

LABOR RELATIONS



March 1, 1996

Mr. William Burrus  
Executive Vice President  
American Postal Workers  
Union, AFL-CIO  
1300 L Street, N.W.  
Washington, DC 20005-4107

Mr. Burrus

Dear Bill:

This will serve to respond to your letter to me dated January 30, 1996, and the December 18, 1996, Step 4 grievance over the Annuity Protection Program prompted by my earlier December 11, 1995, letter to you. Prior to Christmas, we discussed this issue over the telephone and discovered that we had a common understanding of this program and that no Step 4 American Postal Workers Union, AFL-CIO (APWU) grievance needed to be pursued. I will try to set forth below our mutual understanding.

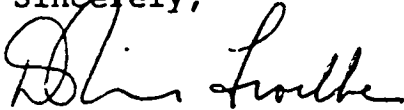
The 1994 APWU-USPS National Agreement does not contain a memorandum on Annuity Protection which was executed for each labor contract since 1981. This is the case because we are sunsetting the Annuity Protection Program due to the fact that the COLA paid under the 1991 Agreement was rolled in at the beginning of the 1994 Agreement consistent with our pre-1981 practice and thus, there is no delay in rolling in the COLA as was the case since the 1981 Agreement.

The 1987 Agreement COLA (\$2517) was rolled in to basic pay in February 1995 pursuant to Article 9.6.C for those not eligible for earlier roll in. The question remains are these career employees covered by the February 1995 roll in (\$2517) protected by Annuity Protection if they experience optional or disability retirement or death prior to February 1998? The answer is in the affirmative. The Annuity Protection Program Memorandum on page 270 of the 1990 Agreement (Handbook EL-901) remains in effect and governs the calculation of either retirement or death benefits through February 1998 for this class of employee. In light of the foregoing, the APWU Step 4 grievance filed by you dated December 18, 1995, on this subject is rendered resolved and considered to be withdrawn by the Postal Service.

Mr. Burrus  
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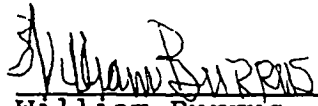
As to the second point in your January 30, 1996, letter, the Postal Service contracted with an outside tax attorney/CPA to advise us on whether to issue W-2s or 1099s. We were advised to use W-2s based on a review of Internal Revenue Service (IRS) Tax Code, Sections 3401-3405.

Sincerely,



D. Richard Froelke, Manager  
Negotiations Planning and Support

I concur:

  
\_\_\_\_\_  
William Burrus  
Executive Vice President  
American Postal Workers  
Union, AFL-CIO

3-5-96  
Date



3812

# American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

William Burrus  
Executive Vice President  
(202) 842-4246

December 18, 1995

Dear Mr. Froelke:

This is to respond to your letter of December 11, 1995 regarding continuation of the Annuity Protection Program. It is apparent that you fail to understand the issue that I raised in my letter of November 17, 1995. Such misunderstanding on your part is not surprising as you did not grasp the issues I raised on September 30, 1995, immediately preceding receipt of the final award. Perhaps if you spent less time posturing for a future defense you could comprehend the issue before you.

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Western Region

Pursuant to the terms of the 1995 national agreement this is to initiate a Step 4 grievance protesting the employer's interpretation of coverage under the Annuity Protection Program. The union interprets the parties commitment to extend annuity protection to all employees who were denied COLA roll-in and this protection continues until all employees are protected against the delayed affect of prior COLA.

Employees who were denied credit for the 1987-1990 COLA until the roll-in of November 1995 and who retire on disability or die prior to November 1998 are guaranteed that they will not receive a diminished annuity because of the delayed roll-in.

Sincerely,

*William Burrus*  
William Burrus

Executive Vice President

Richard Froelke, Manager  
Negotiations Planning & Support  
475 L'Enfant Plaza, SW  
Washington, DC 20260



## American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

January 30, 1996

**William Burrus**  
Executive Vice President  
(202) 842-4246

Dear Mr. Froelke:

This is a reminder of our telephone conversation immediately prior to the Christmas holidays regarding the Annuity Protection Program. As I recall, you planned to reduce to writing your understanding of the application of the APP to employees who retire prior to having three years of service at the salary level, including COLA.

