

A. --X6875 - Withheld Employee Contributions, State or Territorial Disability Benefits.

B. --X6875 - Withheld Employee Contributions, State or Territorial Death Benefits. The funds collected are disbursed to the proper payee on agreed dates.

041002. When an employee converts from a title 32 to a title 5 appointment, the NGAUS insurance must be terminated since the employee would no longer be eligible for the disability portion of the plan.

0411 COLLECTION OF DEBTS DUE THE UNITED STATES

041101. The DoD shall promptly collect indebtedness due the United States in accordance with the law and applicable regulations. Section 5514 of 5 U.S.C. (reference (b)), as implemented by DoD Directive 7045.13 (reference (v)) and Volume 5, authorizes collection of indebtedness from those civilian employees who are indebted to the United States. Generally the amount deducted may not exceed 15 percent of the employee’s disposable pay unless written consent is provided by the employee for a greater percentage to be deducted. Refer to Chapter 8 for further procedures on indebtedness.

0412 GARNISHMENTS

041201. Child Support and Alimony

A. Authority. Section 659 of 42 U.S.C. (reference (aa)) provides consent by the United States for garnishment and similar proceedings for enforcement of child support and alimony obligations against civilian employees. Court-ordered garnishment under this section shall be deducted from the employee’s pay. See 5 C.F.R. Part 581 (reference (l)) for guidance.

B. Pay Subject to Garnishment. All monies due active civilian employees, the entitlement to which is based upon remuneration for employment, are subject to court-order garnishment or attachment. The term “remuneration for
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employment” means all compensation paid or payable for personal services performed by an individual, whether such compensation is denominated as wages, salary, commission, bonus, pay, or otherwise, and includes, but is not limited to, those items set forth in 5 C.F.R. 581.103 (reference (1)). Monies paid as reimbursement, normally defined by law or regulations as allowances, awards paid for making suggestions, and injury compensation payments are not deemed to be “remuneration for employment” and are, therefore, not subject to garnishment. Deductions not subject to garnishment are as follows:

1. CSRS/ FERS,
2. Social Security and/or Medicare,
3. TSP contributions,
4. Federal income taxes (not including additional withholdings unless the employee presents evidence of a tax obligation which supports the additional withholding),
5. FEHB,
6. FEGLI (basic only),
7. Indebtedness due the U.S. Government except where the employee’s debt is for child support and the amount owed the United States results from an income tax lien or levy,
8. State income tax and city/local employment tax, and
9. Other deductions required by law or regulations to be withheld.

C. Maximum Percentage of Disposable Weekly Pay Subject to Garnishment. The term “disposable pay” means the amount of any pay which is due or payable to an employee as “remuneration for employment” minus the deductions listed in subparagraph 041201.B. The following maximum percentages apply (5 C.F.R. 581.402) (reference (1)):

1. If an employee is supporting a spouse or a dependent child (other than the spouse or child whose support is required by the garnishment order), 50 percent of such employee’s disposable weekly pay is subject to garnishment.
2. If an employee is not supporting a spouse or dependent child (other than those named in garnishment order) 60 percent of such employee’s disposable weekly pay is subject to garnishment.
3. An additional 5 percent of disposable weekly pay is subject to garnishment in each case if the outstanding arrearages are over 12 weeks old.
4. If the applicable law of the State from which the legal process was issued exempts a lesser percentage of the employee’s disposable weekly pay, that percentage of earnings will be subject to garnishment.

D. Procedures

1. Court Order Forwarded to the Civilian Payroll Office. The civilian payroll office will withhold from the employee’s pay in compliance with the court order as prescribed in paragraph 080702. The civilian payroll office should consult with the servicing DFAS General Counsel’s office prior to making any payments on a file where proper service, as defined in 5 C.F.R. Part 581 (reference (1), as amended, has not been accomplished.
2. One-time Payment. If the garnishment involves a one-time payment, the amount due will be processed on the next regular payroll.
3. More Than One Payment. If the garnishment order involves more than one payment, an involuntary deduction for the amount(s) shown in such order shall be established by the fiscal officer or other appropriate
official of the activity maintaining the payroll record. Payment shall be made to the party named in the legal process.

4. Deduction Termination. Cancellations are automatic on the date of separation from the DoD, upon death of the employee, or upon notification to the civilian payroll office that the legal process is terminated. Deductions may not be voluntarily stopped by the employee.

5. Payroll Procedure. Deductions for child support and/or alimony payments shall be made by the civilian payroll office each pay period as directed. Deductions shall be taken in accordance with the order of precedence in paragraph 040201.

6. Recording Deductions. The civilian payroll office shall establish deduction data within the employee’s payroll record. The total amount of all garnishments processed for the current pay period shall be indicated on the DD Form 592. All remittance records shall be forwarded to the servicing disbursing officer.

041202. Commercial Debts

A. Authority. Effective February 3, 1994, 5 U.S.C. 5520a (reference (b))) authorizes the garnishment of Federal civilian employees’ wages for commercial debts. Authorization from the legal review organization is required prior to the garnishment becoming effective. Interim regulations are found at 59 Federal Register 14,541, March 29, 1994 (reference (af)).

B. Pay Subject to Garnishment. A maximum of 25 percent of an employee’s disposable pay may be used to satisfy garnishments for commercial debts. The term disposable pay means the amount of any pay due or payable to an employee as remuneration for employment, minus the deductions listed in subparagraph 041201.B. If the total deductions for child support and alimony equals or exceeds 25 percent of an employee’s disposable pay, a deduction for commercial debt will not be processed. Further, limitations on the amount to be garnished are found in 5 C.F.R. 582.402 (reference (1)) published at 59 Federal Register 14,544, March 29, 1994 (reference (af)). There is no maximum amount for garnishment for State or local tax obligations, or for bankruptcy.

