



M-00639

EMPLOYEE AND LABOR RELATIONS GROUP
Washington, DC 20260

April 14, 1978

Mr. Emmet Andrews
General President
American Postal Workers
Union, AFL-CIO
817 - 14th Street, NW
Washington, DC 20005

Mr. Clifford E. Edwards
President
National Rural Letter Carriers'
Association
1750 Pennsylvania Avenue, NW
Suite 1204
Washington, DC 20006

Mr. Lonnie L. Johnson
National Director
National Post Office Mail Handlers,
Watchmen, Messengers and Group
Leaders, AFL-CIO
905 - 16th Street, NW
Washington, DC 20006

Mr. J. Joseph Vacca
President
National Association of Letter
Carriers, AFL-CIO
100 Indiana Avenue, NW
Washington, DC 20001

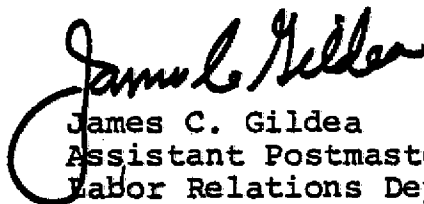
Gentlemen:

As we notified you in our letter of April 3, 1978, the Postal Service must promptly begin to process commercial garnishments of the wages of Postal employees where authorized by state law.

Attached for your information is a copy of the instructions to the field which are scheduled for publication in the

Postal Bulletin of April 20, 1978. If you have any questions concerning this matter, please advise Bill Downes of my staff immediately (245-4729).

Sincerely,



James C. Gildea
Assistant Postmaster General
Labor Relations Department

Attachment

cc: officers 4/18

Instructions for Commercial Garnishments

Effective no later than Pay Period 10, beginning April 22, 1978, the U. S. Postal Service will honor valid court ordered commercial wage garnishments. The decision to honor these garnishments is based on the fact that five Federal appellate courts have held that the Postal Service is not entitled to the defense of sovereign immunity in wage garnishments.

Garnishment of employee wages is governed by the law of the state, district or territory under whose law the garnishment is filed. A few states do not authorize wage garnishments. Each jurisdiction which authorizes garnishments is unique and the applicable laws are so different that the postal data centers would not be able to cope with all the varied requirements. For this reason, each Regional Postmaster General should appoint an employee to serve as the Regional Coordinator on garnishment procedures. The Regional Coordinator, in turn, with approval of the Regional Postmaster General, should appoint a local garnishment administrator; one who has the ability to acquire expertise in the applicable local law; as state, district or territory coordinator. These employees may obtain legal advice from the Regional Counsel and employee and labor relations advice from Regional Employee and Labor Relations. NOTE: The Central Region has a policy that the administrative center for processing of commercial garnishments will be at the management center level.

Names of the persons designated as Regional or local coordinators should be published in Regional Bulletins or in other types of circulated

information. Information should include names of persons to be contacted, titles, location and telephone number, so that prompt contact can be made when a garnishment document is received by a local postmaster/installation head.

Garnishment summonses are served by sheriffs or other locally appointed process servers. Some summonses will be accompanied by a payment to cover costs to the Postal Service for processing such garnishments. Such funds should be deposited as Miscellaneous Non-Postal Receipts, AIC 126.

Most summonses will require a follow up procedure such as a response to the court acknowledging receipt of the summons and answering specific questions required by the court, within a specified period. Because of the time limitations on these orders, it is important that replies be made within the time required.

Some garnishment summonses will require immediate action in order to meet the required effective date. In some cases, it may be necessary to intercept the employee's check. In other cases, a one time deduction is involved which can be handled locally.

The procedures in these instructions describe the steps postmasters and other installation managers must take when presented with a court ordered commercial garnishment and payroll deduction is possible.

1. Upon receipt of a valid court ordered commercial wage garnishment, the postmaster or installation head will complete Form 1242-A, "Commercial Garnishment Withholding Notice", in triplicate (or quadruplicate if your regional office so directs), in accordance with the requirements contained in the court order. If there are any requirements which are not clear or if there is a question as to whether the order is valid (for example if the papers are not signed or if the order does not relate to an employee at the installation served), the regional counsel should be consulted. Detailed instructions on submission of the form are given below.
2. The original copy of each completed Form 1242-A should be sent immediately to the postal data center servicing the office involved. Forms must be submitted to be received at the postal data center no later than Tuesday of the week in which the pay period ends. The first copy is to be sent to personnel office for filing on the left side of the official personnel folder (indefinite retention pending further instructions). The second copy must be delivered to the employee and in a sealed envelope marked "Restricted

Information if hand delivered. Depending on your regional office, a copy may be required for that office. This copy must be marked **"Restricted Information"** and sent directly to the Regional Coordinator.

