



postal bulletin

Directives and Forms Division, Washington, DC 20260 PB 21105—Feb. 10, 1977—32 Pages

To All Postmasters and Other Field Managers

Revenue Protection Program

Starting immediately on a continuing basis, we must conduct a concerted, systemwide effort to assure the Postal Service collects all revenues due it for services it performs.

It is absolutely essential that, at every level, careful and constant attention be given to identifying and closing potential revenue leaks.

It is important that in fulfilling our obligation to cut costs and be responsive to customers, we not neglect revenue collection. Therefore, without diminishing our efforts in other areas, we must redouble our efforts to collect full payment for the services we provide.

If we have to process mail that should have been processed by a customer, we incur additional costs. This is unfair to other customers, who, ultimately, will have to absorb the loss.

We are obligated to treat all customers fairly and equitably. This involves not permitting any customers to secure rates lower than they are entitled to. To permit otherwise ultimately results in higher rates, which hurt everyone. Accepting improperly made-up mail at work-sharing based rates to avoid hurting a mailer is not a good customer service practice; other customers must pay for the work that should have been done by the mailer.

There have also been instances where managers, in unusual circumstances, have made decisions on acceptance of mail without having fully considered mailing requirements. Disregarding postage or mail preparation requirements inevitably runs counter to the overall interests of the Postal Service and the public.

The regulations are meant to apply to everyone, on an equal basis. We cannot tolerate their selective application.

To stress the importance of collecting the proper amount of money and treating all of our customers equitably, I have established an action program which will apply throughout the Postal Service. The program will involve a series of projects in areas such as mail acceptance practices and procedures, facility modification, communications, training, organization and staffing, and customer interface.

I will personally oversee this program. The Senior Assistant Postmaster General for Finance will direct the activities of a Task Force with various project teams and coordinate the entire program on my behalf.

This action program requires a disciplined attitude on the part of each employee. Effectiveness in protecting postal revenue is a significant element in each employee's overall performance.

I therefore request your full participation and cooperation in establishing controls to assure that every employee knows and takes the steps necessary to fulfill his or her responsibilities for revenue protection.

WILLIAM F. BOLGER,
Deputy Postmaster General

Wanted Circular Canceled

Destroy the wanted circular issued for the following postal offender:

Name	Date of Issuance
Raymond N. Provencher	1-12-77
—Inspection Service, 2-10-77.	

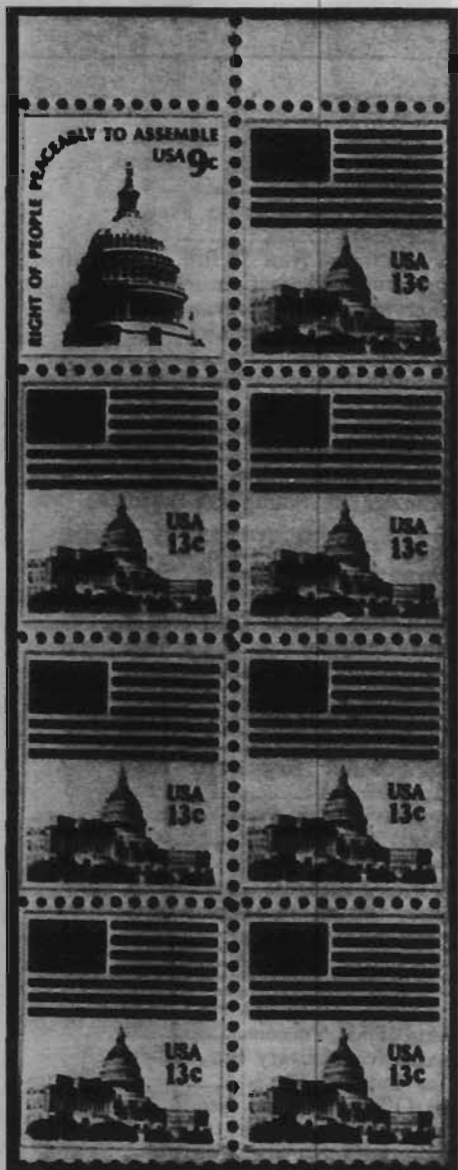
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\$1 Vending Machine Booklet

Description. A new stamp booklet will be first placed on sale at New York, NY 10001, March 11, 1977. This booklet is for use *only in vending machines*. It contains seven 13¢ Flag stamps and one 9¢ Freedom to Assemble stamp on a single pane. The booklet will sell for \$1.

Do Not Sell Before Mar. 12, 1977



Size: 0.75 x 0.87 inches.
Color: Red, blue, and white
Books: 7-13¢ and 1-9¢=\$1
Printing: Unlimited
Designer: Esther Porter.

Collectors. First day cover cancellations may be obtained by one of the following methods:

a. *Customer Affixing Stamps.* At post offices having stamp vending machines, collectors may purchase the new stamp booklet and affix the panes of stamps to their envelopes. A

Domestic Orders

False Representation. Enforced by postmasters at cities listed.

State/City	Name(s) Covered
CO, Rockvale-----	Fran-Mar Diet and Fran-Mar Enterprises P.O. Box 130
PA, New Castle----	Gray's Amusements Bessemer-Mt. Jackson Road
NY, New Rochelle---	Progressive Sales Group or any variation thereof at P.O. Box 310
GA, Chamblee-----	Nutrient Laboratories, Inc. P.O. Box 80908
GA, Atlanta-----	Nutrient Laboratories, Inc. P.O. Box 81105 Nutrient Laboratories, Inc. P.O. Box 95543
NY, New Windsor---	Nutrient Laboratories, Inc. P.O. Box 4288
NY, Newburgh-----	Nutrient Laboratories, Inc. P.O. Box 2511
NJ, Edison-----	Shore Products Box 174
NY, Bronxville----	Shore Products P.O. Box 427
NY, Pelham-----	Tam Company 1 Wolfs Lane
NY, New Hampton--	Shore Products Box 214

—Judicial Officer, 2-10-77.

size No. 10 (4 $\frac{1}{8}$ " x 9 $\frac{1}{2}$ ") envelope is required. All envelopes must be addressed. Peelable address labels are recommended and a filler card of postal card thickness should be inserted in each cover. Orders must be postmarked by March 26, 1977, and should be addressed to Flag Stamp Booklet, Postmaster, New York, NY 10001. No remittance is required.

b. *Postal Service Affixing:* Request first day cancellation from: Flag Stamp Booklet, Philatelic Sales Division, Washington, DC 20265. All stamp panes will be affixed to a size No. 10 (4 $\frac{1}{8}$ " x 9 $\frac{1}{2}$ ") envelope. Requests must be postmarked not later than March 26, 1977. Remittance of \$1 for the face value of the stamps is required for each cover.

Select United States mint stamp panes will be available at the Philatelic Sales Division, Washington, DC 20265 beginning March 12, 1977.

Supply: All post offices having *self-service postal units* which can handle the \$1 transaction shall *immediately submit a requisition (Form 3356)* to the Bureau of Engraving and Printing using **item 607**. Orders shall be for quantities of 300, 600, 900, 1,500, 3,000, 4,500, and multiples of 4,500, to a maximum of 45,000 booklets per requisition.—*Customer Services Dept., 2-10-77.*

Exchange of Stamp Stock for Cash

A nationwide scheme involving the exchange of stamp stock for cash is being investigated.

Stamp stock is purchased with stolen commercial checks made payable to postmasters in varying amounts of \$155, \$195, \$255, and \$287. Coils of 500 13-cent stamps are the most common purchases. The coils are then exchanged for cash at other post offices.

The operator is a white male, 40 years old, 6 feet tall, of slight build, and well-dressed. He has been accompanied by male and female companions.

All postal personnel are alerted to the regulations in **POSTAL SERVICE MANUAL** section 147, which allow for exchange of stamp stock at full value due to mistakes, but **not** cash refunds. Notify the nearest postal inspector in charge or local postal inspector if the above-described scheme is suspected. Obtain the automobile license plate number, if possible.—*Inspection Service, 2-10-77.*

Special Cancellations

Postmasters having any of the special cancellation die hubs listed below are authorized to use them for the periods designated. At the end of the period the die hubs should be withdrawn from use and stored. Postmasters who do not have these special die hubs shall not request them without application by the sponsors.

Heart Fund

February 1–February 28, 1977.

Save Your Vision Week

February 1–March 20, 1977.

Forest Fires

AL, AK, FL, GA, LA, MS, NC, OK, SC, TN TX—February 1–April 30 and October 1–November 30 1977.

CN, DE, DC, KY, ME, MD, MA, NH, NJ, NY, PA, VT, RI, VA, WV—March 1–May 31, and September 1–October 31, 1977.

CA—May 1–October 1, 1977.

AZ, CO, ID, KS, MT, NE, NV, NM, VT, ND, SD, WY—May 1–October 31, 1977.