C. Procedures

1. All orders for commercial debts shall be sent to the DFAS-Cleveland Center legal review office (DFAS-CL/L) for processing except for those categories found in Appendix A to Part 582 of 5 C.F.R. published at 59 Federal Register 14,544-14,545, March 29, 1994 (reference (af)).

2. For employees serviced by DCPS and DBMS, DFAS-CL/L will review and input the garnishment deduction information. For employees serviced by other civilian payroll systems, DFAS-CL/L will review and then forward the civilian commercial garnishment action notification to the appropriate civilian payroll office for input.

3. Deductions may be withheld as a fixed biweekly amount or as a percentage amount, but not both, provided it does not exceed the amount discussed in subparagraph 041202.B.

4. Current procedures shall be used for the disbursement of the garnishment. The return check process shall also follow existing procedures. The requirements of the court order regarding disbursement of funds will be followed.

5. Administrative Fee

a. An administrative fee shall be collected from the employee’s pay on the first pay period the garnishment is deducted. An administrative fee may be assessed for each case if more than 1 commercial debt exists.

b. The administrative fee is not subject to the 25 percent rule. If an employee is in a nonpay status, the court order shall be
returned by DFAS-CL/L with no action taken and the administrative fee shall not be charged.

c. If a court amends a garnishment order, an additional administrative fee may be charged.

6. As with all other garnishments, deductions for commercial debts shall be handled on a first in, first out basis. These deductions shall be made by the civilian payroll office each pay period as directed. Deductions shall be taken in accordance with the order of precedence in paragraph 040201. Care must be taken to process these garnishments as quickly as possible to ensure payment occurs before termination of the garnishment.

7. The total amount deducted for garnishments during the payroll cycle shall be reflected on a separate line on the DD Form 592.

8. A commercial debt may be received with a termination date. Payroll deductions shall be discontinued at the end of the pay period in which the termination date falls. If the termination date does not fall on the last day of the pay period, no proration of deduction shall be required. If the account is in escrow, the total amount withheld shall be disbursed based on the termination date.

0413  BANKRUPTCY

041301. General. Section 1325 of 11 U.S.C. (reference (ah)) permits an indebted individual who has a regular income to file a Wage Earner’s Plan designed to liquidate all or part of a creditor’s claim. When a plan has been approved, the court may order the DoD to pay all or part of those wages to a trustee for the debtor. The law waives the Federal Government’s sovereign immunity for purposes of compliance with payroll deduction orders issued by the U.S. bankruptcy courts. Accordingly, the civilian payroll office shall honor these orders. Questions regarding a particular case should be referred to the Office of General Counsel. See paragraph 080703. for additional information.

As a general matter, placing payments ordered by the bankruptcy court in the order of precedence in paragraph 040201. shall conform with the bankruptcy court’s requirements. There are two exceptions:

A. If a bankruptcy court orders that a certain amount of net pay shall be paid an employee regardless of deductions, then:

1. The amount of the net pay shall be deducted from gross pay first. Remaining deductions shall then be withheld in accordance with paragraphs 040201. and 040202.

2. Deductions based on gross pay (for example, Social Security/Medicare deductions which are calculated by multiplying applicable portions of the gross pay by a required percentage) shall be computed on applicable portions of the full gross pay, that is, gross pay before subtracting court-ordered net pay.

B. In individual cases, the bankruptcy court may mandate that a sum be deducted each pay period or monthly under a different order of precedence or without providing an order of precedence. In those situations when a different order of precedence is mandated, the court’s order shall be followed. If there is a question of conflict or nonpayment, the civilian payroll offices shall contact the designated trustee by telephone.

0414  ALLOTMENTS

041401. Voluntary Deductions. An allotment or an assignment of pay, or a modification thereof, shall be requested in writing by the person from whose pay the deduction will be made. This request shall show the authority under which the allotment or assignment is permitted, the amount to be deducted, the period of time over which the deduction is to be made, and the name and address of the allottee or assignee. Employees shall request voluntary allotments from their pay consistent with the allotments authorized in paragraph 041402. See 5 C.F.R. 550.301-550.381 (reference (l)).
041402. **Authorized Allotments.** Allotments may be made in accordance with the eligibility criteria specified in paragraph 041404. for the following purposes:

A. Support of relatives or dependents of the allotter.

B. Savings.

1. Unrestricted as to allottee. Two such allotments at any one time may be authorized an employee whose place of employment is within the continental United States. Employees stationed outside the continental United States may make as many allotments as they want. The eligibility criteria are specified in subparagraph 041404.A.

2. Allotted to a financial organization for credit to a savings or checking account of the allotter as authorized by I-TFM 3-9000 (reference (ag)). Any employee whose place of employment is within the continental United States, may authorize allotments to any U.S. bank savings bank savings and loan association or similar institution, or Federal or State chartered credit union. Allotments must be in fixed whole dollar amounts, minimum $1, to be deducted in each successive pay period and must not exceed two such allotments per employee at any one time. Monies thus credited to the allotter’s account (savings or checking) may be used for any purpose in accordance with the desires and direction of the allotter as long as that purpose does not circumvent any statute, E.O. or other applicable regulation. A completed SF 1199A including the endorsement of the financial institution serves as the request and authority for the allotment.

C. Payment of commercial insurance premiums on the life of the allotter.


E. Voluntary liquidation of indebtedness to the U.S. Government, including voluntary payment of back taxes.

F. Repayment of loans obtained for the purchase of a home or automobile.

G. Payment of certain State and District of Columbia income taxes when an employee has a legal obligation to pay, but the agency has no legal obligation to withhold, as authorized by 5 C.F.R. 550.351 (reference (1)).

H. Payment of certain city and/or local taxes when an employee has a legal obligation to pay, but the agency has no legal obligation to withhold, as authorized by 5 C.F.R. 550.351 (reference (1)).