**National Executive Board**

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In addition, I have received inquiries as to the reason the Postal Service provided retirees or dependents Form 1099 when payments were made on a quarterly basis, but changed to Form W2 when the lump sum payments were issued. I am certain that the reason is included in IRS regulations, but you could be of assistance in providing me with the appropriate citation.

Thank you for your attention to this matter.

Sincerely,

*William Burrus*  
William Burrus  
Executive Vice President

**Regional Coordinators**

Leo F. Persails  
Central Region

Jim Burke  
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Richard Froelke  
Negotiations Planning & Support  
U.S. Postal Service  
475 L'Enfant Plaza, SW  
Washington, DC 20260

WB:rb  
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LABOR RELATIONS



December 11, 1995

Mr. William Burrus  
Executive Vice President  
American Postal Workers  
Union, AFL-CIO  
1300 L Street, N.W.  
Washington, DC 20005-4107

DEC 1995

Dear Mr. Burrus:

Your November 17, 1995, letter to Mr. Mahon regarding the sunset Annuity Protection Program (APP) and the November 1995 roll in of the accumulated COLA under the 1990 Agreement has been referred to this office for reply. I am amazed at your letter because we had a late night meeting on September 30, 1995, concerning several topics, including the subject of your letter. This was just prior to the Clarke Board executing the Award on the morning of October 1. We made clear that the APP system was being sunset and that no APP Memo existed with respect to the COLA accumulated under the 1990 Agreement. The Postal Service sought and the Clarke Board awarded in Part 4 of the document, the November 1995 roll in of the 1990 Agreement's accumulated COLA. This is precisely how the COLA roll in under the 1971, 1973, 1975, and 1978 Agreements where no APP was ever evident. In sum, consistent with our position articulated to you on September 30, 1995, no APP is in existence relative to the 1990 Agreement's accumulated COLA rolled into basic pay in November 1995 pursuant to the terms of the Clarke Award. Your silence in not pursuing this matter with the Clarke Board on October 1 reaffirms our view that you understood the position we advanced to you on September 30 and consequently, this issue is behind us.

Thank you for allowing me the opportunity to set forth our views on this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. Richard Froelke".

D. Richard Froelke, Manager  
Negotiations Planning and Support



# American Postal Workers Union, AFL-CIO

1300 L Street, NW, Washington, DC 20005

**William Burrus**  
Executive Vice President  
(202) 842-4246

November 17, 1995

Dear Mr. Mahon:

Following the recent arbitration procedure and award, I had several discussions with USPS representatives regarding the applicability of the Annuity Protection Program to employees who were not permitted to roll-in COLA from prior contracts. Such employees who retire on disability prior to November 1998 will have their retirement based upon their high-3 years of service at the time of retirement. Such high-3 will not reflect the COLA that was not rolled-in until November, 1995 and the employees will be required to work the subsequent three years before receiving full credit for the unrolled COLA.

**National Executive Board**

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President

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Director, Clerk Division

James W. Lingberg  
Director, Maintenance Division

Donald A. Ross  
Director, MVS Division

George N. McKeithen  
Director, SDM Division

This is to inform you that the American Postal Workers Union interprets the obligation of the employer to continue protections under the Annuity Protection Program for all employees until the expiration of its coverage under prior agreements.

Thank you for your attention to this matter.

Sincerely,

William Burrus  
Executive Vice President

**Regional Coordinators**

James P. Williams  
Central Region

Jim Burke  
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Elizabeth "Liz" Powell  
Northeast Region

Terry Stapleton  
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Mr Joseph J Mahon, Jr  
Vice President  
Labor Relations  
475 L'Enfant Plaza, SW  
Washington, DC 20260

WB:rb