OR, WA—February 1–March 31, and June 1–September 30, 1977.—*Rates & Classification Dept., 2-10-77.*

COST-OF-LIVING ANNUITY INCREASE

The Civil Service Commission has announced that civil service annuities will be increased by 4.8 percent effective March 1, 1977. This increase is based on the full percentage change in the Consumer Price Index (CPI) from December 1975 through December 1976. This method of computing the increase is in accordance with a recent amendment to the retirement law (Public Law 94-440, approved October 1, 1976).

A. Notice to Employees

1. Installation heads should inform eligible employees contemplating retirement that a 4.8 percent cost-of-living increase is payable effective March 1, 1977. Eligible employees should also understand, however, that the retirement law guarantees that an *immediate* (not a deferred) annuity which begins after the effective date of a cost-of-living increase will be no less than it would have been had it commenced on the effective date of the increase. In essence, this law removes the requirement that an employee's annuity must begin on or before the effective date of a cost-of-living increase in order for the employee to benefit from the increase.

2. The annuity paid to an employee who retires on an immediate annuity no later than February 28, 1977, with annuity beginning on or before March 1, 1977, will be determined by comparing:

(a) The annuity that would have been payable based on service and high-three average pay as of February 29, 1976, plus the 5.4 percent cost-of-living increase that was effective March 1, 1976, with

(b) The amount of annuity earned as of the date of retirement. The employee is entitled to whichever rate is higher. That higher rate will be increased by 4.8 percent effective March 1, 1977.

3. Employees who separate for retirement on an immediate annuity on or after March 1, 1977, with annuity beginning on or after March 2, 1977, and before the effective date of the next following cost-of-living increase, will be entitled only to the larger of:

(a) The annuity actually earned as of the separation date, or

(b) The annuity earned as of February 28, 1977, plus the 4.8 percent cost-of-living increase effective March 1, 1977.

B. Disposition of Annual Leave Balance

1. Bargaining Unit Employees

Unused current accrued annual leave which exceeds the amount of bargaining unit employee is authorized to carry-over from year to year must be used before retirement or it will be forfeited. The provisions in old *POSTAL MANUAL* 721.34 on payment for accumulated and current accrued annual leave are applicable to employees covered by collective bargaining agreements.

2. Non-Bargaining Unit Employees

Non-bargaining unit employees shall be paid a lump sum for unused annual leave up to the authorized carry-over and for accrued annual leave earned in the year of retirement (separation).

C. Granting LWOP in Certain Pending Disability Retirement Cases

1. A disability annuity begins the day after the employee's separation, or the day after his last day in a pay status if disability and service requirements are met.

2. There will probably be some pending disability retirement cases in which the Civil Service Commission will be unable by February 28, 1977, to determine and notify interested parties whether the applicant is totally disabled. If the applicant is carried in a pay status after February 28, 1977, the employee will not be eligible for the comparative computation of annuity back to February 29, 1976 (see par. A-2). To avoid this situation, applicants may request, and installation heads may grant, leave without pay beginning March 1, 1977.

If the disability claim is disallowed, sick or annual leave with pay may be retroactively substituted for the leave without pay. If the claim is allowed, the annuity begins March 1, 1977, unused accumulated annual leave is payable in a lump sum (see part B above); and unused sick leave is included in the annuity computation as in other retirement cases.

3. Where a large amount of sick leave is involved, it may be more advantageous for the employee to remain in a pay status on sick leave and be separated when the sick leave expires. Although the employee would

not be eligible for a comparative annuity computation back to February 29, 1976, he would be eligible for a comparative computation back to February 28, 1977 (see par. A-3).

D. Retirement Counseling

Form 2411, *Check List for Pre-retirement Interviews*, provides a guide on information that should be of interest to prospective retirees. Some information of general interest is repeated here for convenience.

1. Federal Income Tax

(a) A civil service annuitant does not pay Federal income tax on his annuity until he has received annuity payments equal to the amount he has contributed to the Civil Service Retirement Fund.

(b) The Tax Reform Act of 1976 (Public Law 94-455), enacted October 4, 1976, amends the Federal tax law dealing with the sick pay exclusion for individuals who retire on disability. These changes are effective with the 1976 tax year.

(c) Based on new Internal Revenue Service rules, an individual must meet *all* the following provisions to exclude up to \$5200 of disability annuity from Federal income tax under the sick pay/disability exclusion:

(1) The taxpayer must retire on disability, and be *permanently and totally disabled* for any substantial gainful employment.

(2) The taxpayer must be under age 65 during any year in which the exclusion is claimed. The exclusion ends at the beginning of the year in which age 65 is attained or at the beginning of an earlier year in which the taxpayer makes an irrevocable election not to have the exclusion apply.

(3) If the taxpayer's income from all sources exceeds \$15,000, the amount of annuity which may be excluded from tax is reduced one dollar for each dollar of income over \$15,000. If the taxpayer is married at the close of the taxable year, the disability exclusion is available only if the taxpayer and his or her spouse file a joint return for the taxable year, except in the case of a husband and wife who lived apart at all time during the taxable year.

(d) An employee who retires under the disability provisions of the Civil Service Retirement Law (total disability for the *position* held at re-

irement) must prove to the satisfaction of the Internal Revenue Service that he or she meets the definition of disability contained in the new tax law (total and permanent disability for any substantial gainful employment).

(e) Under the Tax Reform Act of 1976, there is no income tax advantage for disability retirement of an employee who will be 65 or over in the calendar year in which he or she retires, since the sick pay/disability exclusion ends no later than the beginning of the year in which age 65 is attained. For employees under age 65, clearcut advice cannot be offered regarding the income tax advantage of disability retirement versus optional retirement because the definition of disability in the new tax law is different and more stringent than the definition of disability in Civil Service retirement law. From a retirement standpoint, optional retirement can be processed more rapidly as the employee is not required to go to the time and expense of documenting his or her disability for retirement purposes. Disability retirement is still advantageous to the disabled employee who has less than the 12 years of creditable service required to continue health and life insurance coverage into retirement. (See sections D-2 and D-3.)

(f) **Temporary Internal Revenue Service income tax regulations under the Tax Reform Act of 1976 in the form of questions and answers relative to the exclusion of certain disability income payments appear elsewhere in this Postal Bulletin. Questions relative to these regulations or any aspect of Federal income tax shall be referred to the District Director of Internal Revenue.**

2. Federal Employees Group Life Insurance

(a) Regular (basic) life insurance continues free after retirement on an immediate annuity with 12 or more years of service, or for disability.

(b) If the employee has had optional insurance for all service during which it was available to him, it may also be continued into retirement. However, optional insurance premiums are paid (by automatic deductions from monthly annuity) until age 65. After age 65, optional insurance also continues free.

(c) When an employee retires at age 65 or over, or when he reaches 65,

if he retires before that age, both regular and optional insurance reduce by 2 percent a month. These reductions continue until the amount of insurance reaches 25 percent of the amount in force at retirement.

3. Health Benefits (Hospitalization and Medical)

An employee who retires on an immediate annuity with 12 or more years of creditable service, or for disability, may continue his health benefits coverage into retirement if he has been enrolled (or covered as a family member) in a Federal health plan:

(a) During the 5 years of service immediately preceding his retirement, or

(b) During all service since his first opportunity to enroll.

4. Election of Survivor Annuity

(a) Retiring employees who are married should be made aware of the small reduction in annuity for providing survivor benefits for spouse. Married employees (male and female) who elect an annuity without survivor benefit should attach a note to their retirement application confirming this election and indicating they understand the monetary difference involved.

(b) Retirement counselors are advised that a recent change in the retirement law provides that an annuity which is reduced to provide survivor benefits to spouse shall be recomputed and paid at the unreduced rate when the retired employee's marriage to the designated spouse ends. The higher unreduced annuity rate will be paid for each full month during which the retired employee is not married. When the retired employee remarries, the annuity shall again be reduced by the same percentage reductions which were in effect at the time of the retirement.

(c) Annuity increases based on this change in law shall be paid only for applicable periods which begin on or after November 1, 1974. As in all matters involving retired employees, inquiries concerning annuity adjustments should be directed to the U.S. Civil Service Commission.

E. Processing Retirement Applications

Installations should accurately process all retirement applications and related documents through appropriate channels to postal data centers as soon as possible.

Virgin Island (U.S.) Mail

All mail originating outside the customs territory of the United States is subject to customs examination, with some exceptions. (See Publication 42, *International Mail*, section 821.1.)

Although entitled to domestic mail service, mail originating in the U.S. Virgin Islands is outside the customs territory of the United States. Therefore, all mail sacks and outsides that originate in the U.S. Virgin Islands, and are routed to destinations in the U.S. customs territory, must have a Tag 10, *Supposed Liable to Customs Duty*, attached.