I. Payment of labor organization dues as authorized by DoD Directive 1426.1 (reference (ah)).

1. Allotment Authorization. Any eligible employee has the right to make a voluntary allotment for the payment of dues to not more than one eligible labor organization. An SF 1187, “Request and Authorization for Voluntary Allotment of Compensation for Payment of Labor Organization Dues,” shall be used to request and authorize an allotment of pay. Such allotments shall become effective the first pay period beginning after receipt of the properly executed SF 1187.

2. Amount of Employee’s Deductions. Unless the negotiated agreement specifies otherwise, the procedure for setting and changing dues rates shall be as follows. When the amount of an employee’s dues is stated on an SF 1187 in terms of an annual amount (covering a period of 12 months), the figure shall be divided by 26. When an amount is stated in terms of a monthly amount, the figure shall be multiplied by 12 and the result divided by 26. This amount shall remain unchanged until the appropriate official in the labor organization certifies that the amount of the regular dues has changed. Upon input, the civilian payroll office shall begin to withhold the certified amount of
the dues on the first complete pay period for which the deductions are made or a later date if requested by the labor organization. When an employee is in a nonpay status for an entire pay period, withholding shall not be made to cover that pay period from future earnings nor shall the employee deposit the amount which would have been withheld if the employee had been in a pay status during that period. If an employee is in a nonpay status for only a part of such pay period, and the salary is not sufficient to cover the full deduction, none shall be made.

3. Termination of Allotments

a. An employee may submit a request to revoke the allotment for the payment of union dues at any time; however, such revocation shall be effective only at the beginning of the first pay period which begins on or after the 1-year anniversary of the effective date of the employee’s initial allotment of union dues. Thereafter, revocation of an allotment shall be effective at 1-year intervals. (Previously, dues could be revoked at 6-month intervals. Negotiated agreements providing for 6-month revocation periods can be continued and may still exist. In such situations, revocation shall occur at the beginning of the first pay period after the termination dates of the 6-month intervals which commonly are March 1 and September 1.)

b. Dues withholding procedures are negotiable to the extent they are consistent with applicable law and regulation. This includes bargaining on yearly intervals for revoking dues and the date from which the 1-year interval is measured. Activities are responsible for certifying the effective date of dues revocations.

c. An SF 1188, “Revocation of Voluntary Authorization for Allotment of Compensation for Payment of Labor Organization Dues,” shall be used by an employee to voluntarily revoke an allotment. However, a written request for revocation of an allotment which is otherwise in order and signed by the employee shall be accepted and acted upon, even though it is not submitted on a SF 1188. Unless the collective bargaining agreement provides otherwise, the employing activity is responsible for furnishing the SF 1188 to employees upon request.

d. Allotments of all union members are terminated automatically when the union loses its eligibility for exclusive recognition. Termination shall be effective at the beginning of the first pay period after notification is received concerning the loss of recognition.

e. An allotment is terminated when an employee is suspended or expelled from union membership. Termination of dues shall be effective at the beginning of the first pay period after written notification is received that an employee was suspended or expelled from membership.

f. An allotment is terminated when an employee is no longer a member of the exclusive bargaining unit, e.g., an employee separates from the employing activity or is promoted to a supervisory position. Termination of dues shall be effective with the final pay check or at the beginning of the first pay period after notification that an employee left the exclusive bargaining unit, as appropriate.

g. Dues allotments may continue for a reasonable time where a question arises as to whether an exclusive bargaining unit remains appropriate or needs to be clarified, or whether an employee left the bargaining unit. The need to clarify a unit, or determine its appropriateness, could arise where the unit is impacted by a transfer of function or reorganization and could require the gaining organization to continue dues withholding. Termination of dues would be effective at the beginning of the first pay period after notification is received concerning the resolution of the representational question.

J. Charitable contributions to a CFC as authorized by DoD Directive 5035.1 (reference (ai)) and DoD Instruction 5035.5 (reference (aj)). See 5 C.F.R. 550-341-550.342 (reference (1)).
1. An employee may initiate a CFC allotment only when employed in an area in which a CFC authorized by OFM exists. Generally, employees serving under an appointment of 1 year or less may not make an allotment. Such an employee may make an allotment when an official of the employing agency decides that the employee will be employed long enough to justify it. This includes part-time and intermittent employees who are regularly employed.

2. Employees or CFC agents must submit completed authorization forms for the CFC allotment to the liaison office by the date established by the liaison office each year however, if forms are received after that date, they should be accepted and processed.

3. An allotment must be voluntary, based on the employee’s written authorization. Authorization forms in standard format shall be printed by the CFC campaign organizations at each location and shall be distributed to employees along with other campaign materials at the time charitable contributions are solicited.

4. Allotments must be 1-year term allotments. They must start with the first full pay period starting in January and end with the last pay period starting in December. An employee not on duty for 1 full year can submit an allotment if he or she has enough service time remaining to make it practical. Three months or more is a reasonable period for an allotment.

5. Employees shall make a single allotment of an equal amount to be deducted each pay period during the year. The minimum amount is $1.00 biweekly or $2 if paid on a monthly basis. Amounts deducted for teachers paid for less than 1 year will be accelerated for the term of employment. No change of amounts can be authorized during the term of the allotment; however, an employee may voluntarily discontinue the allotment (in writing) at any time. If the allotment is canceled, it cannot be reinstated.

6. If an employee transfers within the DoD during the 1 year term of the allotment, the allotment continues unless the transfer is to or from an OCONUS area.

K. Purchase of savings bonds. Employees can have the maximum number of savings bond allotments that the payroll and/or bond accounting system can accommodate.

1. An employee shall authorize an allotment for the purchase of U.S. Series EE Savings Bonds on SBD 2104, “Authorization for Purchase and Request for Change United States Series EE Savings Bonds.” An SBD 2104 maybe obtained from the nearest civilian personnel office. The SBD 2104 shall remain in effect until canceled or changed in writing. Requests for savings bonds allotments that are otherwise complete but lack the payee’s SSN shall not be processed.

