

Management Instruction

Payment of Death Gratuity

Purpose

This Management Instruction (MI):

1. States the Postal Service’s policy regarding the payment of a death gratuity to employees whose death results from an injury sustained in the line of duty, and
2. Provides guidance regarding the procedures for paying a death gratuity.

Departments and agencies of the federal government are authorized to pay a death gratuity by § 651 of the Omnibus Consolidated Appropriations Act of 1997, Pub. L. No. 104-208, 110 Stat. 3009 (1996). Section 651 does not apply to the Postal Service, but 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:

1. The employee’s death resulted from an injury sustained in the line of duty.
2. The injury was not:
 - a. Caused by the willful misconduct of the employee,
 - b. Caused by the employee’s intention to bring about the injury of death of himself or herself or of another, or
 - c. Proximately caused by 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 circumstances of the deceased employee’s death are deemed disqualifying by the Office of Workers’ Compensation Programs (OWCP).

Date	January 1, 2015
Effective	Immediately
Number	FM-640-2015-2
Obsoletes	N/A
Unit	Corporate Accounting
 Maura McNerney Vice President Controller	

CONTENTS

Purpose	1
Payment Policy	1
Amount and Timing of Payment	2
Determining the Personal Representative	2
Processing and Approval	3
Tax Status	4
Additional Policy Guidance	4
San Mateo Record Retention ...	4

This MI shall be construed and applied consistently with the regulations, policies, and rulings of:

1. The Federal Employee's Compensation Act (FECA), and
2. OWCP.
3. Terms such as, but not limited to, the following will be applied in accordance with their meaning under FECA and OWCP regulations, policies, and rulings:
 - a. Injury.
 - b. Line of duty.
 - c. Willful misconduct.
 - d. Caused.
 - e. Proximately caused.

Any questions concerning the appropriateness of a death gratuity under this MI should be referred to the Postal Service's law department.

Amount and Timing of Payment

The amount of the death gratuity paid by the Postal Service will be \$10,000.00. No payment in excess of this amount will be made without the written approval of the vice president, Controller.

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

1. On the condition that the requirements for a death gratuity described in this MI are eventually met; 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 requirements for a death gratuity are not satisfied.

In a situation where there is a reasonable belief that one or more of the conditions for a death gratuity will not, or cannot, be met, the law department should be consulted.

- It may be appropriate in some circumstances to delay or deny the payment of a death gratuity.
- Such decisions should be made deliberately and with legal advice.

Determining the Personal Representative

A death gratuity may only be paid to the deceased employee's "personal representative" as that term is defined by applicable law. 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 will either have, or may obtain, an official document which establishes their status as personal representative.

The personal representative will be asked to provide documentation as part of the application process for a death gratuity.

- The San Mateo Accounting Service Center will review and approve the documentation provided in consultation with the law department.
- Any information possessed by local management indicating that there is a dispute concerning the identity of the personal representative of a deceased employee's estate should be brought to the attention of the San Mateo Accounting Service Center when the application for a death gratuity is transmitted.

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

1. Actually is the personal representative, and
2. Accepts individual responsibility to return the payment if it is determined that he or she is not the personal representative of the deceased employee's estate.

Processing and Approval

It is the responsibility of the area vice president (AVP) or appropriate Headquarters (HQ) vice president to initiate 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 that person has been identified.
 - 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 form should be signed by the AVP or, if the deceased employee was a Headquarters employee, by the HQ vice president.
4. Forward the signed form to the address provided on the form for expedited payment.
5. The expense will be charged 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 taxation.

- There is no obligation to withhold taxes from the payment.
- IRS Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance contracts, etc.*, will be issued to the personal representative reflecting the taxable liability.
- Further tax questions should be directed to the deceased employee's estate's tax consultants or the IRS.

Additional Policy Guidance

Certain benefits are provided in the event of the death of an employee occurring during business travel — either domestic or overseas — under Handbook F-15, *Travel and Relocation*. Those benefits are independent from the death gratuity outlined in this MI and the criteria for them are distinct.

Should an employee die while relocating for the Postal Service, his or her surviving spouse, if any, may be eligible for certain benefits. These benefits are independent from the death gratuity outlined in this MI, and the criteria for them are distinct. If this situation occurs, the Relocation Unit should be contacted.

San Mateo Record Retention

The San Mateo Accounting Service Center will retain all appropriate records of the transactions — including the signed authorization forms, payment records, and any accompanying data or information relevant to the file — for a period of four (4) years.