



SEPTEMBER 2003

## QUARTERLY PAYROLL NEWSLETTER FORT DETRICK, MARYLAND

Welcome to the quarterly payroll newsletter provided to you by the Payroll Liaison. I hope that this newsletter helps keep everyone informed on new issues from payroll.



## TSP CATCH-UP CONTRIBUTIONS

TSP catch-up contributions are additional tax-deferred contributions available to TSP participants age 50 or older who are already contributing either the maximum TSP contribution amount allowed or a dollar amount to any qualified plan which will result in reaching the IRS elective deferral limit by the end of the year. In order to qualify, employees must be in a pay status and must not be in the 6-month non-contribution period after receiving a financial hardship in-service withdrawal. The annual elective deferral limit for regular TSP contributions is \$12,000 for 2003. Catch-up contributions are limited to \$2,000 for 2003. The DFAS-Denver payroll system will not begin to process catch-up contribution deductions UNTIL the pay period beginning 7 September 2003. There are only 7 pay periods from this date until the end

of the pay year (PPE 12/13/03). The automated enrollment systems EBIS and IVRS could not be turned on to accept these elections until the data could flow to the Defense Civilian Personnel Data System (DCPDS) and on to the DFAS payroll system. The delay in implementing the program does not affect the maximum contribution amount of \$2,000 for 2003. Eligible employees considering participation in this new benefit are encouraged to start thinking about the amount to have each pay date if they intend to contribute the maximum \$2,000.

### INVALID TRANSACTION REPORT

The Invalid Transaction Report provides timekeepers with a listing of work schedules or T&A transactions that are invalid. The T&A or work schedule was correct during the pay period it was originally reported, but due to retroactive adjustments, one or both are now incorrect. DCPS performs a continuous comparison of the supplemental record (Pay Rates and Appointments) in effect to the established work schedule and the reported T&A. Any adjustments with a prior pay period effective date entered into DCPS will set a retro trigger. DCPS automatically rechecks/recalculates all pay periods from the date of the adjustment to the current pay period. IT IS VERY IMPORTANT THAT TIMEKEEPERS REQUEST, AND WORK, THIS REPORT WITH THE ACTIVITY CSR. WHEN AN EMPLOYEE IS LISTED ON THIS REPORT, DCPS DOES NOT PROCESS RETRO PAYMENTS. The Retro Invalid Report should be run several times during the pay period. Payroll advises running the report after the first retro cycle for the pay period and again the day before first pass. Retro cycles are run on Monday, Wednesday, and Friday of each week. The corrections MUST process through the retro cycle to remove the employee from the invalid report.



The 2003 leave year ends on 10 Jan 2004. Each civilian employee has the personal responsibility to ensure their annual leave is scheduled to avoid forfeiture. Annual leave must be scheduled, in writing, before the start of the third biweekly pay period which begins on 30 Nov 2003. The supervisor maintains the responsibility to ensure that the employee has scheduled the annual leave so as not to lose it.

## USE OR LOSE LEAVE

It is not too early to start thinking about what you plan to do with your USE OR LOSE leave. There are several employees, approved for the Leave Transfer Program, that could benefit from donated leave. If you plan on donating some of your leave, you will need to donate it by 19 Dec 2003.

## LAST DAY OF PAY YEAR

For tax purposes, the end of the pay year is 13 December 2003. Ensure that your mailing address is current and up-to-date. The W-2 will be posted to the MyPay website and can be printed from there. Employees MUST have a PIN for MyPay. If they don't have a PIN, they should request one now.



# FEHB OPEN SEASON

The next FEHB open season will begin on 10 Nov 2003 and will close on 8 Dec 2003. Any changes that you may have, MUST be processed through the ABC-C website at <https://www.abc.army.mil>. Any changes, made during this open season will be effective 11 Jan 2004. Please ensure that you review your LES and verify that any changes you may have made appear correctly on your pay statement.