2. Payroll Deductions. U.S. Series EE Savings Bonds with a minimum face value of $100 maybe purchased through payroll deduction. The minimum payroll deduction for these bonds is $5 per pay period. Amounts greater than $5 per pay period may be established if that amount divides evenly into the total purchase price of the bond(s). If the earnings for a given pay period do not cover the authorized bond deduction, do not take the deduction for that pay period.

3. Dating Bonds. A bond is dated as of the first day of the month in which at least one-half of the purchase price is accumulated, regardless of the number of payroll deductions required to complete the full purchase price for issuance of the bond. This provision permits the purchase of larger denomination of bonds without loss of interest. The full purchase price must be deducted before the bond is issued.


a. Employee completes and submits SBD 2104 to:
5. Employee Transfers

a. Individual transfers. For employees transferred within the same Component or to another Federal Agency, the liaison office will require that the employee file a new SBD 2104 to continue bond deductions. Retroactive bond deductions are not authorized.

b. Mass transfers. Refer to subparagraph 060303.C.4. for procedures involving mass transfers.

L. Payment of dues to a professional or other association. One allotment in a calendar year may be made by an employee to an association.

M. Voluntary allotment for alimony and /or child support. The pay regulations of OPM in 5 C.F.R 550.371 (reference (f)) provide for the use of voluntary allotments to effect payment for child support and /or alimony. Garnishment orders issued for alimony and /or child support obligations will continue to be enforced as involuntary deductions as discussed in section 0412 above. Requests for voluntary allotment for alimony and /or child support shall be verified against legal agreements or court orders to ensure proper registration. A written request from the employee to the civilian payroll office shall be used to substantiate the allotment. The request must contain the name and address of the designated allottee, the amount of the allotment, and the signature of the prospective allotter. The allotment may be in dollars and cents. The employee must agree that any dispute regarding the voluntary allotment is a matter between the allotter and the allottee.

041403. Allotments Not Authorized. The following allotments are not authorized:

A. Collection of debts to private Creditors and nongovernmental agencies;

B. Contributions to charities, except as authorized in subparagraph 041402.J;

C. Payment of insurance premiums, except as authorized in subparagraphs 041402.C. and 041402.D.; and

D. Payment of dues to civic, fraternal or other organizations, except as authorized in this paragraph.

041404. Eligibility Rules. Eligibility for the making of an allotment is dependent on such factors as residence of employee, place of employment and type of allotment desired. The specified roles listed below are summarized in Table 4-7. The table must be used in conjunction with the specific rules listed below.

A. An employee may make an allotment of pay as provided in subparagraphs 041402.A., 041402.B.1., and 041402.C. through F., and 041 402.K. through M. when the employee is:

1. Assigned to a post of duty outside the continental United States (OCONUS)

2. Working on an assignment away from their regular post of duty when the assignment is expected to continue for 3 months or more; or

3. Serving as an officer or member of a crew of a vessel under the control of the Federal Government.

B. An employee whose place of employment is within the continental United States (CONUS) may authorize an allotment of pay as provided in subparagraphs 041402.B.2., 041402.E., and 041402.K. through M.
C. An employee working outside his or her State of residence who has a legal obligation to pay income taxes to the State or the District of Columbia, but the agency has no legal obligation to withhold those taxes, may make an allotment of pay for the purpose specified in subparagraph 041402.G.

D. An employee who has a legal obligation to pay city and/or local taxes, but the agency has no legal obligation to withhold those taxes, may make an allotment of pay for the purpose specified in subparagraph 041402.H.

E. An employee who meets the eligibility requirements prescribed in DoD Directive 1426.1 (reference (ah)) as a labor organization member may make an allotment of pay for the purpose of payment of labor organization dues as specified in subparagraph 041402.1.

F. An employee who meets the eligibility requirements prescribed in DOD Directive 5035.1 (reference (ai)) may make an allotment of pay for charitable contributions to CFC as specified in subparagraph 041402.J.

041405. Emergency Allotments. Allotments may be authorized to become effective during an emergency evacuation. Such allotments will not become effective until an evacuation order has been issued. See 5 C.F.R. 550.401-550.407 (reference (I)).

041406. Allotments for Foreign Nationals. Foreign nationals employed by the DoD and working outside their own country on assignment of 3 or more months duration may be permitted to make allotments for any of the purposes authorized in paragraph 041402., providing all other provisions of section 0414 are observed.

1. Foreign nationals employed by the DoD to work in their own countries or in the Carol Zone may be permitted to make allotments for the purposes shown in subparagraphs 041402.1. and J. and to pay premiums on group health benefits and group life insurance subject to the previsions of any agreement between the U.S. Government and the foreign national’s country of citizenship.

2. Foreign nationals may be permitted to make other allotments from pay when such allotments are based on local customs and practices or are pursuant to treaties or country-to-country agreements.

041407. Allotment Limitations

A. A power of attorney will not be accepted to establish, change, or discontinue an allotment.

B. Allotment payments shall be made in accordance with the schedule established by DoD provided such allotment checks are not issued until the related earnings have accrued. This shall be stipulated as a requirement for the allotment.

C. Except as provided by subparagraphs 041402.B., K, and M., a DoD employee shall not have more than one allotment payable to the same allottee at the same time.

D. Allotments will not exceed the pay due the allotter.

041408. Discontinuance of Allotments. Allotments will be discontinued:

A. Upon receipt of

1. Notice of retirement or separation of the allotter.

2. Notice that the allotter has been placed in an extended LWOP status.

3. Written notice from the allotter unless this right is otherwise restricted by law or established labor agreement.

4. Notice of death of the allotter. Payment will not be made after notice of the allotter’s death, even though deductions were made from the allotter’s pay and not paid to the allottee.
5. Notice of death of allottee. Upon notice of the death of any person to whom an allotment is payable, the civilian payroll office shall stop the allotment and notify the allotter. All nonnegotiated allotment checks must be returned to the disbursement officer for cancellation. After these checks are canceled, the civilian payroll office shall refund the money to the allotter.