Since many items of value are sent in letters or letter packets which also produce revenue from dutiable articles, letter mail which appears to contain merchandise from the U.S. Virgin Islands destined to the 50 states, District of Columbia, or Puerto Rico must be turned over to U.S. Customs for necessary processing.—*Mail Processing Dept.*, 2-10-77.

F. Documents Required.

The following forms (or information) must be completed and sent to respective personnel service centers for forwarding to postal data centers in all retirement cases:

1. SF 2801, *Application for Retirement*.

2. Form 2526, *Request for Personnel Action*, and Form 50 *Notification of Personnel Action*.

3. All copies of SF 2809, *Health Benefits Registration Form*, in the employee's personnel folder, if employee is eligible to continue enrollment into retirement.

4. SF 2810, *Notice of Change in Health Benefits Enrollment*.

5. SF 56, *Agency Certification of Insurance Status*.

6. SF 54, *Designation of Beneficiary*, if one is in the employee's folder.

7. The last day for which the employee was paid, either for work performed or for paid leave. Enter the last day of pay in item 30, *Remarks*, of Form 50.

8. Complete copy of employee's military discharge certificate, if available, and if his honorable, active military service has not been verified and recorded in his official personnel folder and on his SF 2806, *Individual Retirement Record*.—*Employee & Labor Relations Group*, 2-10-77.

International Registered Mail Inquiries

This notice is to remind employees of the procedures for accepting and processing inquiries concerning the disposition of outgoing international registered mail, handling claims for indemnity if loss is established, and handling complaints about return receipts.

A. General Guidelines

1. All employees who are involved in the acceptance of international inquiries and claims should be familiar with the regulations and procedures in Chapter 9, Publication 42, *International Mail*.

2. The Postal Service encourages customers to inquire about the disposition of mail which they have sent abroad within a reasonable time after they have mailed it (30 days for registered airmail), because such inquiries identify problem areas in conveyance and delivery of international mail. Customers who make inquiries should be treated courteously and their inquiries handled speedily.

B. Inquiries

For outgoing registered mail to all countries except Canada:

1. Assist the mailer in completion of Form 542, *Inquiry About a Registered Article or an Insured Parcel or an Ordinary Parcel*.

2. Insert the particulars of dispatch from the office of mailing.

3. Collect the inquiry fee, if applicable. (See 922.1, Publication 42, or section D-2(a) of this notice.)

4. Send the completed Form 542 promptly to the postmaster at the appropriate Adjusting Exchange Office. (See 933.12, Publication 42.)

C. Claims for Indemnity

Claims for indemnity (Form 565, *Registered Mail Inquiry for Delivery and/or Application for Indemnity*) are instituted only after completion of the inquiry and only on instructions from the postmaster at the appropriate Adjusting Exchange Office. Applicable indemnity for loss of international registered mail to all countries except Canada is \$15.76.

1. Complete the post office portion of Form 565.

2. Assist the mailer in completing his portion of Form 565.

Posthumous Service Awards

Posthumous Service Award Certificates, Item No. 0-1100-D, which were inadvertently discontinued from stock, are now available from the area supply centers.

Some minor changes have been made in the wording of the Certificate. Installations should destroy stocks of the old certificates and use only the revised Certificate in the future.—*Employee Relations Dept.*, 2-10-77.

3. Assure that the mailer has signed Form 565 where required.

4. Return the completed and signed Form 565 to the Adjusting Exchange Office promptly. **These forms should not be delayed.**

D. Return Receipts Improperly Completed or Not Received

1. *Improperly completed:* At a minimum a return receipt (Form 2865, *Return Receipt for International, Insured, or Registered Mail*) should contain a postmark of the country of destination and a signature of either the addressee or a postal official, depending upon the internal procedures of the country of destination. If a mailer receives a return receipt which has not been properly completed, transmit the receipt with the complaint to the International Mail Classification Division, Office of Mail Classification, Rates and Classification Department, U.S. Postal Service, Washington, DC 20260.

2. *Not Received:*

a. If the mailer fails to receive a Form 2865 for which a fee was paid, have the mailer file a Form 542 immediately at no charge.

b. Endorse a Form 2865 *Duplicate*, complete the mailer's portion, attach it to Form 542 and mail both to the appropriate Adjusting Exchange Office for processing.

E. Other Situations

For the appropriate procedures and regulations for handling inquiries for (1) registered mail exchanged with Canada, or (2) incoming registered mail from foreign countries, review applicable sections of Chapter 9, Publication 42, *International Mail*.—*Rates & Classification Dept.*, 2-10-77.

Domestic Inaugural Service

On or after February 28, 1977, Continental Airlines will inaugurate service between (1) Peoria, IL and Chicago, IL and (2) Peoria, IL and Kansas City, MO. Official cachet and philatelic treatment are authorized as outlined in section 257.33, *POSTAL SERVICE MANUAL*. Cachets will be applied as indicated below and back-stamping will be applied at the office of offloading.

A clear space 2½ by 2½ inches on the lower portion of the envelope and to the left of the address must be allowed for the cachet. An additional clear space 1½ inches to the left of the innermost stamp must be provided to permit a clear postmark. If a clear space is not provided, a cachet will not be applied.

Mail covers to reach the office applying the cachet no later than three days prior to the scheduled date of the flight. Enclose covers in another envelope addressed as follows:

<i>Cachets to be applied by:</i>	<i>Send covers to:</i>
Chicago, IL City Post Office.	Postmaster Chicago, IL 60607
O'Hara Airport Mail Facility.	Operations Manager Airport Mail Facility O'Hare International Airport Chicago, IL 60666
Peoria, IL City Post Office.	Postmaster Peoria, IL 61601
Kansas City, MO City Post Office.	Postmaster Kansas City, MO 64108
Kansas City, MO Airport Mail Facility.	Operations Manager Airport Mail Facility Kansas City International Airport Kansas City, MO 64195

Covers already postmarked, those not properly prepared and those posted in the usual manner will not receive cachets.—*Mail Processing Dept.*, 2-10-77.

International Mail—Permit Imprint Mailings

When postmasters accept permit imprint mailings addressed to foreign countries, they must assure that postage is paid at the international rates of postage. Customers using a permit imprint for international mail must have at least 300 pieces of identical matter. Form 3602, *Statement of Mailing with Permit Imprints*, must be filed. Foreign and domestic mailings *must not* be combined.—*Rates & Classification Dept.*, 2-10-77.

Attendance Reporting for Rural Carriers

This is to correct SPECIAL POSTAL BULLETIN 21099, 11-24-76.

Page 1.

II-B-4b. Change the first two lines to read: "If assigned carrier's FLSA Code is "A", "B", "L", or "N", . . ."

Page 2.

III-A-1, 7th line. Delete the words: "on left margin".

Page 4.

Exhibit C. Change the total on the front of Form 1232 from \$16.68 to \$16.88.

Page 5.

IV-D, Block Code K, 6th, 7th, and 8th lines under *Explanation*. Delete: "but do not reflect deductions for leave used in the prior pay period."

V-B-1c. Change the first sentence to read: "Reporting Absences, Approved Leave, or Relief Day".

V-B-1d. Change the last word in the section from "entities" to "entries".

Page 6.

V-B-8, 10th and 11th lines. Change "10.50" to "10.51"; and "10.49" to "10.50".

V-D, Block Code X-6. Change the 12th and 13th lines to read: "FLSA Code is "A", "B", "L", or "N", . . ."

V-D, Block Code X-9. Change the 11th line to read: "FLSA Code is "A", "B", "L", or "N", . . ."

V-D, Block Code X-10, 6th and 7th lines. Change "10.50" to "10.51"; and "10.49" to "10.50".

Page 7.

Under Exhibit F. Delete the last sentence in explanation No. 1: "The hours must be identical in each block."

Page 14.

Example 8. Change the number under the DES. block from "72" to "71".

Under Example 8. Change the heading to read: "Regular Carrier (Designation 71) FLSA Code B".

Under Example 9. Change the first sentence of the explanation to read: "X indicates day off for having worked a relief day in a prior pay period."

Page 15.

Under Example 10. Change the last word in the second line under

Zone-Rated Military Mail and the Alaskan Gold Rate

The Governors of the Postal Service have approved recommendations from the Postal Rate Commission to eliminate the Alaskan Gold rate and to change the manner in which applicable zone charges are determined for certain zone-rated mail originating and/or destinating at overseas military post offices. At their meeting of February 2, 1977, the Governors approved the recommended decisions, and the Board of Governors has ordered them implemented effective March 6, 1977.

POSTAL SERVICE MANUAL sections 135.111b and 135.153 will be deleted, and sections 135.154, 135.155, and 135.156 will be renumbered.

