



**Functional Series [600](#)
Budget and Finance**

INTERIM UPDATE 07-18

SUBJECT: Change in Pay Date, from December 31st, 2007 to January 2nd, 2008

NEW MATERIAL: The purpose of this notice is to inform all employees serviced through the National Finance Center (NFC) payroll operations of a change in the settlement dates for electronic funds transfer for pay period 25, ending December 22, 2007. cd49.

EFFECTIVE DATE: 12/31/2007

POLICY

USAID/General Notice
M/CFO/P
12/20/2007

Subject: Change in Pay Date, from December 31st, 2007 to January 2nd, 2008

The purpose of this notice is to inform all employees serviced through the National Finance Center (NFC) payroll operations of a change in the settlement dates for electronic funds transfer for pay period 25, ending December 22, 2007. The change from the originally expected settlement date of Monday December 31, 2007 to Wednesday January 2, 2008 for electronic funds transfers and Thursday January 3, 2008 for paper copy checks will be effective for that pay period.

The effect of this change for employee compensation will defer recognition of employee reportable income for tax year 2007 to tax year 2008, as the NFC settlement or actual pay date will fall in tax year 2008. The change will also affect the amount employees contribute to Flex Spending Accounts and the Thrift Saving Plan. Employees are reminded that Federal and State tax reporting, flexible spending plans/options, and Thrift Savings Plan(TSP) contributions, and the matching benefit are limited to the official pay or settlement announced by NFC within the tax year (e.g. January 1 through December 31), and the settlement date announced by NFC will guide the preparation of W2 data. Tax year 2007 for purposes of 2007 W2 is pay period 25/2006 to 24/2007. W2 data is compiled based on the NFC settlement dates

that fall within each tax year (e.g. January 1 to December 31). Pay period 25 will be a 2008 tax event for Federal and State taxes, Flex Spending Account contributions, and TSP contributions.

This change will also affect tax year 2008. There will be 26 pay periods, and 27 pay dates in tax year 2008 for tax reporting purposes. 2008 will cover pay period 25/2007 ending 12/22/2007, settlement date 1/3/2008 through and including pay period 25/2008 settlement date December 29, 2008. Employees should be cognizant of these changes for personal tax planning purposes.

Employees using the TSP elective deferral calculator to maximize their contribution in order to reach the ceiling of allowable tax deferred contributions (e.g. \$15,500 plus \$5,000 as a catch-up contribution for employees age 50 and over for tax year 2007 and 2008) are advised that the planned contribution amounts will be affected as contributions to the TSP may only be made by NFC payroll deduction, and employees should tailor their bi-weekly deduction amounts to the actual pay dates announced by the NFC in order to target their desired contribution.

Similarly to the above, USPSCs payrolled in USAID/W by M/CFO/CMP will also see their pay settlement dates conformed to those of the NFC. Therefore, USPSCs payrolled in USAID/W will be affected in the same manner as US Direct-Hire employees. USPSCs who are paid by overseas offices should contact their payroll office for guidance on their payroll settlement dates.

Payroll hotline number: (202) 712-5234.

Point of Contact: Any questions concerning this Notice may be directed to: Angela Burkard, M/CFO/P, (202) 712-5234.

Notice 1270

File Name	Notice Date	Effective Date	Editorial Revision Date	ADS CD No.	Remarks
IU6_0718_122107	12/20/2007	12/31/2007			This IU will remain active until it is incorporated in the year 2009. (This IU was formerly released as IU6-0717)

IU6_0718_122107_w122607