6. Notice that the whereabouts of the allottee is unknown.

7. Written notice to cancel the allotment(s).

8. SF 1199A with $0.00 in the allotment amount block.

B. When the conditions under which an allotment was permitted no longer exist.

C. When the allotter transfers to an installation serviced by a different civilian payroll office, except for

1. An allotment for CFC contribution, or

2. A labor organization dues authorization (when the employee remains within the same bargaining unit).

041409. Allotments - Savings

A. Procedures

1. Allotment Changes or Cancellations

   a. Changes. A change in the amount of the allotment, financial organization, or savings account to be credited requires a new SF 1199A to be executed in accordance with instructions on the form. Insert the new allotment amount, not the amount of the change, in the amount block.

   b. Cancellations. Refer to paragraph 041408. for conditions under which an allotment is stopped.

2. Payroll Procedures

   a. Effective Date. Deductions for allotments will be made the first pay period beginning after receipt of the properly executed SF 1199A.

   b. Allotment Deductions. Deductions for allotments shall be made each pay period and shall be taken in accordance with the order of precedence outlined in section 0402. If the net pay, after applying all payroll deductions otherwise required, is less than the allotment amount when only one allotment is authorized, the allotment shall be nullified for that pay period. If the net pay is less than the aggregate amount when two such allotments are authorized, both shall be nullified for that pay period.

   c. Routing Number. Each financial institution will be identified by a nine-digit number. (ag). The routing number is assigned by Rand McNally and Company, agent for the American Banker’s Association. This number is the identification information by which Automated Clearing House (ACH) payments are distributed to financial institutions. ACH is a facility which performs inter-bank clearing of paperless entries for participating financial institutions.

B. Allotment Procedures Outside the Continental United States (OCONUS)

1. An employee must meet one of the requirements below before they can make an OCONUS allotment. The employee must be:

   a. Assigned to an OCONUS post of duty;

   b. Working on an assignment away from his or her regular post of duty that is expected to continue for 3 months or more; or
c. Serving as an officer or member of a vessel under the control of the U.S. Government.

2. Only allotments in whole dollar amounts (or equivalent in value), shall be allowed an employee. Refer to paragraph 041404, for authorized allotments for OCONUS employees.

041410. Withholding

A. Make full deductions each pay period if the salary is enough to cover the deduction, even if an employee is in a pay status for only part of a pay period. No deductions shall be made if the salary amount is insufficient to cover the deduction.

B. Retroactive deductions shall not be made for a period in which the employee’s net pay was not enough to withhold the allotment. Adjustments shall not be made in future pay periods for amounts the civilian payroll office failed to deduct in the current pay period, unless requested by the employee in writing. Adjustments shall be made by the civilian payroll office for overdeductions.

0415 THRIFT SAVINGS PLAN

041501. General. TSP is a retirement savings and investment plan for Federal employees. Congress established the plan as part of the Federal Employees’ Retirement System Act of 1986 (P. L. 99-335) (reference (e)) and (5 U.S.C. 8431-8440d (reference (b)). The plan offers both FERS and CSRS employees tax deferral advantages similar to those on an individual retirement account (IRA). The plan is administered by the Federal Retirement Thrift Investment Board which operates the plan solely for the benefit of the participants and their beneficiaries. The recordkeeper for the plan is the NFC in New Orleans, Louisiana. NFC issues TSP Bulletins providing necessary guidance relating to TSP operations. All Bulletins are to be retained pending NFC’s disposition instructions. The law contains a definition of basic pay for TSP purposes. For most employees, basic pay is the same as gross pay earned. See 5 U.S.C. 8431 (reference (b)) and NFC’s detailed definition appearing in TSP Bulletins 87-16 and 87-31 (reference (ak)). TSP deductions for reemployed annuitants are based on the gross salary, not the net amount after subtraction of the offset. Term, Temporary Appointment Pending Establishment of a Register (TAPER), and indefinite appointees may participate in TSP. Employees on temporary (not to exceed 1 year) or intermittent appointments are not generally covered by FERS or CSRS and are not eligible to participate in TSP (TSP Bulletin 87-22) (reference (ak)).

041502. Participation Rules. Both FERS and CSRS employees are eligible to join the TSP plan.

A. FERS employees may contribute up to 10 percent of their basic pay per pay period to the plan.

B. FERS employees receive agency matching contributions up to 5 percent of their basic pay contributed each pay period. The matching is dollar for dollar on the first 3 percent contributed, and fifty cents on the dollar for the next 2 percent.

C. FERS employees receive agency automatic contribution of 1 percent of basic pay whether or not they contribute to their TSP accounts.

D. CSRS employees may contribute up to 5 percent of basic pay per pay period. CSRS employees, however, do not receive any agency matching or automatic contributions.

E. All contributions must be made through payroll deductions. Lump-sum contributions are not permitted.

F. Employees may contribute either a whole percentage or a whole dollar amount.

041503. When to Begin TSP Deductions. Elections made during an open season become effective no earlier than the first full pay period beginning in the last month of that open season. Initial enrollment or a change to an enrollment
can only occur during the TSP open season. However, the choice to stop contributing to TSP is permitted at any time, and is effective at the end of the pay period in which that election is accepted by the civilian personnel office.

041504. Enrollment

A. Employees obtain the Form TSP-1, “TSP Election Form,” from their civilian personnel office.

B. FERS and CSRS employees can allocate contributions among three investment plan funds.

1. Fund G consists of investment in U.S. Government securities.

2. Fund F is invested in guaranteed private-sector investment contracts, certificates of deposit, and other securities which offer a specified interest rate.