Section 135.152 will read as follows:

.152 Rates according to zone apply for zone-rated mail sent between Postal Service facilities, including armed forces post offices, wherever located, except as provided below:

The rates of postage for zone-rated mail transported between the United States, the Canal Zone, Puerto Rico, or the possessions or territories of the United States, including the Trust Territory of the Pacific Islands, on the one hand, and military post offices on the other, or among the latter, shall be the applicable zone rates for mail between the place of mailing or delivery and the city of the postmaster serving the military post office concerned, subject to the following exception:

The rate of postage for zone-rated mail which is mailed at or addressed to a military post office and which is transported directly to or from military post offices at the expense of the Department of Defense, without transiting any of the 48 contiguous states (including the District of Columbia), shall be the applicable local zone rate. If such mail transits

any area served by the United States Postal Service at the expense of United States Postal Service and the distance from the place of mailing to the embarkation point or the distance from the point of debarkation to the place of delivery is greater than the local zone for such mail, postage shall be assessed on the basis of the distance from the place of mailing to the embarkation point or the distance from the point of debarkation to the place of delivery of such mail, as the case may be. The word *transiting* does not include en route transfers at coastal gateway cities which are necessary to transport military mail directly between military post offices.

Examples

1. A parcel mailed at Honolulu, Hawaii, for direct dispatch by the Department of Defense from Honolulu to a military post office in the Pacific will be subject to the local zone rate.

2. A parcel mailed at Hilo, Hawaii, and transported at the expense of the United States Postal Service to Honolulu, Hawaii, for direct dispatch at the expense of the Department of Defense from Honolulu to a military post office in Japan will be subject to zone 2 rates.

Section 136.234 will read as follows:

.234 Priority mail articles addressed to military post offices overseas (Army, Air Force, and Fleet post offices, and Naval vessels) require postage at the priority mail zone rate applicable between the mailing post office and the post office shown in the address, except as provided in section 135.152.—*Rates & Classification Dept., 2-10-77.*

explanation No. 2 from "compound" to "computed".

Under Example 11. In the second line of explanation No. 1, change "75 hours" to ".75 hours"; and change the word "automatically" to "mechanically".

Page 16.

Under Example 12. In the third line of the explanation, change "Article XLL" to "Article XLII".—*Finance Dept., 2-10-77.*

**LET'S REDUCE COSTS.
DOUBLE CHECK
ITEM NUMBERS
AND QUANTITIES
ON ALL
ACCOUNTABLE
PAPER REQUISITIONS.**

Lead Toxicity on Indoor Firing Ranges

A potential health hazard may exist from lead toxicity on indoor firing ranges. To insure the safety of Postal Service personnel who are required to qualify with firearms, all types of firing, including wax bullet practice, will not be conducted on any indoor firing range owned or controlled by the U.S. Postal Service. Firearms qualification and practice is also prohibited for Postal Service personnel on official business on indoor firing ranges which are not owned or controlled by the U.S. Postal Service. Firearms qualification schedules and sessions should be adjusted to enable firing on outdoor ranges.

The safe atmospheric lead contaminant level for indoor firing ranges is exceedingly difficult to attain. If, in the opinion of the responsible installation official, the indoor firing range at his installation can meet the safe standard, he may arrange with the Regional Medical Director for an environmental test of the range. No firing will be conducted on the indoor range until the results of the environmental study have been furnished to the Chief Medical Director for his review and written approval to use the indoor range has been furnished by the Chief Medical Director.

For those indoor ranges which are not owned or controlled by the U.S. Postal Service, but which are used by Postal Service personnel while on official business, a certified study of the environmental safety of the range from lead contamination must be furnished to the Chief Medical Director for his review. All firing by Postal Service personnel on official business will be prohibited on these indoor ranges until an environmental study is furnished to the Chief Medical Director and written approval to use the indoor range(s) is furnished by the Chief Medical Director.

U.S. Postal Service personnel will neither arrange for, nor conduct, any environmental test of any indoor range not owned or controlled by the U.S. Postal Service.

No studies or modifications will be initiated, which are designed to improve any indoor range owned or controlled by the U.S. Postal Service, without the express approval of the

All Personnel Processing Mail For Dispatch Abroad

Foreign Order Notice 65

Keep all foreign order notices for use as reference.

A lottery order has been issued against:

IRELAND

Borrisoleigh, Co. Tipperary

Maher, Miss Maura
Greenlawn

Drogheda, Co. Louth

Byrne, Miss Teresa
68 Brookville Park

Dublin

Byrne, Mr. Danny
43 Old Cabra Road

Curtis, Mr. Joseph
"Clu-o-Car"
Seafield Avenue
Clontarf

Gallagher, Mrs. Rita
40 Sea Park, Mt. Prospect Ave.
Clontarf

Hamilton, Mr. Pat
50 Norfolk Road
Phibsboro

Kelly, Mrs. Mary
7 Aideen Avenue

O'Neill, Mrs. Peggy
152 Seafield Road
Dollymount

O'Mara, Mr. Tim
7 Mt. Anville Road
Dundrum

Power, Mr. James
7 Estate Cottages
Merrion

Sheils, Mrs. C.
23 Abby Park
Monkstown

Tuam, Co., Galway

Dillon, Brendan
Camelot, Ballagaddy Rd.

Do not dispatch any mail to the above. Endorse it: *Lottery Mail* and *Return it to Sender*.

If such mail bears no return address, treat it as undeliverable and dispose of it in accordance with 159.4, PSM. This notice may be posted at the *outgoing primary* and it must be posted on the *Foreign Order Board* at all SCF's and *designated International Exchange Offices*.—*Judicial Officer, 2-10-77.*

Assistant Postmaster General, Real Estate and Buildings Department.—*Employee Relations Dept. and Inspection Service, 2-10-77.*

Oversized and Overweight SAM and PAL Parcels

Some post offices are accepting, marking, and dispatching parcels for SAM and PAL service which exceed the limitations of size and weight for these service categories. SAM parcels mailed from any post office within the 48 contiguous States may not exceed 15 pounds in weight, and may not be more than 60 inches in length and girth combined. PAL parcels are limited to 30 pounds in weight, and 60 inches in combined length and girth. (See 126.152a and 126.153, POSTAL SERVICE MANUAL.) Parcels exceeding the limitations of size or weight for SAM or PAL service must not be marked for such service by postal employees.

Customers who themselves apply SAM or PAL markings on parcels which are oversized or overweight and present them to the post office for mailing must be courteously informed of the prescribed size and weight limitations and asked to obliterate the inappropriate markings.

Managers of accepting units must give this matter careful supervision.—*Rates & Classification Dept., 2-10-77.*

Irregularities in Preparation of Mail Matter

Revised Form 3749-A, *Irregularities in Preparation of Mail Matter* (September 1976 edition) is now available from both area supply centers. The September 1976 edition will include two additional classes of mail, first-class and foreign. An automatic distribution will be made by the area supply centers to offices participating in the computerized Irregularity Mail Reporting Program.

Offices should continue to use previous editions until arrival of the revised form. After receipt of the September 1976 edition, stocks of the previous editions should be destroyed. Additional copies of the revised form should be requisitioned during normal requisitioning cycle from the servicing area supply center using Form 7380, *Requisition for Supplies*.—*Mail Processing Dept., 2-10-77.*

Proper Use of Bulk Mail Containers

All post offices and private mailers who use the bulk mail containers are reminded to properly load the containers to assure that their articles are not delayed due to their incompatibility with bulk mail sorting equipment. Please follow the following simple rules:

1. Check each container to see that all working parts (doors, wheels, tow pins) are working properly before loading the container. Return each defective container with a red defective tag attached to the tow pin end, and return the container to the bulk mail center.

2. Place only *properly* wrapped parcels in the container (less than 34 inches by 17 inches by 17 inches, and up to 25 pounds). Do not place rolls, paint cans, tail pipes, tires, liquids, wood boxes, etc., in bulk mail containers.

3. Sacks, when placed in containers, should not be mixed with machineable size parcels (described above). Do not load the sacks any higher than two to six inches from the top of the container. Do not load sacks in containers within the New York or Chicago service area.

4. Randomly place parcels in containers. Do not bricklay parcels in the container because this results in the interlocking of parcels preventing their unloading during the unloading process.

5. Open the side loading door during loading. Please *do not* throw parcels in the container.

6. Allow two to six inches of clearance between the parcels and the top of the container. Do not heap the parcels in the container to heights above the top of the container.

7. When loading parcels into a container do not overweigh the container. The maximum gross weight should not exceed 1800 pounds. (Aluminum containers weigh 380 pounds empty and metal containers weigh 580 pounds empty.)

8. Preferential mail (first class, special handling, special delivery, and air parcel post) should *not* be placed in bulk mail containers. Route these articles separately through the general mail system.

International Inaugural Service

On or after March 2, 1977, American Airlines will inaugurate service from New York to Montego Bay and Kingston, Jamaica. Official cachet and philatelic treatment are authorized as outlined in section 257.33, *POSTAL SERVICE MANUAL*. To send covers by this service, prepare them in the usual manner addressed for delivery in Jamaica, the United States, and Canada, affixing postage at 25 cents per half ounce. **Aerogrammes and Postal Cards will not be accepted.**

A clear space, 2½ by 2½ inches on the lower portion of the envelope and to the left of the address, must be allowed for the cachet. An additional 1½ inches to the left of the innermost stamp must be provided to permit a clear postmark. If a clear space is not provided, a cachet will not be applied.