3. If the court order has an effective date which cannot be met as indicated above, the postmaster or installation head must intercept the employee's check and either return the check to the postal data center for cancellation and reissue, or request the employee to endorse the check and deduct the court ordered amount. The 1242-A garnishment form must be amended, if necessary, to cover this deduction. If the Form 1242-A has already been submitted to the postal data center, advise the postal data center by phone or memo of the deduction.

When check has been intercepted and endorsement by employee has been secured, present the check to your finance section. The finance section will then give the employee the amount of the wages not reached by the garnishment and will furnish the employee with a receipt for the garnishment amount. Money held subject to the garnishment pending disbursement according to the court order should be placed in the Miscellaneous Trust Account. For amounts of \$300 or more, a 9500 Series check should be used, if available. For amounts less than \$300, a No Fee Money Order should be used.

4. If the court order requires funds to be placed in an escrow fund, the Form 1242-A provides a space for such data. On advice from the court as to release of such escrow funds, a Form 1242-B, "Disbursement Notice for Funds Held in Escrow to Satisfy Commercial Garnishments",

must be prepared and submitted to the postal data center. The Central Region has appointed area garnishment administrators to complete these forms. However, in regions where such garnishment administrators have not been appointed, or are not responsible for completing these forms, the postmasters are to prepare and submit such forms on a local basis.

NOTE: Any records maintained for the purpose of processing commercial garnishments, other than those in the Official Personnel Folder or in the payroll systems at the postal data centers, must be filed by the case number assigned by the court in locked file cabinets. Access to the information on commercial garnishments must be limited to only those persons who have a need for such information in performing their official Postal Service duties.

Forms 1242-A, "Commercial Garnishment Withholding Notice", and 1242-B, "Disbursement Notice for Funds Held in Escrow", may be requested from the U. S. Postal Service, Finance Department, Room 8551, Washington, DC, or by calling (202) 245-4467. These forms, dated July 1976, are for use in offices being processed under the current bi-weekly payroll system. Instructions for completion for those offices in Western Region, and others as they come under the new redesigned payroll system, are listed separately below - see Jan. 1978 format.

Forms 1242-A should be completed as follows:

- (A) (For offices under current payroll system use 1242-A, July 1976 edition (Exhibit A).

1. Insert CAG, State and Office Number of office where employee works.
- 2-5. Self explanatory.
6. Insert first pay period beginning date which you will be able to meet (see note at bottom of Form 1242-A, regarding submission date).
7. Enter amount to be deducted according to court order each pay period (if a single deduction is involved for a one time action, you should handle locally and not submit form to the postal data center). Consult regional coordinator if necessary.
8. Enter amount the Postal Service is to be reimbursed, if any, in accordance with court order for each deduction for processing the garnishment.
9. Enter total amount of garnishment.
10. If garnishments are to continue each pay period until satisfied, compute the number of pay periods which will be required to complete the garnishment including a final pay period for odd amounts. Enter on the form the first pay period not to withhold garnishment.
11. Enter percentage, if applicable. (If no percentage is shown, automatic 75% is computed for Federal exemption from garnishments.)

12. **Indicate Yes or No. If No, complete bottom of form.**
13. **Per court order or other official notification, enter name and address of official to receive check from the postal data center.**
14. **Enter case (or file number) assigned by court. This information is very important as it will appear on listing received with check to identify individual deductions when more than one garnishment goes to a single court.**
15. **Write date - typed name of person authorizing and signature of authorized individual.**

U.S. POSTAL SERVICE COMMERCIAL GARNISHMENT WITHHOLDING NOTICE	COMPLETED BY INSTALLATIONS				FOR PDC USE		
	CAG	FINANCE NO.			DATA ADDR	F/O	INITIAL
		STATE	OFFICE NO.				
		1					

INSTRUCTIONS: This form to be completed by Postmaster (or Installation Head) in triplicate. Forward original to PDC, 1st copy to Personnel for filing in OPF, Official Personnel Folder, and 2nd copy to employee.

NAME OF EMPLOYEE (As shown on pay check)	SOCIAL SECURITY NUMBER
2	3

HOME ADDRESS (No., Street, City, State and ZIP Code)	POST OFFICE, STATE AND ZIP CODE WHERE EMPLOYED
4	5

TO: DIRECTOR, POSTAL DATA CENTER (Insert City, State and ZIP Code)

INITIAL GARNISHMENT	In accordance with a court order on file at this office, effective* <u>6</u> or the earliest date thereafter, you are hereby directed to deduct the following:						
	Pay Period Deduction Amount	7					
	FDC Reimbursable Amount (if any) Each Pay Period	8					
	Total Amount of Garnishment	9					
	Pay Period and Year to Stop Deduction	10					
	Percent of Net Pay Exempt From Garnishment	11					
	Are Deductions to Be Placed Into Escrow (If NO Provide The Name and Address of Payee Below) <u>12</u> <input type="checkbox"/> YES <input type="checkbox"/> NO						