3. Fund C is invested in a group of common stocks.

C. A copy of the Form TSP-1 is forwarded to the civilian payroll office from the civilian personnel office. For those civilian payroll offices using the personnel-pay interface, the data to establish the TSP contributions in the master record will flow to the civilian payroll office electronically. However, all offices must work closely with the civilian personnel office to ensure accurate data is established for the employee in accordance with the information provided on the Form TSP-1.

041505. Biweekly Processing and Accounting Procedures

A. A no-check-issue procedure is used to transfer to NFC the amount collected from employee TSP deductions, as well as the agency contributions. Under this procedure, the disbursing office does not use a check as the means of payment to NFC. Funds are transferred to NFC using the DoD accounting proce-
dure and the TSP Journal Voucher (Form TSP-2 or certified automated listing).

B. Credit the amounts due NFC to the following accounts:

- F3886.6010 Employing Agency Automatic Contributions to FERS Thrift Savings Plan.
  (Includes the automatic 1 percent of salary contribution by the employing agency on behalf of all FERS employees.)

- F3886.6020 Employing Agency Contribution to Thrift Savings Plan G.

- F3886.6030 Employing Agency Contribution to Thrift Savings Plan F.

- F3886.6040 Employing Agency Contribution to Thrift Savings Plan C.

- F3886.6060 Employee Contribution to Thrift Savings Plan G.

- F3886.6070 Employee Contribution to Thrift Savings Plan F.

- F3886.6080 Employee Contribution to Thrift Savings Plan C.

C. Prepare Form TSP-2 in accordance with the TSP voucher/summary type output product that is produced from the automated system or use a certified automated listing. After certification, the journal voucher (or certified listing) is forwarded to NFC together with the TSP tape produced for that pay period. Form TSP-2 does not have to be prepared in an integrated system. NFC requests receipt of the journal voucher (or certified listing) and tape no later than 2 workdays prior to the actual payroll payment date. They are to be shipped, via express mail to U.S. Department of Agriculture, National Finance Center /TSP, 13800 Old Gentilly Road, Building 350, New Orleans, LA 70129. Express mail receipts shall be maintained and recorded in the TSP tape processing log discussed in subparagraph 041505.D. If the Acknowledgment of Processing Letters issued by NFC do not arrive within 10 work days for
CONUS civilian payroll offices or within 15 workdays at overseas locations after the TSP tape has been mailed to NFC, contact the record-keeper to determine if a processing letter was issued or what type of problem exists concerning the processing cycle in question. If the capability exists, NFC requests that the TSP deductions for that pay period be sent by EFT in lieu of the tape.

D. A TSP tape processing log must be maintained to monitor TSP tape submissions to NFC. The log, at a minimum must include report number, pay date, pay period number, date of certification, date mailed, date processed by NFC and amounts processed. The contribution amounts contained on the original journal voucher (or certified listing) must be compared with the processed TSP contributions per the Acknowledgment of Processing Letters, the Payroll Recapitulation Report (rejected items) and the TSP contributions per the Statement of Transactions to ensure that the amounts processed by the recordkeeper agree or can be reconciled with amounts submitted by the civilian payroll office. The log need not be limited to the above items. It can include such additional data as date of initial run, recycle dates, date of the final run or other data that would be helpful in the TSP tape processing cycle.

041506. Correction Procedures

A. NFC has published regulations governing the correction of errors (TSP Bulletin 87-64) (reference (ak)). Procedures for reporting payments and adjustments for previous calendar year are contained in TSP Bulletin 90-22 (reference (ak)).

B. Civilian payroll offices shall process TSP adjustments within 14 days of when the rejections or deletions are received.

041507. TSP Discrepancies

A. TSP discrepancies are differences between amounts entered in and charges made by the Treasury to the DOD TSP clearing account based on transactions submitted to NFC on TSP tapes and adjustment record input. The differences may be caused by changes made to the TSP tape before it is sent to NFC, where entries are not adjusted accordingly or transactions that were rejected by NFC but were not resubmitted, resulting in no charge to the TSP clearing account.

B. The civilian payroll office shall ensure that all transactions involving money amounts submitted on the TSP tape or as adjustments have a corresponding entry.

0416 TSP LOAN PROGRAM

041601. General. Under 5 U.S.C. 8433(i) (reference (b)), all TSP participants currently employed are eligible to obtain a TSP loan. A maximum of two TSP loans per employee can be current.

041602. Types of Loans. Loans can be made for the following purposes:

A. Purchase of primary residence;
B. Educational expenses;
C. Medical expenses; and
D. Financial hardship.

041603. Loan Minimum. The minimum amount of a TSP loan is $1,000. Employees may only borrow their own contributions and earnings.

041604. Interest Rate. The interest rate shall be the G Fund rate at the time the terms of the loan are established. The rate is fixed at that level for the life of the loan, and the interest paid on the loan shall go back to the employee’s own TSP account and is not tax deductible.

041605. Biweekly Processing and Accounting Procedures

A. The civilian payroll office shall receive Form TSP-22, “TSP Loan Payment Allotment Form,” from NFC after it has issued a
payment to the employee. This form must be properly certified by an official at NFC. The certified Form TSP-22 shall contain the TSP loan number, pertinent employee data, the repayment information and the DD/EFT muting number.

**B. Loan repayment via DD/EFT.** This procedure shall be used for installations having DD/EFT capabilities. TSP loan repayments shall be established as allotments in the employee’s master record. Accounting procedures are the same as those currently used for disbursement of net pay and other types of allotments except the same type of checkless remittance and TSP clearing account procedures used for TSP savings deductions are to be utilized.