## TSP OPEN SEASON

The next TSP open season will begin on 15 Oct 2003 and will close 31 Dec 2003. FERS employees may elect to contribute up to 14% of their basic pay and CSRS employees may elect to contribute up to 9% of their basic pay that is earned each pay period. ALL TSP elections/changes MUST be made through the ABC-C website at <https://www.abc.army.mil> and CANNOT be made effective before the last month of the open season. Please ensure that you review your LES and verify that any changes you may have made appear correctly on your pay statement.



# FLEXIBLE SPENDING ACCOUNT

The Federal Flexible Benefits Plan (FedFlex) enables eligible employees to pay for certain benefits with pre-tax dollars. The initial FedFlex benefit, FEHB Premium Conversion, was implemented in Oct 2000. A second pre-tax benefit is the Flexible Spending Account (FSA). FSA elections made by an employee are completely voluntary. FSAs are not carried over from one Plan Year to the next, so each fall during the annual open season, employees MUST make a new election for the upcoming Plan Year. There are two FSAs being offered to eligible employees. They are:

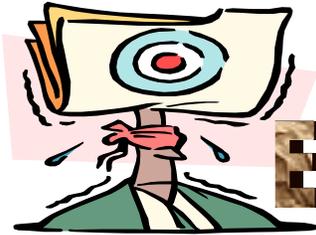
- A Health Care FSA (HCFSA), which employees may use pre-tax allotments to pay for certain health care expenses that are not reimbursed by FEHB or any other source and not claimed on the participant's income tax return. The maximum amount an employee may set aside, in any tax year, is \$3,000 and the minimum is \$250.
- A Dependent Care FSA (DCFSA), which employees may use pre-tax allotments to pay for eligible dependent care expenses. The maximum amount an employee may set aside in any tax year is \$5,000 (\$2,500, if the employee is married and filing a separate income tax return) and the minimum amount is \$250.

Participation is voluntary and you will identify an annual amount of salary to be contributed to your FSA via SHPS, Inc. SHPS will translate these annual elected amounts into pay date allotments and

request that your payroll office deduct them and remit them for deposit into your FSA account(s). You can draw upon your FSA account(s) for reimbursement as you incur eligible expenses. Plan carefully when estimating how much you want to allocate to an FSA. Under current IRS regulations, you MUST forfeit any funds remaining in your account(s) at the end of the Plan Year. This is referred to as the "use-it-or-lost-it" rule. You will have 120 days, from the end of the Plan Year to submit claims for our expenses. Forfeited funds, and any interest accrued will be set aside, by SHPS, to help reduce fees in future Plan Years. The FSA is to be implemented, by DFAS, in Sep 2003. There are two legislative bills that are being presented on the FSA. HR 3105 would permit employees to carry-over their unused FSA funds for future use, up to \$500, thereby repealing the "use-it-or-lost-it" rule. HR 1836 proposes eliminating the requirement for employees to pay the fees associated with participating in the FSAFEDS program. Under the proposed amendment, federal agencies would pay the fees out of their tax savings to offset the administrative costs of operating the FSAFEDS program. Visit <https://www.fsafeds.com>, for more information.

### PRINTING OFFICE FOR SAVINGS BONDS

Beginning in Sep 2003, the printing office location, for savings bonds, will be changing from Denver, CO to Pittsburgh, PA.



# EMERGENCY CONTACT DATA

Employees are encouraged to complete the Emergency Contact Data on the CPOL website at <http://www.cpol.army.mil>. This is an automated method for employees to provide Emergency Contact Data to be used in the event of an emergency or death. Employees will be reminded, at least on an annual basis, to review and update their emergency contact information to ensure the database is kept current. This is NOT a mandatory requirement. However, in the event that a national/natural emergency occurs, this information can be used to notify an employee's next of kin in a more expeditious manner.

## ALLOTMENTS

DCPS and MyPay has been updated to allow employees to have a total of 7 allotments.

