



# United States Department of the Interior

INTERIOR BUSINESS CENTER  
Denver, CO 80235

D-2600

November 25, 2020

## Memorandum

To: Federal Personnel and Payroll System User Group Representatives

From: Christine Zertuche-Rocha, Chief //signed for by Lisa J. Puente//  
Payroll Operations Division

Subject: Payroll Reminders for Year End 2020 and New Year 2021

As we approach the end of calendar year 2020 and begin the new calendar year 2021, there are a number of upcoming changes that may impact employees' pay or may be of interest to them. In Pay Period (PP) 2021-02, new payroll changes will be implemented, including any authorized 2021 pay raise, if applicable. Since these changes may affect leave and earnings for PPs at the end of 2020 and beginning of 2021, the Interior Business Center (IBC) requests Personnel Offices and Payroll Coordinators/Liaisons please share the following information with all employees:

### Number of Pay Periods

There are 26 PPs in calendar year 2020, the final official pay date will be December 29, 2020. Calendar year 2021 will also have 26 PPs.

### Calendar Tax Year

The 2020 taxable earnings year is from PP 2020-01, beginning December 22, 2019, through PP 2020-26, ending December 19, 2020. The 2021 taxable earnings year is from PP 2021-01, December 20, 2020, through PP 2021-26, December 18, 2021.

### Leave Year

The 2020 leave year ends PP 2021-01, January 2, 2021. Employees in the six hour leave category will get their extra four hours in PP 2020-26, the last full PP of the calendar year. The 2021 leave year is from PP 2021 02, January 3, 2021, through PP 2022-01, January 1, 2022. Employees in the six hour leave category will get their extra four hours for 2021 in PP 2021-26, the last full PP of the calendar year.

### Form W-2

The target date for access to view and print Form W-2, Wage and Tax Statement, in Employee Express (EEX) is January 16, 2021. Currently, only 49% of active employees have elected electronic W-2s via EEX. To ensure the protection of Personal Identifiable Information (PII), please encourage employees to elect electronic W-2s in EEX prior to December 28, 2020. For all employees who did not elect to turn off the mailed Form W-2, a printed Form W-2 will be mailed to the employee's address of record no later than February 1, 2021. Please have

employees that are expecting a mailed Form W-2 to verify the address listed on their latest electronic Leave and Earnings Statements (LES) in EEX. To ensure receipt of the mailed Form W-2, any change of address requests submitted to the U.S. Postal Service must be processed no later than December 18, 2020.

#### Form 1095-C

Form 1095-C, Employer-Provided Health Insurance Offer and Coverage, will be available for viewing and printing in EEX no later than February 1, 2021. To ensure protection of PII, please encourage employees to elect electronic 1095-Cs in EEX prior to December 28, 2020. For all employees who did not elect to turn off the hard copy, the printed Form 1095-Cs will be mailed to the employee's address of record no later than February 1, 2021. For any questions about Form 1095-C, please visit: [https://www.irs.gov/Affordable-Care-Act/Employers/Form\\_1094-C\\_and\\_1095-C](https://www.irs.gov/Affordable-Care-Act/Employers/Form_1094-C_and_1095-C).

#### Form W-4 Claiming Exempt Withholding

To continue an employee's exemption from withholding in 2021, the Internal Revenue Service (IRS) requires those claiming exemption from withholding to fill out a new Form W-4, Employee's Withholding Allowance Certificate, no later than February 16, 2021. If a new Form W-4 has not been entered into EEX or the Federal Personnel and Payroll System between January 1 and February 16, 2021, the employee's Federal withholdings status will be changed to the highest possible withholding. The IRS has not yet updated the 2021 Form W-4 but once available, it may be viewed at <http://www.irs.gov/pub/irs-pdf/fw4.pdf>. The IBC will soon update the Federal Income Tax Withholding Formula for wages paid in 2021; this may be viewed on our website at <https://ibc.doi.gov/HRD/FedStateTerritorial>. Before utilizing the formula, employees contributing pre-tax deductions should first subtract those deductions from their biweekly gross pay.

#### State and Local Taxes

To ensure taxes are being withheld from the correct state and/or locality, we encourage every employee to review their LES. If an employee notices taxes are being withheld for the incorrect state or locality, or if they are still being withheld for a city the employee no longer lives or works, they should contact their payroll liaison, personnel office or the IBC Customer Support Center at 720-673-9958 (interim contact number) as soon as possible. The Payroll Office has limited capability to correct prior year tax errors, and 2020 errors not identified until 2021 may require the employee to file a tax return to recover taxes withheld for the wrong tax entity. Wages for non-taxing states are not reported on Form W-2s.

