



M-00981

UNITED STATES POSTAL SERVICE  
475 L'Enfant Plaza, SW  
Washington, DC 20260  
November 12, 1980

Dear Mr. Sombrotto:

As a matter of advance information, enclosed is a copy of a proposed Postal Bulletin notice which provides clarification of the revisions to the PS Form 1840 which were made to incorporate the changes in the route count and inspection procedures agreed to by the parties in the Memorandum of Understanding dated July 21, 1978.

If you have any questions regarding the enclosed material, please contact Viki Maddox of my staff at 245-5088.

Sincerely,

  
James C. Gildea  
Assistant Postmaster General  
Labor Relations Department

Mr. Vincent R. Sombrotto  
President  
National Association of  
Letter Carriers, AFL-CIO  
100 Indiana Avenue, NW  
Washington, DC 20001

Enclosure

Revised PS Forms 1838, Carrier's Count of Mail--Letter Carrier Routes (Mgmt. Summary), February 1980, and Form 1840, Summary of Count and Inspection, January 1980, are now available in supply centers.

Representative Time entries still apply to Lines 16 and 17 on Forms 1838 and 1840. Lines 14, 15, 18, 19, and 21 have been deleted from the Representative Time sections of Forms 1838 and 1840, so as to conform to the 1978 Memorandum of Understanding Between United States Postal Service and National Association of Letter Carriers, AFL-CIO, which modified sections of Methods Handbook, Series M-39, Management of Delivery Services.

Due to a printing error in the lower left portion of Form 1840, under Line 16 and Line 17 the word Represent should be changed to read Representative Time.

In addition to changes in forms and procedures to Handbook M-39, which are required by the Memorandum of Understanding, the following changes are also reflected on the new Form 1840:

1. Blocks for EPM, Non-EPM, and Dismount routes have been added to the form. NOTE: Dismount must be checked for a city delivery route on which 50 percent or more of the possible deliveries are made by dismount type delivery. If

dismount deliveries are less than 50 percent of the total possible deliveries of a route, the route will be classified as per the majority of the type delivery; e.g., curblines, park and loop, etc.

2. Badge No. has been changed to I. D. No. (see Postal Bulletin dated March 27, 1980).

3. The reference to Trip 3 has been deleted.

-Delivery Services Department

to indicate in *Section B* of OPM Form 1084, Information in Support of Civil Service Retirement Application, whether the employee is in receipt of military retired pay, or retainer pay or compensation from the Veterans Administration in lieu of retired or retainer pay. This report should be as shown in the following example:

Active Duty—U.S. Army from 12-04-48 to 12-07-68—Hon Discharge. In receipt of military retired pay (or V.A. compensation in lieu of military retired or retainer pay).

Verification of this statement will be made by OPM before final adjudication is made.

**E. Retirement Counseling**

**1. General**

Installations are to use the resources of the National Retirement Counseling System (NARECS) to the maximum extent possible (see POSTAL BULLETIN 21259, 8/21/80, pages 5-7). The Postal Data Centers are making every effort to provide requested individual annuity estimates as soon as possible.

**2. Federal Income Tax**

The final earnings (and terminal leave payment, if any) of employees who retire in pay period 1, 1981 (December 13-December 26, 1980) or later will be included in calendar year 1981 earnings when total taxable income will probably be lower (see below).

A civil service annuitant does not pay Federal income tax on annuity until he or she has received annuity payments equal to the amount contributed to the Civil Service Retirement Fund.

Based on Internal Revenue Service rules, an individual must meet all the following provisions to exclude up to \$5,200 of disability annuity from Federal income tax under the sick pay/disability exclusion:

a. The taxpayer must retire on disability, and be permanently and totally disabled for any substantial gainful employment.

b. The taxpayer must be under 65 during any year in which the exclusion is claimed. The exclusion ends at the beginning of the year in which 65 is reached, or at the beginning of an earlier year in which the taxpayer makes an irrevocable election not to have the exclusion apply.

c. If the taxpayer's income from all sources exceeds \$15,000, the amount of annuity which may be excluded from tax is reduced one dollar for each dollar of income over \$15,000. If the taxpayer is married at the close of the taxable year, the disability exclusion is available only if the taxpayer and spouse file a joint return for the taxable year, except in the case of a husband and wife who lived apart at all times during the taxable year.

An employee who retires under the disability provisions of the Civil Service Retirement Law (total disability

for the position held at retirement) must prove to the satisfaction of the Internal Revenue Service that he or she meets the definition of disability contained in the tax law (total and permanent disability for any substantial gainful employment).

Under the Tax Reform Act of 1976, there is no income tax advantage for disability retirement of an employee who will be 65 or over in the calendar year of retirement, since the sick pay/disability exclusion ends no later than the beginning of the year that 65 is reached. For employees under 65, clearcut advice cannot be offered regarding the income tax advantage of disability retirement versus optional retirement because the definition of disability in the tax law is different and more stringent than the definition of disability in the Civil Service retirement law. From a retirement standpoint, optional retirement can be processed more rapidly as the employee is not required to go to the time and expense of documenting the disability for retirement purposes.

Refer questions relative to any aspect of Federal income tax to the District Director of Internal Revenue.

The information in this Bulletin should be widely publicized so that employees eligible for or contemplating retirement are aware of these new retirement provisions.—Employee Relations Dept., 12-18-80.

**CARRIER'S COUNT OF MAIL—REVISED FORMS**

Revised Forms 1838, *Carrier's Count of Mail—Letter Carrier Routes (Mgmt. Summary)*, February 1980; and Form 1840, *Summary of Count and Inspection*, January 1980, are now available in supply centers.

*Representative Time* entries still apply to lines 16 and 17 on Forms 1838 and 1840. However, since *Representative Times* no longer apply to lines 14, 15, 19 and 21, the *Representative Time* sections of Forms 1838 and 1840 for these line items have been deleted. Line 18 has also been deleted from the *Representative Time* sections of these forms since line 18 is now used to record office break times where applicable, and is no longer used to record loading times.

Due to a printing error in the lower left portion of Form 1840, under line 16 and line 17 the word *Representative Time* should be changed to read *Representative Time*.

In addition to changes in forms and procedures to Handbook M-39, *Management of Delivery Service*, which are required by the *Memorandum of Understanding* between USPS and NALC, the following changes are also reflected on the new Form 1840:

1. Blocks for *EPM*, *Non-EPM*, and *Dismount* routes have been added to the form. NOTE: *Dismount* must be checked for a city delivery route on which 50 percent or more of the possible deliveries are made by dismount type delivery. If dismount deliveries are less than 50 percent of the total possible deliveries of a route, the route will be classified based on the majority of the type delivery: e.g., curblines, park and loop, etc.

2. *Badge No.* has been changed to *I. D. No.*, as explained in POSTAL BULLETIN 21238 (3-27-80).

3. The reference to *Trip 3* has

been deleted.—*Delivery Services Dept.*, 12-18-80.

**Earned Income Credit**

Regulations issued by the Internal Revenue Service require that Earned Income Credit Payments made by an employer be terminated at the end of each calendar year. Eligible employees who wish to have the payments made or to continue the payments in calendar year 1981 must submit a new Form W-5 for Pay Period 01-81 or later. The form is effective in the pay period following receipt at the servicing PDC. No retroactive adjustments will be made.

Eligibility requirements with related information and instructions are outlined on the detachable upper portion of the Form W-5. Personnel offices should be sure forms are available to employees.—*Finance Dept.*, 12-18-80.

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