

Office of Personnel Management
Retirement and Insurance Service



1920



1954



1959



1986

Federal Employee Benefit Programs
FINANCIAL MANAGEMENT LETTER

Number: F-97-01

Date: January 13, 1997

SUBJECT: REMINDER: SUPPLEMENTAL CONTRIBUTIONS REQUIRED FOR VSIP'S

In Financial Management Letter F-96-06, dated October 21, 1996, we described a change in the method by which OPM will capture the supplemental contributions due the Civil Service Retirement and Disability Fund (CSRDF) when your agency makes a Voluntary Separation Incentive Payment (VSIP). Detailed instructions on reporting and remitting procedures were provided in Payroll Office Letter P-96-08, dated October 24, 1996.

This letter is to remind you that, effective with separations occurring on or after October 1, 1996, employing agencies must calculate and remit to the CSRDF the supplemental VSIP contributions required by law. This new requirement will be applicable to all supplemental contributions and all employing agencies paying VSIP's (including Department of Defense).

We have received inquiries regarding the definition of "final basic pay." "Final basic pay" is defined in Public Law 104-208 (and the other laws approving VSIP's) as "the total amount of basic pay which would be payable for a year of service by such employee, computed using the employee's final rate of basic pay, and if last serving other than a full-time basis, with appropriate adjustment therefor." This means you should use the total amount of pay upon which retirement deductions are calculated to determine final basic pay.

We ask your cooperation in ensuring that your payroll offices remit their quarterly VSIP contribution payment to OPM for separations occurring October 1, 1996 through December 31, 1996. If your staff has any questions on this letter or the letters mentioned above, please ask them to contact Harriet Horvitz on (202) 606-4843.

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