Mail covers to reach the office applying the cachet no later than three days prior to the scheduled date of the flight. Enclose covers in another envelope addressed as follows:

<i>Cachets to be applied by:</i>	<i>Send covers to:</i>
Kennedy International Airport Mail Facility.	Philatelic Mail Clerk Airport Mail Facility Building 179 Kennedy International Airport Jamaica, NY 11430
New York City Post Office.	Postmaster General Post Office New York, NY 10001
United Nations Post Office.	Superintendent United Nations Post Office Room 1-B-26 United Nations Headquarters New York, NY 10017

Endorse the lower left corner of the envelope containing the covers with AAL Inaugural Covers for easy identification.

Covers sent through the United Nations Post Office should be addressed as outlined above except that U.N. (not United States) postage must be affixed. Covers already postmarked, those not properly prepared, and those posted in the usual manner will not receive cachets.—*Mail Processing Dept., 2-10-77.*

Your help and cooperation will assist both your customers and the bulk mail centers to properly move the mail to its destination without delay.—*Mail Processing Dept., 2-10-77.*

Circulation of New \$2 Bill

The Treasury Department re-introduced the \$2 bill last April to reduce the cost of manufacturing currency. They report evidence indicating that average consumers are receptive to the new bills, but are not receiving them through normal channels. The Postal Service desires to join the retailers around the country who are trying to speed the bill's circulation by using it as they would any other denomination in daily change-making operations.

Postmasters and fund custodians are requested to cooperate in this endeavor by encouraging the use of \$2 bills in routine change-making at window positions.—*Customer Services Dept., 2-10-77.*

International Mail Addressed to the Transkei

Postal employees are advised that postal union mail and parcel post addressed to the Transkei is acceptable for mailing. Postage rates and conditions for mailing as prescribed for South Africa (Republic of) apply to mail destined for the Transkei. Please add a pencil notation to the country entry in Appendix B, Publication 42, *International Mail*, to show that South Africa includes the Transkei.

Surface mail addressed to the Transkei should be routed to Foreign Center, NY 099. Airmail should be routed to AMF Kennedy, NY 114.

This change will be incorporated in the next revision of Publication 42.—*Rates & Classification Dept., 2-10-77.*

International Mail—Customs Clearance Fee

The customs clearance and delivery fee for postal union mail articles and parcel post is \$1.00. Delivering employees should be reminded that the fee is collected for each postal union article and each parcel on which custom duty or internal revenue tax is paid by the addressee, even if several articles or parcels are covered by a single custom entry form. See Parts 620 and 720, Publication 42, *International Mail*.—*Rates & Classification Dept., 2-10-77.*

PSM Issue 115

POSTAL SERVICE MANUAL, Post Office Services (Domestic), Transmittal Letter 41, Issue 115, dated 12-31-76, contained errors in sections 136.63, 141.124, and 135.26. The corrections follow:

136.6 Marking, Sealing, and Depositing

.63 Deposit airmail weighing 10 ounces or less at the post office or in a special airmail letter box or drop, if available, to insure fastest dispatch, or in any collection box. Airmail weighing over 10 ounces must be deposited at the post office, branch, or station, or handed to a rural or star route carrier.

141.124 Precanceled Envelopes

Only nonprofit organizations or associations covered in 134.5 may purchase 2.0 cent precanceled envelopes. Sales are made in full box lots only.

135.26 Fourth-Class Library Rate

Renumber section 135.26b(6) as 135.26c.

Renumber section 135.26c as 135.26d.

The POSTAL SERVICE MANUAL will be revised accordingly.—*Rates & Classification Dept.*, 2-10-77.

Pressure Sensitive Label Dispenser Holder

Holders for our color-coded label dispensers, Item Q-7506 (for Labels C, 3, S, F, and D) are now available at both area supply centers. The holder will accommodate five card-board dispensers and can be mounted in either mechanized or manual processing units.

Offices may requisition Item Q-7506 from the area supply centers by submitting Form 7380, *Requisition for Supplies*, during normal requisitioning cycles.—*Mail Processing Dept.*, 2-10-77.

Energy Conservation

Energy Document Control No. R-77-317

Due to the extreme shortage of natural gas this winter, care must be taken to review areas of the buildings that are heated.

Facility heads are reminded to review Chapter 3 on heating in Handbooks MS-49, *Energy Conservation and Maintenance Contingency Planning in Large Postal Facilities*, and MS-50, *Energy Conservation and Maintenance Contingency Planning Small Postal Facilities*.

Enclosed parking garages, enclosed loading and transfer areas, and enclosed loading docks are provided with mechanical ventilation to remove gasoline and carbon monoxide vapors. These areas are generally only heated to temper the air to prevent the freezing of pipes located within their confines. Heating will be provided to the maximum of 49° F. when the winter temperature is 32° F. or lower. To conserve energy and heat during the winter months, keep garage doors closed as much as possible and equip each door with seals to minimize infiltration.—*Mail Processing Dept.*, 2-10-77.

Carrying Passengers on Freight Elevators

Under certain conditions, freight elevators not accessible to the general public may carry employees. For freight elevators meeting rated load, hoistway entrances, and car door or gate requirements, as specified in *Maintenance Bulletin* MMO-4-77, 11-17-76, the following notice should be placed in each elevator: "No passengers except specifically authorized employees are permitted to ride on this elevator."

Any postal facility not in full compliance with elevator safety requirements shall immediately contact an elevator inspector or the Maintenance Technical Support Center, Plant Equipment Branch, Norman, Oklahoma.—*Mail Processing Dept.*, 2-10-77.

Prompt Payment Discounts

If prompt payment discounts listed on Purchase Orders, Delivery Orders, and Contracts are not taken, the Postal Service could lose thousands of dollars each year. This loss of purchase discounts is an unnecessary cost to the requiring activity's budget.

Unless the item purchased is F.O.B. Origin, invoices cannot be paid by the PDC's until a copy of the completed receiving report (Copy 6 of Form 7334, *Order-Invoice-Voucher*, or Form 7379, *Receiving Report*) has been received by the PDC.

It is the responsibility of each installation head to assure that, immediately upon receipt and acceptance of the supplies or services ordered, the applicable receiving report is completed and sent to the appropriate PDC.

It is the responsibility of each contracting officer to assure that the discount information contained on Form 7334 and Form 7333, *Solicitation, Offer and Award*, is complete and accurate.—*Procurement & Supply Dept. and Finance Dept.*, 2-10-77.

Employee Mail Addressed to Work Location

It is Postal Service policy that postal employees will not routinely receive personal mail addressed to them at their place of employment.

This policy does not preclude the delivery to employees at their place of employment of official USPS mail and certain other mail which relates to the discharge of the employees' duties.

Employees should advise their correspondents to use the employees' current personal mailing address for personal mail, rather than the address of his or her duty station.—*Operations Group*, 2-10-77.

A MOTORIST SHOULD ALWAYS DRIVE SO THAT HIS LICENSE WILL EXPIRE BEFORE HE DOES!

POST OFFICE CHANGES NO. 7

(Supplemental to 1977 Directory of Post Offices, Publication 26—not yet published.)

Abbreviations: B=Branch. C=City Delivery. Conv.=Converted. CPO=Community Post Office. Dis.=Discontinued. DOPO=Directory of Post Offices. Estab.=Established. F=Finance. IC=Independent City. MOU=Money Order Unit. MPO=Main Post Office. MR=Mailing Restrictions (from Part 128 PBM) apply. NP=Nonpersonnel. NZCD=National ZIP Code Directory. RB=Rural Branch. Resc.=Rescinded. RS=Rural Station. S=Station. x=Classified. (Contract stations and branches do not have the symbol "x" following the symbol for type of installation.)