#### Voluntary Tax Allotments

Since these allotments are remitted to the locality on the employee's behalf, the amount of 'estimated' tax deductions withheld through a Voluntary Tax Allotment will be reflected on Form W-2 in Box 14 as item 8 - Estimated Local Tax. These amounts are only estimated. Reconciliation occurs when the employee files an applicable tax return with the locality.

#### Social Security (OASDI) Tax

The Social Security Administration increased the 2021 maximum earnings to \$142,800; there is no wage base limit for Medicare tax. For 2021, the Social Security and Medicare tax rates remain the same for all wages, at 6.2% and 1.45%, respectively. Individuals with earned income of more than \$200,000 pay an additional 0.9 % in Medicare taxes. The tax rates shown above do not include this additional 0.9 %. More information about this tax can be found at:

[https://www.ssa.gov/policy/docs/quickfacts/prog\\_highlights](https://www.ssa.gov/policy/docs/quickfacts/prog_highlights).

### Occupational Privilege Tax

Certain localities require an Occupational Privilege Tax be taken from employees in their jurisdiction. When working within a specific district, the Occupational Privilege Tax is levied. While some localities withhold the tax in the first full PP of the year, the actual deduction will depend on the locality's withholding requirements.

### Transportation (Commuting) Benefits

For tax year 2021, the monthly limitation for the qualified transportation fringe benefit is \$270, as is the monthly limitation for qualified parking, unchanged from tax year 2020. The 2021 Employer's Tax Guide to Fringe Benefits, Fringe Benefit Exclusion Rules section, 'Transportation (Commuting) Benefits' subsection, 'Exclusion from wages' at <https://www.irs.gov/pub/irs-drop/rp-20-45.pdf>.

### Federal Employee Health Benefits (FEHB)

FEHB coverage authorized in 2020 automatically continues in 2021, though some premiums may change for 2021. Coverage under a newly elected health plan is effective the first day of the PP beginning on or after January 1, 2021; for IBC clients, this will be PP 2021-02, January 3, 2021. Enrollees will remain covered and receive the 2020 benefits of the previously elected plan until coverage under the new plan becomes effective.

### Flexible Spending Accounts (FSA)

Unless re-authorized by the employee, pre-tax deductions for the FSA Program automatically stop after PP 2020-26. For pre-tax FSA deductions to occur in 2021, new elections must be made during the Open Season from November 9 through December 14, 2020. For additional information and/or make open season changes, employees can go to <https://www.opm.gov/healthcare-insurance/flexible-spending-accounts/>.

### Dental and Vision Benefits

Dental and vision coverage authorized in 2020 automatically continues in 2021, though some premiums may change for 2021. For additional information, to view the new rates or make open season changes, employees can go to [www.benefeds.com](http://www.benefeds.com).

### Thrift Savings Plan (TSP) – Traditional and Roth Contributions

In 2021, the maximum elective deferral limit for TSP contributions will be \$19,500.00. The combined total of tax-deferred traditional and Roth after-tax contributions cannot exceed the elective deferral limit in any year. Unless changed or canceled by the employee, 2020 biweekly contribution amounts or percentages automatically carryover into 2021. Employees who reach the IRS maximum contribution limit before the end of the year will not be able to have further employee contributions and may lose any government matching contributions for the rest of the year, if applicable. Deduction changes for PP 2021-01 can be made now through EEX by entering "12/20/2020" in the Future Effective Date field. EEX allows changes to the Effective Date up to 90 days in advance. Employees can change TSP deductions at any time in EEX at <https://www.employeeexpress.gov>.

### Spillover Method for TSP Catch-Up Contributions (Formerly Thrift Catch-up Contributions (TCC) and Roth Savings Catch-up (RSC))

Employees will continue using the TSP's current catch-up program through the end of 2020. However, beginning January 1, 2021, the Federal Retirement Thrift Investment Board will implement a new method for catch-up contributions called the "spillover". Spillover will apply to all active employees who are at least 50 years of age, or older, and exceed the IRS annual

deferral limit. Employees will receive government matching contributions in the spillover method. Eligible employees will have contributions automatically count toward the IRS catch-up limit.