**C. Loan repayment via non-DD/EFT procedures, Utilize the same type of checkless remittance and TSP clearing account procedures currently used for TSP savings deductions (see paragraph 041505.). The TSP loan clearance account is -X3886.6090. Prepare the TSP loan payment input and related journal vouchers in accordance with the procedures provided in TSP Bulletin 88-26 (reference (ak)). Loan payment data and the journal voucher shall be express mailed to NFC.**

041702. Form 668-W, “Notice of Levy (NOL),” shall be served in person or by mail. Service by mail is limited to the United States, its territories and possessions, and ships at sea. The NOL is served on the civilian payroll office responsible for payments to the employee. The NOL will be honored by all civilian payroll offices whether served in person or by mail. Once a NOL is received it will continue in effect until the collection is complete or until the IRS releases the levy. The IRS will send an original and two copies of the NOL. The civilian payroll office shall sign and date all copies and enter the time of receipt on the forms.

041703. **Authorization to Start Deductions.** The civilian payroll office shall make deductions from the current salary of indebted employees if one of the conditions below exist:

- A. The NOL is served by an employee of the IRS in person or by mail.
- B. Agreement in writing has been made between an indebted employee and the IRS to liquidate the debt through regular deductions.

041704. **Wages Subject to Levy**

- A. The NOL attaches the gross amount of the accrued wages or salary, less the following:
  1. Retirement deductions,
  2. Social Security and /or Medicare deductions,
  3. FEHB deductions,
  4. FEGLI deductions,
  5. Pay attached or garnished for child support or alimony,
  6. Overpayments due the Government,
7. Allowable personal exemptions, certified on Form 668-W, parts 5 and 6 subtitled "Statement of Exemptions."

B. All voluntary allotments and bond allotments are considered items of pay that may be subject to the NOL. The civilian payroll office shall not start a new voluntary allotment or bond allotment after the levy is received. Unless the IRS instructs the civilian payroll office that a deduction should not be allowed, the taxpayers payroll deductions which in effect when the levy was received shall be allowed when determining the employee’s take home pay. The civilian payroll office shall send the IRS the taxpayer’s take home pay minus the allowable exceptions. This action shall be continued until the full amount of the levy has been paid to the IRS. The IRS may notify the payroll office when different procedures should be followed for specific employees.

041705. Notice to Employees

A. Parts 3, 4, and 5 of Form 668-W permit a biweekly personal exemption for the employee and a biweekly exemption for each dependent. The amounts are changed each year by the IRS. See IRS Publication 1494 (reference (al)). A copy of the current amounts are included with the NOL. The employee must certify their exemptions on parts 3 and 4 of the form.

B. Upon receipt of the NOL, the civilian payroll office shall immediately advise the employee in writing. The letter must include Form 668-W, parts 2, 3, 4, and 5, as an enclosure. For a sample letter see Figure 4-2.

C. Normally, an employee is allowed 3 workdays to return parts 3 and 4 of Form 668-W after receipt. Civilian payroll offices shall establish timely follow-up procedures to ensure that Form 668-W is returned within 3 workdays after receipt of the notification letter. The return date for Form 668-W shall be determined by estimating the mail transit time and adding 3 workdays. If known circumstances exist (employee is on leave, TDY, etc.) that may delay return of the form, the civilian payroll office shall request guidance from the IRS office that issued the levy. When parts 3 and 4 are not returned within the 3-day period, and no unusual circumstances exist, a dependency exemption shall not be allowed until the form is returned. The minimum personal exemption amount shall be allowed the employee for each pay period until parts 3 and 4 of Form 668-W are received in the civilian payroll office.

D. The civilian payroll office shall return the original part 1 of Form 668-W to the IRS office that ordered the collection with the check for the first deduction made under NOL. The civilian payroll office shall return part 3 to the IRS with the check for the first deduction made after the employee returns the properly completed part 3. If the employee is required by a court judgment (made before the date of the levy) to contribute to the support of minor children, that amount of salary, wages, or other income is already exempt from the levy. Therefore the employee must not list these minor children, as exemptions on parts 3, 4, and 5 of Form 668-W.

E. If the civilian employee has been reassigned to an organization serviced by another civilian payroll office, the losing civilian payroll office shall inform the proper IRS District Director of the employee’s new address. The losing civilian payroll office shall mail the complete NOL package to the new civilian payroll office for processing.

F. If the employee has moved from overseas, transferred to another Government Agency, separated or retired, the civilian payroll office will:

1. Return the NOL to the IRS District Director, and

2. Note the employee’s new address, if known, on the bottom of the NOL.
G. If the civilian payroll office receiving the NOL has no record that payroll service has been furnished the employee, annotate that fact on the bottom of the NOL and return it to the IRS District Director.

041706. Evidence Received That the Tax Has Been Paid

A. If an employee produces evidence that the full amount of the tax has been paid, the civilian payroll office shall record on the bottom of the NOL

1. The date of payment;

2. The manner in which the levy was paid; and

3. The IRS District Directors’s office to which payment was made.

B. Adequate evidence of payment shall be the stub of the money order or the canceled check showing payment to the IRS. If payment was made by money order, the number and location of the issuing agent shall be shown on the stub. If payment was made by check the name and location of the bank and endorsement by the IRS shall be shown. There are two forms issued by the IRS that are also acceptable as evidence of payment: Form 668-R, “Release of Levy on Wages, Salary, and Other Income,” and Form 668-G, “Provisional Release of Levy on Wages, Salary, and Other Income.” Either form serves as valid notice of payment or release. If no deductions were made from an employee’s salary or wages, the civilian payroll office shall return all annotated copies of the NOL to the IRS Center that issued it. The civilian payroll office shall not keep the NOL. If an overdeduction has been made, the civilian payroll office shall annotate the amount on the Form 668-R or 668-G and return the form to the IRS. IRS shall then provide a refund to the employee of any excess money collected. The civilian payroll office shall inform the employee of this process and instruct them to contact the IRS office that issued the NOL if no refund is received within 60 days after the civilian payroll office has forwarded amounts from the levy to the IRS.
Under the provisions of the Lump-Sum Payment Act (December 21, 1944), the following statement is furnished for submission with your Federal and State Income Tax returns for calendar year

Name and Number of Employee

refunded during the calendar year ________ the sum of $___________, representing refund of Lump-Sum Annual Leave payment under the provisions of the Lump-Sum Payment Act. The Form W-2 (Wage and Tax Statement) for calendar year ________ has not been decreased by this amount.