State	Name of post office	County/parish	Name of station, branch, or unit	Type S/B	ZIP Code	Change action	Effective date	Explanation of change
AR	Fort Smith	Sebastian	A	S	72901	Delete	8-1-77	ZIP Codes changed due to parent post office conv. to multi-coded.
AR	do	do	A	S	72903	Add	8-1-77	
AR	do	do	B	S	72901	Delete	8-1-77	
AR	do	do	B	S	72904	Add	8-1-77	
AR	do	do	South Fort Smith	Sx	72901	Delete	8-1-77	
AR	do	do	do	Sx	72906	Add	8-1-77	
AR	do	do	do	B	72905	Add	8-1-77	
CA	Los Angeles	Los Angeles	Greenmead	Sx	90000	Delete	1-24-77	To delete duplicate listing in DOPO and NZCD.
CA	Ontario	San Bernardino	Airport	S	91761	Delete	6-30-73	S disc.; to correct DOPO and NZCD.
CT	East Hampton	Hartford	Marlborough	Bx	06447	Add	12-6-76	Bx estab.; new ZIP Code assigned.
FL	Pensacola	Escambia	Downtown	Sx	32501	Add	1-1-77	Sx estab.
KY	Williamsburg	Whitley	Saxton	CPO	40769	Delete	8-18-72	} CPO disc.; to correct DOPO and NZCD.
KY	do	do	Wofford	CPO	40770	Delete	8-3-73	
MS	Bay Saint Louis	Hancock	NASA	B	39529	Add	1-21-77	B estab.; new ZIP Code assigned.
MS	Polarville	Pearl River	A	S	39470	Add	8-16-76	S estab.
NY	New York	New York	West Village	S	10014	Add	1-24-77	S estab.
OH	Toledo	Lucas	Northwood	Bx	43619	Delete	5-21-76	} Bx disc.; to correct DOPO and NZCD.
OH	do	do	Oregon Area 3	Bx	43619	Delete	5-21-76	
PA	Pittsburgh	Allegheny	West Mifflin	Bx	15122	Delete	7-1-76	Bx disc.
TX	Lake Jackson	Brazoria	Plantation	S	77566	Add	10-15-76	S estab.

—Customer Services Dept., 2-10-77.

Postmaster/Managers

CONSUMER PROTECTION WEEK/SERVICE CARD PROGRAM

The week beginning, Monday, February 21, and ending Saturday, February 26, 1977, has been designated the second annual Postal Consumer Protection Week. The focus of the week—as it was in 1976—will be the reliability of mail-order buying, and the procedures available to postal customers in resolving mail-order problems, in handling suspected false representation by mail or mail fraud, and in processing a service problem under the revised Consumer Service Card Program.

Guidelines, instructions, and details concerning the week are being provided through a special Postmaster Kit for Postal Consumer Protection Week that is being distributed to postmasters of post offices with revenue units of 190 or more. A poster to be displayed from Monday, February 14, until the close of business Saturday, February 26, is being forwarded under separate cover to these same postmasters, as well as to all classified stations and branches.

Additionally, references in the week's activities and materials pertain to the Consumer Service Card; *A Consumer's Guide to Postal Service*, Pub. 201 (in English) and Pub. 201A (in Spanish); and *Mail Fraud Laws—Protecting: Consumers, Investors, Businessmen, Patients, Students*, Pub. P-19. Please make sure that your post office has a supply of these items available and convenient to your customers. Consumer Service Cards must be available in lobbies.

New materials are being provided which will increase the visibility of the Consumer Service Card program and improve public awareness of the card's availability and how it can help the consumer.

Poster 31-A, *Mail Problem?*, is a new lobby poster that is scheduled to be shipped on February 10 to management sectional centers. Copies should be distributed to associate offices, stations, and branches in time

for the posters to be displayed during Consumer Protection Week. The same poster in Spanish (Poster 31-C) is being distributed to selected offices.

A new counter card holder, Poster 31-B, also entitled *Mail Problem?*, has been designed. Enough holders are being printed to provide most large office lobbies with two, and medium-size offices, stations, and branches with one each. Small offices will receive only the poster and will make the cards available to consumers from the counter. A Spanish language counter card holder (Poster 31-D) will be sent to the same selected offices receiving the Spanish posters. The counter card holders will be shipped in February. They should replace existing card holders as soon as they are received.

Blank lines are drawn on the poster and card holder for the signature of the postmaster or station/branch manager.—Public & Employee Communications Dept., 2-10-77.

POSTAL BULLETIN INDEX

Appearing below is a complete index for POSTAL BULLETINS 21085-21102, July 1-December 30, 1976. From now on the index will appear quarterly.

This index is based on POSTAL BULLETIN articles only; TWX's, memos, and other issuances are not included. Lists of stolen money orders are not indexed.

POSTAL BULLETIN articles are cited by issue number and page. Every attempt has been made to keep the index short and to list each article by *key word*.

Some articles have been mentioned more than once if they contain more than one key word. For example, the article *Mismatched Numbers on Insured and Certified Receipts* will be found under *Certified Mail, Insured Mail, and Receipts*.

Cross references between main subject headings are given as needed. For example, articles on acceptance of mail will be found under the headings *International Mail* and *Parcels/Packaging*.

When the material in a POSTAL BULLETIN article has been placed in a permanent issuance, the index cites only the permanent issuance, which is the best current source for that particular information. For example, the POSTAL BULLETIN article on *Animal Fighting Ventures* was superseded by a transmittal letter to the POSTAL SERVICE MANUAL (Issue 115, dated 12-31-76). The current information on this subject now appears in 123.44h, PSM. The index gives only 123.44h, PSM, as a reference.

When the information in a POSTAL BULLETIN notice is planned to appear in a permanent directive, the index gives both the POSTAL BULLETIN location and the intended location. For example, the listing *City Delivery, Housing Vacancy Surveys; PB 21101; page 20; to be in 259.1, PSM*, indicates that this information appeared in POSTAL BULLETIN 21101 and will appear in 259.1 of the POSTAL SERVICE MANUAL.

Extra copies of this BULLETIN may be ordered on Form 1286-A, *Publication Order Blank*, from the Eastern Area Supply Center.

When the material in a POSTAL BULLETIN article has been placed in a permanent issuance, the index cites only the permanent issuance, which is the best current source for that particular information.

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TEMPORARY INCOME TAX REGULATIONS

Shown below is the complete text of temporary Internal Revenue Service income tax regulations under the Tax Reform Act of 1976, as printed in the *Federal Register* dated December 29, 1976. These regulations deal with the exclusion of certain disability income payments.

Questions and Answers Relating to Exclusion of Certain Disability Income Payments

This document contains questions and answers relating to the exclusion of certain disability income payments received in taxable years beginning after December 31, 1975, from an employer-establish plan.

Under prior law, an employee could exclude from income up to \$100 a week received under wage continuation plans when such employee was absent from work on account of injury or sickness. The Tax Reform Act of 1976 eliminates the so-called sick pay exclusion for temporary absences from work and continues the exclusion of up to \$5,200 a year generally for retirees under age 65 only if the disability retiree is permanently and totally disabled. In addition the Act reduces this \$5,200 exclusion dollar-for-dollar for adjusted gross income (including disability income) in excess of \$15,000.

These questions and answers are intended to provide guidelines which may be relied upon by taxpayers in order to resolve the issues specifically considered. However, no inferences should be drawn regarding issues not raised which may be suggested by a particular question and answer or as to why certain questions, and not others, are included. Furthermore, in applying the questions and answers, the effect of subsequent legislation, regulations, court decisions, and interpretative bulletins must be considered.

Adoption of Amendments of the Regulations

In order to provide Temporary Income Tax Regulations (26 CFR Part 7) under section 105(d) of the Internal Revenue Code of 1954, as amended by section 505 (a) and (c) of the Tax Reform Act of 1976 (90 Stat. 1566), the following new section is added.

§ 7.105-1 Questions and answers relating to exclusions of certain disability income payments.

Q-1. *What effect on the sick pay exclusion does the new law have?*

A-1: The "sick pay" provisions of prior law (which allowed a limited exclusion from gross income of sick pay received before mandatory retirement age by active employees temporarily absent from work because of sickness or injury, as well as by disability retirees) have been replaced by provisions of the new law (which provide for a limited exclusion of disability payments but restrict its application to individuals retired on disability who meet certain requirements as to permanent and total disability, age, etc.) (Q-4). As a result of the more restrictive provisions of the new law, many taxpayers who qualified for the exclusion in previous taxable years will not be eligible to claim the disability payments exclusion beginning with the effective date of the new law.

Q-2: *What is the effective date of the new law relating to disability exclusion?*

A-2: The disability payments exclusion and the related annuity provisions of the Tax Reform Act of 1976 are effective for taxable years beginning after December 31, 1975. Thus, a payment received in 1976 by a retiree who uses the cash receipts and disbursements method of accounting and files returns on a calendar year basis is governed by the new law. This is true even though the payment may be applicable to 1975. For example, a payment for December 1975 that is received in January 1976 by a calendar-year, cash-basis taxpayer is controlled by the new law.

Q-3: *What are disability payments?*

A-3: In general, disability payments are amounts constituting wages or payments in lieu of wages made under provisions of a plan providing for the payment of such amounts to an employee for a period during which the employee is absent from work on account of permanent and total disability. Amounts paid to such an employee after mandatory retirement age is attained are not wages or payments in lieu of wages

for purposes of the disability income exclusion.

