



February 3, 2010

SUBJECT: Reservist Pay Differential—Employees on Military Active Duty since March 14, 2009

This document provides information on a new law, 5 U.S.C. § 5538, providing "reservist differential" payments to eligible Federal civilian employees, including employees of the Postal Service, who are members of the Reserve or National Guard and who are called or ordered to active duty under the provisions of a qualifying law (see below). Under this new law, for qualifying military duty as early as March 14, 2009, and continuing, the Postal Service must provide a differential payment equal to the amount by which an employee's projected civilian "basic pay" for a covered pay period exceeds the employee's actual military "pay and allowances" (as defined under the law) allocable to that pay period. The differential is payable for Leave Without Pay (LWOP) hours only and is adjusted for any civilian basic pay received (work hours, paid leave, or other paid time off) during a qualifying pay period.

Our records indicate that you were in Military LWOP status sometime during the period from March 14, 2009, to the present, and therefore may qualify for the differential payment. By law, to be eligible for a possible reservist differential payment, your active duty must be ordered under one of the following provisions of Title 10 of the United States Code: sections 331, 332, 333, 688, 12301(a), 12302, 12304, 12305, or 12406. If you were called or ordered to active duty under one of these provisions and believe you are eligible for the differential payment, or if in the future you become eligible, you should submit copies of:

1. Your qualifying orders.
2. All of your military Leave and Earnings Statements (LESSs) or equivalent documents from the Defense Finance and Accounting Service (DFAS) or the Department of Homeland Security (DHS), **applicable to the dates of the qualifying orders.**

Submit these documents to the Human Resources Shared Service Center (HRSSC) at:

**USPS HR Shared Service Center
Attn: Reservist Differential
PO Box 970400
Greensboro, NC 27497-0400**

Personnel at the HRSSC will validate your eligibility based on a review of the qualifying orders you provide and will forward the LESs to payroll for calculation and payment of the differential. If your request is incomplete or additional information is needed, HRSSC will contact you in writing. **Please note that the Postal Service will not initiate any activities associated with payment of the differential until you provide the required documentation (the orders that qualify you for the differential and the military LESs that document your military pay).**

- To ensure prompt payment of the differential, it is critical that you submit the appropriate documents as soon as possible to the HRSSC at the above address.
- Once you have submitted a current copy of your qualifying orders and your eligibility has been confirmed, subsequent requests for differential payment will only require submission of your applicable military LES to HRSSC
- Should your orders change, you are required to provide a copy of your new orders to the HRSSC accompanied by the LES for the military pay period associated with the new orders. Once orders are validated, subsequent requests for differential payment will only require submission of the applicable military LES.
- If your orders expire, no differential payment will be made until you provide new qualifying orders and LES to the HRSSC.
- If your orders change or your military duty ends and you are no longer serving under qualifying orders, you must not claim the differential—do not continue to submit your military LES for periods during which you do not qualify for the differential.

Unless you elect a new method of payment, any differential payment will be made via the same method by which you previously received your Postal Service pay (that is, electronically via Net to Bank (direct deposit) or via a paper check).

1. Net to Bank

This is the recommended method for receiving differential payments, as your payment will be deposited in your bank account. If you are currently enrolled in Net to Bank, any eligible payment will be directly deposited into your existing account. If you are not currently enrolled in Net to Bank, or if you wish to change your account information, you may complete part 3 of the enclosed PostalEASE Allotments/Net to Bank Worksheet (USPS 62) and then follow the instructions for access to PostalEASE via the internet at www.lifeblue.usps.gov. You may also call the Employee Service Line at 877-477-3273 and select Option 1 to access the PostalEASE Interactive Voice Response system and follow the prompts. Net to Bank changes will remain in effect upon your return to Postal Service duty.

Note: You will need your Employee Identification Number (EIN) and USPS PIN to access PostalEASE. Your EIN is located in the upper portion of your earnings statement. If you do not know your USPS PIN, you can reset it immediately on the welcome page of LifeBlue.

2. Paper Checks

- a. If you wish to continue to receive paper checks, they will be sent to your employing office. The checks can be picked up by a designee with power of attorney while you are on active duty or you may pick them up when you return from active duty. Please note that paper

checks are not valid after one year.

- b. A limited period, from now through May 14, 2010, has been established to allow you an opportunity to request that your paper check be forwarded to a temporary mailing address. You must provide written instructions with an address for mailing, along with your signature authorizing the mailing. A new request for special mailing instructions must be included with each submission of your orders and LES to the HRSSC. Please note that a paper check will be sent to the designated temporary address, but the earnings statement will continue to be sent to your employing office. The purpose of this interim period is to provide you with an opportunity to either enroll in the Net to Bank option or to designate someone with power of attorney, if you haven't already done so. After May 14, 2010, your temporary forwarding requests will no longer be valid and your paper check will be sent to your employing office as outlined in section 2a above. You are strongly encouraged to enroll in Net to Bank or identify a designee with power of attorney to ensure prompt receipt of any eligible differential payment.

Other reservist differential information:

- The differential is considered taxable income for Federal Income Tax purposes and is reported as wages in Box 1 of Form W-2 and in line 7 of Form 1040. Applicable federal and state income taxes will be withheld from the payment.
- Civilian Basic Pay is defined by the Office of Personnel Management as the gross amount of the base rate of pay without additional pay of any kind. The base rate of pay is the salary amount printed in the "Rate" column of your U.S. Postal Service earnings statement.
- The reservist differential is not subject to FICA (Social Security and Medicare) taxes if the payments are for periods of active duty of more than 30 days.
- The differential is not considered "basic pay" for any purpose (for example: retirement, Thrift Savings Plan, life insurance, severance pay, etc.).
- The differential does not end your Military LWOP status and will not cause you to be considered as being in a pay status.
- The differential will not be used to pay for any Federal Employees Health Benefits premiums you may owe for periods of your Military LWOP.
- The differential will not be used to pay for current or missed contributions to Flexible Spending Accounts.
- The differential is subject to salary offset for debt owed to the U.S. Government and to garnishments for alimony, child support, and commercial debt.
- A differential overpayment can be recovered from a subsequent payment for the same qualifying period of active duty by reducing the later payment. If the overpayment is for a previous qualifying period, Debt Collection Act procedures must be followed to collect the excess payment.
- The differential scheduled payment date can be no later than 8 weeks following the normal Postal Service salary payment date for a given pay period. Employee documentation (orders and/or

LES) must be received 4 weeks prior to this scheduled differential payment date, or the scheduled differential payment date may be pushed back consistent with the delay. (Example: Postal Service pay date for PP 04-2010 is February 19, 2010. Differential scheduled payment date is no later than April 16, 2010 (8 weeks from Postal pay date). Required documentation is due from the employee by March 19, 2010 (4 weeks prior to scheduled payment date) to ensure differential payment on April 16, 2010.)

- Any claim for reservist differential payment must be submitted within 6 full years after the date the claim first accrued.

Please contact the HRSSC at 1-877-477-3273 or TTY 1-866-260-7507 if you have any questions regarding the reservist differential payment.

Human Resources

Enclosure