



THE DEPUTY POSTMASTER GENERAL

Washington DC 20760

August 2, 1978

ARTICLE	_____
SECTION	_____
SUBJECT	_____
	<i>PTF RETIREMENT</i>
	_____

Mr. Emmet Andrews :  
General President  
American Postal Workers Union,  
AFL-CIO  
817 14th Street, N. W.  
Washington, D. C. 20005

Dear Mr. Andrews:

This is in response to your inquiry regarding retirement computations for part-time flexible (PTF) employees. I have been delayed in responding due to the press of negotiations.

As I am sure you will probably recall, this particular issue has been the subject of discussions with the Civil Service Commission (CSC) for many years. As you are undoubtedly aware, during and after negotiations for the July 20, 1971 National Agreement, many discussions were had with Mr. Stu Filbey regarding clerks in third-class post offices. He advised Mr. Filbey that in order to solve the overall problem, we would convert the "career regulars" and "substitute clerks" to full-time or part-time, as appropriate. It was proposed to convert the remaining temporary indefinite substitute clerks to "Postmaster Replacement." (Mr. Filbey stated that all of these employees had been "considered" within his bargaining unit since 1962, that they voted in the election then, and that he was not about to deprive them of regular work force status and the benefits of the Agreement.) Ultimately, it was agreed to convert all these employees into the regular work force. The mass conversions, of course, granted career status and Civil Service Retirement coverage to the former temporary indefinite clerks. The conversions started in June 1973, retroactive to July 20, 1971.

Since that time, we have furnished relevant information on this subject to CSC in the interests of:

- a. complying with the intent of the Civil Service Retirement Law,
- b. protecting the integrity of the Civil Service Retirement Fund,
- c. avoiding improper charges to USPS for unfunded liability,
- d. eliminating the ridiculous and highly improper practice of paying individuals annual retirement benefits far in excess of yearly earnings received while working, and
- e. protecting the legitimate interests of all USPS employees in the funding and coverage of the Civil Service Retirement System, specifically including your membership.

In our discussions with the Commission it was recognized that part-time flexible employees could no longer be considered as continuously subject to call as were the substitute clerks of yesteryear. As a result, the Commission no longer had any basis in law for computing annuity on the annualized "subject to call" rate and must base annuity computations on the PTFs actual earnings. Accordingly, beginning with separations on February 11, 1978, we have corrected information on the retirement records back to July 20, 1971, of part-time flexible schedule employees.

The Postal Service simply prepares and maintains records and submits such records and reports pursuant to the Commission's direction and approval. Our correction procedures were, of course, cleared with the Commission.

Instructions to the PDC's were issued on March 1, 1978. These instructions directed correction of retirement records for periods prior to July 20, 1971. This particular part of the instructions was apparently the reason that the Chief of the Claims Division of the Commission expressed concern about the matter when you or your representative called him. In any event, we have now advised the PDC's not to correct the subject retirement records for periods prior to July 20, 1971.

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We have talked with CSC currently and they are not aware of any situations where computation of annuity was applied on a retroactive basis to anyone separated prior to February 11, 1978. They would be willing, of course, to inquire into any individual cases which appear to have been improperly computed.

The current procedures reflect annuities based on actual straight time earnings and I suggest no one can disagree that such is the intent of the Retirement Act. Moreover, the current procedures conform earnings credits for computation purposes to the principles applicable to full-time regular employees. The logic of this is highly persuasive.

I am sure you will agree that it is illogical and inequitable for an individual to receive annuity payments far in excess of yearly earnings received while working.

This computation change affects only retiring part-time flexible employees (there is no change in computation methodology for part-time regulars). Practically all PTF's in other than CAG K offices will be converted to full-time before they retire. Therefore, there will be little, if any, change in annuities of PTF's currently on the rolls, except for those who remain in CAG K offices.

As to the specific case cited in Mr. Basinger's letter to Mr. Newman, we have verified that this case was mishandled and have set in motion the action to have the proper adjustment made.

Sincerely,

  
James V. P. Conway