Q-4: *Who is eligible to exclude disability payments?*

A-4: A taxpayer who receives disability payments in lieu of wages under a plan providing for the payment of such amounts may qualify for the exclusion provided all of the following requirements are met:

(1) The taxpayer has not reached age 65 (see Q-9) before the end of the taxable year;

(2) The taxpayer has not reached mandatory retirement age (see Q-8) before the beginning of the taxable year;

(3) The taxpayer retired on disability (see Q-10) (or if retired prior to January 1, 1976 and did not retire on disability, would have been eligible to retire on disability at the time of such retirement);

(4) The taxpayer was permanently and totally disabled (see Q-11) when the taxpayer retired (or if the taxpayer retired before January 1, 1976, was permanently and totally disabled on January 1, 1976); and

(5) The taxpayer has not made an irrevocable election not to claim the disability income exclusion (see Q-17 through Q-19).

Q-5: *What limitations are placed on the amounts excludable?*

A-5: The amount of disability income that is excludable:

(a) Cannot exceed the amount of the disability income payments received for any pay period;

(b) Cannot exceed a maximum weekly rate of \$100 per taxpayer. Thus, the maximum disability income exclusion allowable on a joint return (see Q-7) in the usual case where one spouse receives disability payments, generally, would be \$5,200, and if both spouses received disability payments the maximum exclusion, generally, would be \$10,400 (\$5,200 for each spouse);

(c) Cannot exceed, in the case of a disability income payment for a period of less than a week, a prorated portion of the amount otherwise excludable for that week (see Q-6); and

(d) Cannot exceed, for the entire taxable year, the total amount otherwise excludable for such taxable year reduced, dollar for dollar, by the amount by which the taxpayer's ad-

justed gross income (determined without regard to the disability income exclusion) exceeds \$15,000. Where a disability income exclusion is claimed by either or both spouses on a joint return, the taxpayer's adjusted gross income means the total adjusted gross income of both spouses combined (determined without regard to the disability income exclusion) (see also Q-7).

Q-6: *On what occasion is a taxpayer likely to receive part-week disability payments? How do you prorate such payments?*

A-6: Such part-week payments may be received when one of the following events occurs after the first day of the taxpayer's normal workweek: (a) the disability retirement commences; (b) the taxpayer reaches mandatory retirement age in a taxable year prior to the taxable year in which such taxpayer attains age 65; or (c) the taxpayer dies. To prorate a part-week disability income payment for purposes of the exclusion, the taxpayer must:

(1) Determine the "daily exclusion," which is the lesser of—

(a) The taxpayer's daily rate of disability pay, or

(b) \$100 divided by the number of days in the taxpayer's normal workweek.

(2) Multiply the daily exclusion by the number of days for which the part-week payment was made.

Thus, for a taxpayer whose normal workweek was Monday through Friday and whose retirement on permanent and total disability began on Wednesday, the first disability income payment would include a payment for a part-week consisting of three days. Assuming that the daily exclusion determined in (1), above, is \$20, the taxpayer's exclusion for the first week would be \$60 ($\20×3).

Q-7: *What filing restrictions apply to a married taxpayer who claims a disability income exclusion?*

A-7: A taxpayer married at the close of the taxable year who lived with his or her spouse at any time during such taxable year must file a joint return in order to claim the disability income exclusion. However, a taxpayer married at the close of the taxable year who lived apart from his or her spouse for the entire taxable year may claim the exclusion on either a joint or separate return.

Q-8: *What is "mandatory retirement age"?*

A-8: Generally, mandatory retirement age is the age at which the taxpayer would have been required to retire under the employer's retirement program, had the taxpayer not become disabled.

Q-9: *Does a taxpayer reach age 65 on the day before his or her 65th birthday for purposes of the disability income exclusion, as is the case for purposes of the exemption for age and the credit for the elderly?*

A-9: No. For purposes of the disability income exclusion, a taxpayer reaches age 65 on the day of his or her 65th birthday anniversary. Thus, a taxpayer whose 65th birthday occurs on January 1, 1977, is not considered to reach age 65 during 1976, for purposes of the disability income exclusion.

Q-10: *What does "retired on disability" mean?*

A-10: Generally, it means that an employee has ceased active employment in all respects because of a disability and has retired under a disability provision of a plan for employees. However, an employee who has actually ceased active employment in all respects because of a disability may be treated as "retired on disability" even though the employee has not yet gone through formal "retirement" procedures, as for example, where an employer carries the disabled employee in a non-retired status under the disability provisions of the plan solely for the purpose of continuing such employee's eligibility for certain employer-provided fringe benefits. In addition, such an employee may be treated as "retired on disability" even though the initial period immediately following his or her ceasing of employment on account of a disability must first be used against accumulated "sick leave" or "annual leave" prior to the employee being formally placed in disability retirement status.

Q-11: *What is permanent and total disability?*

A-11: It is the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that:

(a) Can be expected to result in death;

(b) Has lasted for a continuous period of not less than 12 months; or

(c) Can be expected to last for a continuous period of not less than 12 months. The substantial gainful activity referred to is not limited to the activity, or a comparable activity,

in which the individual customarily engaged prior to such individual's retirement on disability.

Q-12: *If a taxpayer retired on disability but it is not clear until the following taxable year that the disability as of the date of such retirement was permanent and total (so that the employee did not exclude any amount as disability income in the earlier taxable year), may the taxpayer file an amended return to claim the disability income exclusion for the taxable year in which such taxpayer retired on disability which was permanent and total?*

A-12: Yes.

Q-13: *What proof must a taxpayer furnish to establish the existence of permanent and total disability?*

A-13: If retired on disability before January 1, 1976: A certificate from a qualified physician attesting to the taxpayer's permanent and total disability on January 1, 1976.

If retired on disability during 1976 or thereafter: A certificate from a qualified physician attesting to the taxpayer's permanent and total disability at the time such taxpayer retired on disability.

In either case, the taxpayer must attach such certification to the taxpayer's income tax return. The certification by the physician shall give the physician's name and address and shall also contain an acknowledgment that the physician understands the certification will be used by the taxpayer to claim the exclusion for permanent and total disability on his or her income tax return. No certification from any employer is required with regard to the determination of permanent and total disability.

Q-14: *For what period does a taxpayer eligible (see Q-4) for the disability income exclusion (without regard to the \$15,000 income phaseout explained in Q-5) continue to be eligible for such exclusion?*

A-14: Unless the taxpayer earlier makes the irrevocable election not to claim the disability income exclusion described in Q-17 through Q-19, such taxpayer continues to be eligible until the earlier of:

(a) The beginning of the taxable year in which the taxpayer reaches age 65; and

(b) The day on which the taxpayer reaches mandatory retirement age.

Q-15: *May a taxpayer while eligible (see Q-4) for the disability*

income exclusion under the new law, exclude any applicable pension or annuity costs?

A-15: No. This is true even though while eligible for the disability income exclusion, such taxpayer is unable to exclude any amount of the disability income payments because of the \$15,000 income phaseout (see Q-5).

Q-16: *When will a taxpayer who is eligible (see Q-4) to exclude disability income payments (without regard to the \$15,000 phaseout explained in Q-5) under the new law be able to exclude any applicable pension or annuity costs?*

A-16: In general, such a taxpayer will begin to exclude any of his or her pension or annuity costs under applicable rules of the Code beginning on the first day of the taxable year in which he or she attains age 65 or, if mandatory retirement age is attained in an earlier taxable year, beginning on the day the taxpayer attains mandatory retirement age.

Q-17: *May a taxpayer who is eligible (see Q-4) to exclude disability income payments (without regard to the \$15,000 phaseout explained in Q-5) under the new law begin to exclude applicable pension or annuity costs in an earlier taxable year?*

A-17: Yes, but such a taxpayer must make the election described in Q-18 and Q-19 in which case the taxpayer would no longer be eligible for the disability income exclusion.

Q-18: *What is an election not to claim the disability income exclusion?*

A-18: It is an irrevocable election for the taxable year for which the election is made, and each taxable year thereafter. If such an election is made the taxpayer will begin to recover tax-free, out of the payments, his or her annuity costs as provided under the applicable provision of the Code.

Q-19: *How does a taxpayer who is eligible to exclude disability income payments (without regard to the \$15,000 phaseout explained in Q-5) under the new law make this election?*

A-19: The election is made by means of a statement attached to the taxpayer's income tax return (or amended return) for the taxable year in which the taxpayer wishes to have the applicable annuity rule apply. The statement shall set forth the taxpayer's qualifications to make the election (i.e., that the taxpayer is

Parcels for Military Post Offices in Turkey

Temporary arrangements which allowed for the acceptance of parcels to military post offices in Turkey for the Christmas holiday period expired January 31, 1977. Effective February 1, 1977, the mailing restriction was resumed which is indicated in footnote S of Part 126, POSTAL SERVICE MANUAL, and states: "No parcels (merchandise) of any kind accepted". Mail matter other than parcels (merchandise) remains acceptable for mailing to military post offices in Turkey subject to mailing restrictions as indicated by footnotes A, B¹, and F, Part 126, PSM.—*Rates & Classification Dept., 2-10-77.*

eligible (see Q-4) to exclude disability income payments (without regard to the \$15,000 income phaseout explained in Q-5)) and that such taxpayer irrevocably elects not to claim the benefit of excluding disability income payments under section 105(d), as amended, for such taxable year and each taxable year thereafter. The election cannot be made for any taxable year beginning before January 1, 1976.