CHANGE GARNISHMENT	Authority for any change noted below is on file at this office.						
	Pay Period Deduction Amount	7					
	FDC Reimbursable Amount (if any) Each Pay Period	8					
	Total Amount of Garnishment	9					
	Pay Period and Year to Stop Deduction	10					
	Percent of Net Pay Exempt From Garnishment	11					
Are Deductions to Be Placed Into Escrow (If NO Provide The Name and Address of Payee Below) <u>12</u> <input type="checkbox"/> YES <input type="checkbox"/> NO							

CANCEL GARNISHMENT: Cancel court ordered deductions in accordance with instructions on file at this office.

NAME OF COURT OFFICIAL OR RECIPIENT DESIGNATED TO RECEIVE DEDUCTION	IDENTIFICATION NO. ("EI" Number) (To be assigned at PDC)
13	5

ADDRESS (No., Street, City, State and ZIP Code)	EMPLOYEE'S CASE NUMBER AS ASSIGNED BY COURT
	14

DATE SIGNED	AUTHORIZED INDIVIDUAL (Printed Name and Title)	SIGNATURE OF AUTHORIZED INDIVIDUAL
	15	

*Request must be received at Postal Data Center no later than Tuesday of the week in which the pay period ends in order to be effective for a particular pay period. Later receipts will be processed the following pay period.

INSTRUCTIONS FOR REVISED FORM 1242-A

(B) For offices under new redesigned payroll system.

Upon implementation of the new payroll system, a revised Form 1242-A (edition date, January 1978), as shown in Exhibit B, must be used.

These forms are scheduled to be distributed to each Management Sectional Center in pay period 10.

The revised Form 1242-A should be completed as follows:

- 1 - 5. Self explanatory.

- 5-A. Do not complete. This is not authorized at present. A special postal bulletin notice will be issued when voluntary pay allotments under wage earner plans under the bankruptcy laws are allowed.

6. If employee is head of household as defined by state law, check yes. Head of household is usually defined as providing more than one half the support of at least one dependent. If uncertain as to your state laws contact the regional coordinator.

7. If head of household was checked yes, enter the number of dependents.

8. Indicate yes or no.

9. Enter the standard two letter state abbreviation.
10. Many states differentiate between garnishments arising from consumer loan or credit sales and other garnishments. If the court order specifies that the case is a consumer loan or credit sales case, check yes, otherwise, check no. If you are uncertain, contact your regional coordinator.
11. Enter the pay period and year the deduction is to be effective. Note that the request must be received at the postal data center no later than Tuesday of the week in which the pay period ends in order to be effective that pay period.
12. Check one: New garnishment if this is the initial processing of this garnishment. Change if any change is being made to an existing garnishment. Cancel garnishment to stop deductions and have the case removed from the postal data center files.
13. The revised 1242-A provides for nine garnishment types.

If the Court Order States That:

Use Garnishment Type:

Funds will be disbursed to the creditors by the court. (See note below)

A

A fixed dollar amount is to be withheld each pay period.

B

A fixed dollar amount is to be withheld each pay period provided that this amount is available after allowing the employee a specified dollar exemption.

C

A fixed dollar amount is to be withheld each pay period provided that this amount is available after allowing the employee an exemption of a specified percent of his net pay. D

A fixed dollar amount is to be withheld each pay period provided that this amount is available after allowing the employee an exemption in accordance with state law. State law information is available through the regional coordinator for garnishments. E

A percentage of the employee's net pay is to be withheld each pay period provided that this amount is available after allowing the employee an exemption of a specified dollar amount. F

NOTE: A type "A" garnishment may not be used if an escrow account is to be established. When type "A" is used, a check for a percent of the employee's net pay (may be 100%) is forwarded to the court each pay period. The court then makes distribution to the various creditors and to the employee. Type "A" should be used only after consultation with the regional coordinator.

A percentage of the employee's net pay is to be withheld each pay period provided that this amount is available after allowing the employee an exemption of a specified percent of his net pay. G

A specified percent of net pay is to be withheld each pay period provided that this amount is available after allowing the employee an exemption in accordance with state law. State law information is available through the regional coordinator for garnishments. H

This garnishment type is to be used only at the direction of the regional coordinator for garnishments. Use of this code will result in the employee's check being pulled and cancelled. The PDC must then issue manual checks to the employee and the court. I

For each garnishment type, enter the appropriate information in the non-shaded boxes on the line for the garnishment type circled.

14. Per court order or other official notification, enter name and address of official to receive check from the postal data center.
15. Enter case (or file) number assigned by the court. This information is required and will appear on each check to identify individual deductions when more than one garnishment goes to a single court.
16. Sign and date each Form 1242-A submitted for processing.

