

Management Instruction

Payment of Death Gratuity

Purpose

This Management Instruction (MI) does the following:

1. States the Postal Service's policy on the payment of a death gratuity to employees who died from an injury sustained in the line of duty, and
2. Provides guidance on the procedures for paying a death gratuity.

Departments and agencies of the federal government are authorized to pay a death gratuity by section 651 of the Omnibus Consolidated Appropriations Act of 1997, Pub. L. 104-208, 110 Stat. 3009 (1996). Section 651 of the Act does not apply to the Postal Service. However, the Postal Service has decided to pay a comparable death gratuity under the general authority granted to it by 39 U.S.C. § 401.

Payment Policy

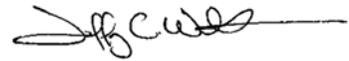
The Postal Service will pay a death gratuity if the following applies:

1. The employee died from an injury sustained in the line of duty.
2. The injury was not caused by the following:
 - a. The willful misconduct of the employee,
 - b. The employee's intention to bring about the injury or death of himself or herself or of another individual, or
 - c. Proximately the intoxication of the deceased employee.
3. The applications of the deceased employee's personal representative under 5 U.S.C. § 8133(f) and 5 U.S.C. § 8134(a), and any application by individuals entitled to compensation in the case of death under 5 U.S.C. § 8133(a), are not denied because the Office of Workers' Compensation Programs (OWCP) deems the circumstances of the deceased employee's death disqualifying.

You must interpret and apply this MI consistently with the regulations, policies, and rulings of the following:

1. The Federal Employee's Compensation Act (FECA).
2. OWCP.

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You must apply terms such as, but not limited to, the following in accordance with their meaning under FECA and OWCP regulations, policies, and rulings:

1. Injury.
2. Line of duty.
3. Willful misconduct.
4. Caused.
5. Proximately caused.

You must refer any questions concerning the appropriateness of a death gratuity under this MI to the Postal Service's law department.

Amount and Timing of Payment

The area vice president (VP) or appropriate HQ vice president is responsible for initiating the processing of the death gratuity payment. The area VP or HQ VP cannot authorize a death gratuity amount that exceeds \$10,000. If the area or HQ VP believes a situation requires funding in excess of \$10,000, the chief human resources officer and executive vice president (CHRO) must approve that amount.

Although some of the conditions for payment may take time to determine, Postal Service policy is to make the death gratuity available to the deceased employee's estate as soon as reasonably possible. When it appears that the deceased employee's estate has met, or will meet, the conditions for the death gratuity, the Postal Service will pay the death gratuity to the personal representative of the deceased employee's estate, in accordance with the following conditions:

1. The estate eventually meets the requirements for a death gratuity described in this MI; and
2. If the personal representative of the employee's estate makes a promise on behalf of the estate to refund the payment to the Postal Service if the estate does not satisfy the requirements for a death gratuity.

When there is a reasonable belief that the employee's estate will not or cannot meet one or more of the conditions for a death gratuity, San Mateo will contact the Area law office covering the deceased employee's work location. You must do the following:

1. Consider if it's appropriate to delay or deny the payment of a death gratuity.
2. Make the decision deliberately and with legal advice.

Determining the Personal Representative

The Postal Service will only pay a death gratuity to the deceased employee's "personal representative" as the applicable law defines that term. In almost every case, the applicable law means state or local law. An individual who claims to be the personal representative of the deceased employee's estate either will have, or may obtain, an official document that establishes his or her status as the personal representative.

The Postal Service will ask the personal representative to provide the official document of proof as part of the application process for a death gratuity. The following are responsible for validating the document:

1. **The San Mateo Accounting Service Center and the Law Department.** You must review the document(s) provided by the personal representative.
2. **Local management.** When the application is submitted, you must bring to the attention of the San Mateo Accounting Service Center any information you have that indicates there is a dispute concerning the identity of the personal representative of a deceased employee's estate.

The Postal Service will require the individual claiming to be the personal representative of the deceased employee's estate to certify that he or she:

1. Is the personal representative, and
2. Accepts individual responsibility to return the payment if the Postal Service determines that the individual is not the personal representative of the deceased employee's estate.

Processing and Approval

The area vice president (AVP) or appropriate Headquarters (HQ) vice president is responsible for initiating the processing of a death gratuity. See the steps below:

1. Start the application procedure by completing Part A of PS Form 6510, *Death Gratuity Payment Authorization*. If there is a reasonable belief that a death gratuity under this MI is inappropriate in the circumstances (e.g., there is evidence of employee misconduct or there is a question whether death occurred in the line of duty), consult with the law department before starting the approval process.
2. Deliver the form to an appropriate family member, another representative of the deceased employee's family or estate, or to the personal representative of the deceased employee's estate if there is one.
 - a. Include a copy of this MI with the form.

- b. Request that the form's receiver (i.e., a family member, a representative of employee's family or estate, or the personal representative) completes Part B and returns the form to a designated representative of the Postal Service.
3. Once returned, the AVP or, if the deceased employee was a Headquarters employee, the HQ vice president must approve and sign the form.
4. Forward the signed form to the address provided on the form for expedited payment.
5. The Postal Service will charge the expense to account number 51273.00 associated with the finance number within the applicable area or Headquarters unit as noted on the form.

Tax Status

The Internal Revenue Service (IRS) has ruled that death gratuity payments made for deaths occurring on or after August 20, 1996, are income and subject to be taxed as follows:

1. There is no obligation to withhold taxes from the payment.
2. The Eagan Accounting Service Center issues to the personal representative IRS Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance contracts, etc.*, reflecting the taxable liability.
3. Direct tax questions to the tax consultants for the deceased employee's estate or the IRS.

Additional Policy Guidance

Under Handbook F-15, *Travel and Relocation*, the Postal Service provides certain benefits when an employee dies during business travel — either domestic or overseas. Those benefits are independent from the death gratuity outlined in this MI and they have different criteria.

If an employee dies while relocating for the Postal Service, the employee's surviving spouse, if any, may be eligible for certain benefits. These benefits are independent from the death gratuity outlined in this MI, and they have different criteria. If this situation occurs, you must contact the Relocation Unit.

San Mateo Record Retention

The San Mateo Accounting Service Center will keep all appropriate records of the transactions for 4 years. This includes, but is not limited to, the following:

- Signed authorization forms.
- Payment records.
- Any other information relevant to the file.