<table>
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<tr>
<th>Duty Station</th>
<th>Federal Employers Identification Number</th>
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<tbody>
<tr>
<td></td>
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<table>
<thead>
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</table>

<table>
<thead>
<tr>
<th>Typed Name, Title and Telephone</th>
<th>Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

**Copy Forwards To:**

Internal Revenue Service

State of _____________

City or County of _____________

---

Figure 4-1, Lump-Sum Annual Leave Repayment Sample Format
Dear _____________,

This office has received a Notice of Levy for Federal income tax against your pay for $___________. This attachment against your pay shall remain in effect until the total debt has been collected.

From receipt of this letter, you have 3 working days to complete the enclosed IRS Form 668-W. Return parts 3 and 4 in the enclosed self-addressed envelope; parts 2 and 5 are for your records.

If you do not return the Form 668-W, within 3 working days, a personal exemption of $_________ per pay period will be your biweekly salary. The remainder of your check will be forwarded to the IRS.

If you have any questions concerning this levy, contact the IRS through the 1-800 number which appears on the attached Form 668-W.

If we can be of any further assistance, please contact our office at ___________ between the hours of 7:30 a.m. and 4:00 p.m. Monday through Friday.

Sincerely,

Enclosures

Figure 4-2, Notice of Levy Sample Letter
<table>
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<th>FED. TAX</th>
<th>SOCIAL SECURITY</th>
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<th>STATE</th>
<th>CITY/LOCAL</th>
<th>RET.</th>
<th>TSP</th>
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<td>YES</td>
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<tr>
<td>istratively Uncontrollable Overtime</td>
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<td>YES</td>
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<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
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<td>YES</td>
<td>YES</td>
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* Varies by state and city/local taxing authority.

Table 4-1, Deductions Withheld from Civilian Pay for CSRS and FERS Employees
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<th>CALENDAR YEAR</th>
<th>MAXIMUM GROSS PAY</th>
<th>SOCIAL SECURITY PERCENT</th>
<th>MEDICARE PERCENT</th>
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* The maximum tax may vary based on cost of living increases. The Secretary of Health and Human Services publishes in the Federal Register, by November 1 of each year, the amount of gross pay from which deductions are to be made.

** The combined rate of Social Security/Medicare for 1984 was 7%. However, employees were given a .3% credit applied to the portion.

*** Beginning in 1991, maximum gross wages were separated for Social Security and Medicare purposes. The maximum gross pay allowed for Social Security is listed first followed by the maximum for Medicare.

**** There are no maximum gross wages subject to Medicare tax and no maximum tax.

Table 4-2, Percentage Rates of FICA (Social Security/Medicare) Deduction and Total Maximum Tax
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<th>Abbreviation</th>
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**AREAS OUTSIDE THE U.S.**

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Table 4-3, State Abbreviations and Numeric Codes
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<th>Basic Insurance</th>
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Table 4-4, Withholding Schedule for Basic Life Insurance
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Table 4-4, Withholding Schedule for Basic Life Insurance (continued)
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Table 4-4, Withholding Schedule for Basic Life Insurance (continued)
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<td>60 and over</td>
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<th>OPTION - C</th>
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Note: The withholding amounts shown are based on a biweekly payroll period.

Table 4-5, Optional Life Insurance Employee Cost
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<td>B</td>
<td>Waived all life insurance</td>
<td>P</td>
<td>Basic life plus Additional Option with 3 times basic pay and Standard Option</td>
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<tr>
<td>C</td>
<td>Basic life insurance only</td>
<td>Q</td>
<td>Basic life plus Additional Option with 3 times basic pay and Family Option</td>
</tr>
<tr>
<td>D</td>
<td>Basic life plus Standard Option</td>
<td>R</td>
<td>Basic life plus Additional Option with 3 times basic pay and Standard Option and Family Option</td>
</tr>
<tr>
<td>E</td>
<td>Basic life plus Family Option</td>
<td>S</td>
<td>Basic life plus Additional Option with 4 times basic pay</td>
</tr>
<tr>
<td>F</td>
<td>Basic life plus Standard and Family Option</td>
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<td>Basic life plus Additional Option with 4 times basic pay and Standard Option</td>
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<td>G</td>
<td>Basic life plus Additional Option with 1 times basic pay</td>
<td>U</td>
<td>Basic life plus Additional Option with 4 times basic pay and Family Option</td>
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<td>H</td>
<td>Basic life plus Additional Option with 1 times basic pay and Standard Option</td>
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<td>Basic life plus Additional Option with 4 times basic pay and Standard Option and Family Option</td>
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<td>J</td>
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<td>Basic life plus Additional Option with 2 times basic pay and Family Option</td>
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<td>N</td>
<td>Basic life plus Additional Option with 2 times basic pay and Standard Option and Family Option</td>
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Table 4-6, Employees’ Life Insurance Enrollment Status Codes

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<td>STATE INCOME TAX</td>
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<td>HOME LOAN REPAYMENT</td>
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<tr>
<td>INDEBTEDNESS TO U.S. GOVT.</td>
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<td>NATIONAL SERVICE AND GOVT. LIFE INS.</td>
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<td>SAVINGS</td>
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<td>SUPPORT OF DEPENDENTS</td>
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Table 47, Allotments of Pay