

Office of Personnel Management
Retirement and Insurance Service



1920



1954



1959



1986

Federal Employee Benefit Programs
FINANCIAL MANAGEMENT LETTER

Number: F-97-12

Date: November 17, 1997

SUBJECT: Salary Offset

The Debt Collection Improvement Act of 1996 authorizes the Treasury to collect non-tax delinquent debts by the administrative offset of Federal payments. Federal salary payments are subject to offset under the Act. The purpose of this letter is to clarify the impact on the employee benefit programs of offsets from salary payments for debt collection purposes.


On July 7, 1997, the Treasury issued interim regulations (31 CFR 285) to implement administrative offset for past-due debts. The regulations establish the portion of Federal salary payments subject to offset for debt collection as the amount of salary remaining to the payee after certain deductions. The regulations include, as deductions that reduce the amount of salary available for debt collection offset, "health insurance premiums", "*normal* retirement contributions", and "*normal* life insurance premiums". In other words, salary payments may be offset only after these and other deductions such as, Federal, State or local income taxes have been made.

Except for "health benefits premiums", Treasury's terminology requires some clarification:

"Normal" retirement contributions refer to all amounts deducted for Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) coverage.

"Normal" life insurance premiums are the amounts deducted for Basic (not optional) Federal Employees Group Life Insurance coverage.

We have provided comments to the Treasury requesting that the final regulations use more accurate terminology. If you have any additional questions on this letter, please contact us on (202) 606-0666 or via Internet email, finance@opm.gov.



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