**COMMERCIAL GARNISHMENT WITHHOLDING NOTICE
OR WAGE EARNER PLAN ALLOTMENT REQUEST**

M-00639

INSTRUCTIONS: This form to be completed by Postmaster (or Installation Head) in triplicate. Forward original to PDC, 1st copy to Personnel for filing in Official Personnel Folder, and 2nd copy to employee.

NAME OF EMPLOYEE (As shown on pay check)	SOCIAL SECURITY NUMBER
①	②

HOME ADDRESS (No., Street, City, State and ZIP Code)	POST OFFICE, STATE AND ZIP CODE WHERE EMPLOYED
③	④

TO: DIRECTOR, POSTAL DATA CENTER (Insert City, State and ZIP Code)

⑤

Wage earner Plan Allotment? ⑤A <input type="checkbox"/> Yes <input type="checkbox"/> No	
Is Employee Head of Household? ⑥ <input type="checkbox"/> Yes <input type="checkbox"/> No	Number of Dependents ⑦
Is Escrow Account to be established? ⑧ <input type="checkbox"/> Yes <input type="checkbox"/> No	Garnishment State (2 letter code) ⑨
Case Consumer Loan or Credit Sales? ⑩ <input type="checkbox"/> Yes <input type="checkbox"/> No	Effective PP - YR or the earliest date thereafter.* ⑪

NEW GARNISHMENT ⑫ in accordance with a court order on file at this office you are hereby directed to deduct the following:

CHANGE ⑬ Authority for any change noted below is on file at this office.

CHECK ONE	TYPE	% NET PAY EX-EMPT FROM GARNISHMENT	DOLLAR VALUE OF WAGES EXEMPT FROM GARNISHMENT	PP DED AMT %	PAY PERIOD DEDUCTION AMOUNT	PDC REIMBURS-ABLE AMOUNT	AMOUNT OF GARNISHMENT	STOP DEDUC-TIONS DATE	
								PP	YR
A	COURT DISBURSED								
B	SIMPLE DEDUCTION								
C	DOLLAR AMOUNT EXEMPT								
D	% EXEMPTION								
E	STATE RULES, % DEDUCTION								
F	DOLLAR EXEMPTION, % DEDUCTION								
G	% EXEMPTION, % DEDUCTION								
H	STATE RULES, % DEDUCTION								
I	MANUAL COMPUTATION								

⑫ **CANCEL GARNISHMENT:** Cancel court ordered deductions in accordance with instructions on file at this office.

NAME OF COURT OFFICIAL OR RECIPIENT DESIGNATED TO RECEIVE DEDUCTION

⑭

ADDRESS (No., Street, City, State and ZIP Code)	EMPLOYEE'S CASE NUMBER AS ASSIGNED BY COURT
	⑮

DATE SIGNED	AUTHORIZED INDIVIDUAL (Printed Name and Title)	SIGNATURE OF AUTHORIZED INDIVIDUAL
	⑯	

*Request must be received at Postal Data Center no later than Tuesday of the week in which the pay period ends in order to be effective for a particular pay period. Later receipts will be processed the following pay period.



M-00639

EMPLOYEE AND LABOR RELATIONS GROUP

Washington, DC 20260

April 3, 1978

Mr. Emmet Andrews
General President
American Postal Workers
Union, AFL-CIO

Mr. Lonnie L. Johnson
National Director
National Post Office Mail Handlers,
Watchmen, Messengers and Group
Leaders, AFL-CIO

Mr. Clifford E. Edwards
President
National Rural Letter
Carriers' Association

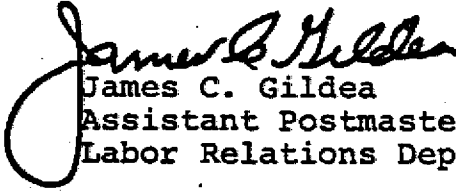
Mr. J. Joseph Vacca
President
National Association of
Letter Carriers

Gentlemen:

As a result of a trend in Federal Court decisions that the Postal Service is not entitled to raise the defense of sovereign immunity against "commercial" wage garnishment orders issued by State Courts, the Justice Department recently decided that further defense of the Postal Service position is not warranted. Under the circumstances, the Postal Service must promptly begin to process commercial garnishments of the wages of Postal employees where authorized by State law. Instructions are presently being developed for implementation in the very near future. As soon as these instructions are completed, we will provide you with a copy and arrange for a meeting if you so desire.

If you have any questions in this regard, please call Mr. Downes of my staff on Extension 4729.

Sincerely,

A handwritten signature in cursive script, appearing to read "James C. Gildea". The signature is written in dark ink and is positioned above the typed name and title.

James C. Gildea
Assistant Postmaster General
Labor Relations Department