

LABOR RELATIONS



October 25, 2005

Mr. William Burrus  
President  
American Postal Workers  
Union, AFL-CIO  
1300 L Street NW  
Washington, DC 20005-4128



Dear Bill:

As a matter of general interest, the eligibility period for employees to use funds in their Health Care and Dependent Care Flexible Spending Accounts (FSA) is extended through March 15 beginning with the 2005 plan year. This extra 2 ½ months is referred to as the grace period. Accordingly, FSA funds withheld in 2005 will be available to employees for eligible items or services received through March 15, 2006. Please note that to be eligible an employee must be on the Postal Service rolls on December 31 of the plan year. This policy is consistent with a change in Internal Revenue Service regulations.

If there are any questions regarding the foregoing, please contact Alan Moore at 202-268-7795.

A handwritten signature in cursive script, appearing to read "Alan Moore".

A. J. Johnson  
Manager  
Labor Relations Policy and Programs