Catch-up contributions can be made up to an extra \$6,500.00 annually in 2021. Once the \$19,500 elective deferral limit for TSP is reached, any additional contributions “spillover” into the extra \$6,500 Catch-up limit. No elections will need to be entered into EEX like previous years. However, spillover contributions should be included with regular traditional and/or Roth contributions when making elections in EEX. Please refer to the ‘Thrift Savings Plan (TSP) – Traditional and Roth Contributions’ section above, regarding government matching contributions and when updates should be entered into EEX.

The chart below provides two examples (dollar amount contributions) for calculating PP election amounts in EEX. In each scenario, the TSP Traditional Maximum contribution must be met before any Catch-up contributions can “spillover”:

<b>Example 1: 2021 Maximum TSP Traditional Contributions and Maximum Spillover Contributions</b>	<b>Contributions</b>	<b>PP Dollar Amount Contribution</b>
Maximum TSP Traditional (Pre-Tax) contributions met:	\$ 19,500.00	
Maximum Spillover Catch-up contributions*:	\$ <u>6,500.00</u>	
Total Maximum contributions allowed:	\$ 26,000.00	
<b>26 PPs in 2021</b>		<b>\$ 1,000.00</b>
<b>Effective date</b>		<b>12/20/2020</b>

<b>Example 2: 2021 Maximum TSP Traditional Contributions with Some Spillover Contributions</b>	<b>Contributions</b>	<b>PP Dollar Amount Contribution</b>
Maximum TSP Traditional (Pre-Tax) contributions met:	\$19,500.00	
Spillover Catch-up contributions* (not maxed):	\$ <u>4,550.00</u>	
Total contributions:	\$24,050.00	
<b>26 PPs in 2021</b>		<b>\$ 925.00</b>
<b>Effective date</b>		<b>12/20/2020</b>

**\* Must meet TSP Traditional max prior to contributing to spillover**

Federal Employees' Group Life Insurance (FEGLI)

There are no changes to the FEGLI rates, which may be viewed at:

<https://www.opm.gov/healthcare-insurance/life-insurance/program-information/#url=Premiums-for-Employees>.

Combined Federal Campaign (CFC)

All Federal employees participating in the CFC are directed to one giving system. The Office of Personnel Management has contracted with the Give Back Foundation for employees to make CFC pledges. To sign up, select charities and set up new donor contributions for 2020, visit <https://cfcgiving.opm.gov/welcome> no later than January 15, 2021. According to 5 C.F.R. 950.701, payroll deductions will begin with the first PP after January 15, 2021 (PP 2020-03), and end with the last PP that includes January 15 of the following year (PP 2022-02) for 26 PPs.

### Aggregate Pay Limitation

As a reminder for 2021, the statutory limit on pay applies to most employees exempt from the Fair Labor Standards Act (FLSA) (see 5 U.S. Code 5307). Even though basic pay is never cutback, some allowances, differentials, bonuses, or awards may even cutback and be deferred to the following year. Retention, recruitment or relocation incentives authorized under 5 U.S. Code 5753 and 5754, which may cause employees to exceed the aggregate limitations on pay may also be reduced or suspended. The aggregate pay limitation is generally Level 1 of the Executive Schedule.

### Annual Premium Pay Limitation

As a reminder for 2021, the annual premium pay limits defined in 5 U.S. Code 5547(b) apply. For employees exempt from the FLSA, if regular pay projected for the year plus Title 5 overtime, night differential, standby pay, availability pay, administratively uncontrollable overtime, Sunday Premium, or Holiday worked reach the limits, no additional premium pay may be paid. Compensatory time may not be substituted for overtime that is not payable. The annual pay limitation is the greater of the annual rate of GS-15, step 10 for each locality, or the Level V of the Executive Schedule.

### Pay Calendars

For your convenience, we have attached the 2021 Payroll Schedule. To download, save or print additional calendars, visit <https://www.doi.gov/ibc/resources/payroll-calendars>.

Employees should carefully review their LES for any changes that would affect their pay.

If there are any questions, please call the IBC Customer Support Center at 720-673-9958 (interim contact number) or by email at [Payroll\\_Helpdesk@ios.doi.gov](mailto:Payroll_Helpdesk@ios.doi.gov).

Attachment

# 2021 PAYROLL SCHEDULE

 END OF PAY PERIOD

 HOLIDAYS

## JANUARY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## APRIL

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

## JULY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

## OCTOBER

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

## FEBRUARY

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

## MAY

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

## AUGUST

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

## NOVEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

## MARCH

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

## JUNE

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

## SEPTEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

## DECEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	