Q-20: *What relief is provided for taxpayers who underpaid their estimated taxes for the installments due prior to enactment of the Tax Reform Act of 1976?*

A-20. The IRS does not, under present law, have any authority to abate estimated tax underpayment penalties that are attributable to retroactive changes in the tax law. However, when Congress reconvenes it is anticipated that legislation may be approved to relieve taxpayers of such penalties due to the Tax Reform Act to the extent that they are attributable to retroactive changes in the law. Therefore, the Service will defer assessment of penalties for the underpayment of estimated tax until April 15, 1977, in order that Congress will have an opportunity to consider legislative action in this area. In the meantime, current estimated tax installments should reflect changes made in the law. To avoid additional penalties which will arise should remedial legislation not be enacted, taxpayers should pay previously underpaid estimated tax as soon as possible.—*Employee & Labor Relations Group, 2-10-77.*

Uniform Allowance Program

Changes in Use of Social Security Number

Beginning with payroll processing for Pay Period 4, Form 1961, *Employee Uniform Allowance Statement*, will be distributed from the St. Louis PDC with the last two digits of the employee social security number eliminated. Future invoices will therefore contain only the first seven digits of the social security number. These seven digits are sufficient to match the invoice with the appropriate Form 1498, *Uniform Allowance Payment Record*. When resolving problems in individual accounts with the St. Louis PDC, post office officials must reference the entire social security number as it appears on the Form 1498.

Any vendors questioning the change should be informed that:

1. The seven digits are the first digits of the social security number.
2. Those digits, along with the employee's name, serve as sufficient unique identification.
3. All reports sent to vendors by the St. Louis PDC will contain these same seven digits.
4. This change is necessary in order to protect the privacy of employees.—*Office of Management Services, 2-10-77.*

Resumption of Mail Service to Vietnam

Effective immediately, all postal union mail articles may be accepted for Vietnam (Socialist Republic). This includes letters, letter packages, cards, small packets, printed matter, and matter for the blind. These articles may be sent by surface or air-mail. Registry service is also available.

Publication 42, *International Mail*, presently contains information for (I.) North Vietnam and (II.) South Vietnam. Make a write-in change in the North Vietnam notes to indicate that letter packages and small packets are permitted. Change the note under South Vietnam to indicate that all postal union articles are permitted. There is no parcel post service to Vietnam.

Publication 42 will be revised in the near future.—*Rates & Classification Dept., 2-10-77.*

MISSING OR STOLEN U.S. MONEY ORDER FORMS—DO NOT CASH

To be posted and used by window clerks. As directed, destroy previous notices. Insert any interim notices in sequence.

- A. New Style. (Listed below.) The actual serial numbers consist only of the first 10 digits. Destroy the PB 21104 article.
- B. Old Style. The listing from PB 21096 is still valid.
- C. Counterfeit. The listing from PB 21102 is still valid.

1636676082	to	1636676999	2018938400	to	2018938499	2107740713	to	2107740799
1657057000	to	1657057999	2020057900	to	2020058199	2108553150	to	2108553499
1698585200	to	1698585599	2020617306	to	2020617399	2108619400	to	2108619599
1813957442	to	1813957999	2021090400	to	2021090499	2108684500	to	2108684699
1818290300	to	1818290699	2022309769	to	2022309799	2112380459	to	2112380999
1882610034	to	1882610099	2023458092	to	2023458299	2115139783	to	2115139799
1895135524	to	1895135599	2025217286	to	2025217699	2115272600	to	2115273099
1903536500	to	1903536599	2025609787	to	2025609999	2116823100	to	2116823599
1913077598	to	1913077999	2026068306	to	2026068399	2117834238	to	2117834299
1914787700	to	1914787999	2026636200	to	2026636599	2122159972	to	2122159984
1920282400	to	1920282497	2028624211	to	2028624299	2122681108	to	2122681499
1925051436	to	1925051499	2028917000	to	2028917999	2125692381	to	2125692399
1928283500	to	1928283599	2032976000	to	2032977499	2131513600	to	2131513899
1932043571	to	1932043599	2033489900	to	2033489999	2131659000	to	2131659199
1932738600	to	1932738999	2034879111	to	2034879199	2135784229	to	2135784399
1937773334	to	1937773399	2036193700	to	2036193999	2138225800	to	2138226299
1938921759	to	1938921999	2036194350	to	2036194599	2139131670	to	2139131699
1942580000	to	1942580299	2038516800	to	2038516899	2141293584	to	2141293598
1943408185	to	1943408199	2039774500	to	2039774775	2141582955	to	2141582999
1943791168	to	1943791199	2041088000	to	2041089999	2141594800	to	2141594999
1944408645	to	1944408699	2041609600	to	2041609699	2143694808	to	2143694899
1945120446	to	1945120499	2043081700	to	2043081899	2143694920	to	2143694999
1945243540	to	1945243599	2043875944	to	2043875999	2147970000	to	2147970199
1951045661	to	1951045999	2045459800	to	2045460099	2148789300	to	2148789399
1952637000	to	1952638999	2050722591	to	2050722599	2148839300	to	2148839499
1953225400	to	1953225699	2052888200	to	2052888299	2149387653	to	2149387699
1955912600	to	1955912799	2055619034	to	2055619099	2150437926	to	2150438199
1956726600	to	1956726799	2057429400	to	2057429599	2152225157	to	2152225199
1957938108	to	1957938199	2058070042	to	2058070199	2155325100	to	2155325399
1957955926	to	1957955999	2058071000	to	2058071099	2155380200	to	2155380499
1959615000	to	1959615399	2063490600	to	2063490699	2160339107	to	2160339499
1960158738	to	1960158799	2064110687	to	2064110699	2161864279	to	2161864399
1960654800	to	1960654849	2064797131	to	2064797199	2166786072	to	2166786999
1960798060	to	1960798099	2064865293	to	2064865399	2169293359	to	2169293399
1963340631	to	1963340670	2064920627	to	2064920699	2169363900	to	2169363999
1963340674	to	1963340699	2064934600	to	2064934799	2172415400	to	2172415799
1966365500	to	1966365599	2067343432	to	2067343441	2172869517	to	2172869599
1968229058	to	1968229099	2067935600	to	2067935649	2173716964	to	2173716999
1970126582	to	1970126599	2070415820	to	2070415832	2175100002	to	2175100099
1973940231	to	1973940299	2070708800	to	2070708899	2176673400	to	2176673599
1974270113	to	1974270149	2071505324	to	2071505399	2179024181	to	2179024299
1974545484	to	1974545499	2071598565	to	2071598599	2188800511	to	2188800599
1974626100	to	1974626599	2071636784	to	2071636799	2188801700	to	2188801899
1975461931	to	1975461999	2073371600	to	2073372099	2189762200	to	2189762399
1979755713	to	1979755724	2079763066	to	2079763099	2195763572	to	2195763581
1981716500	to	1981716699	2081811623	to	2081811699	2199735900	to	2199736199
1982839495	to	1982840499	2082801500	to	2082801699	2202566712	to	2202566799
1987731000	to	1987731199	2082878700	to	2082878899	2203500000	to	2203500999
1988187449	to	1988187499	2083855000	to	2083856999	2207322100	to	2207322199
1990507805	to	1990507899	2085962942	to	2085962999	2208302600	to	2208302899
1990507905	to	1990507999	2090619332	to	2090619399	2213714600	to	2213714999
1990687689	to	1990687699	2090982736	to	2090982799	222479305	to	222479399
1993108600	to	1993108699	2093535946	to	2093535999	2224159200	to	2224159399
1995671359	to	1995671999	2096132430	to	2096132451	2225100300	to	2225100499
1999837384	to	1999837499	2097278200	to	2097278299	8005023000	to	8005023999
2002881886	to	2002881899	2097282600	to	2097283099	8006421254	to	8006421299
2008467100	to	2008467199	2099936003	to	2099936199	8006580878	to	8006580899
2012944901	to	2012944999	2100163166	to	2100163199	8007230601	to	8007230617
2012945006	to	2012945099	2101768200	to	2101768599	8009417900	to	8009417999
2013805500	to	2013805699	2106951701	to	2106951799	8012783600	to	8012783999

Warning Notice—Unrecovered Stolen Canadian Money Order Forms

(To be posted and used by window clerks. As directed destroy previous notices. Insert any interim notices in sequence.)

The following money orders are void and should not be cashed: (1) All card type orders. (2) New style orders 000,000,001—179,999,999. Advise holders to send them to Canada Post Office, Ottawa, Canada, KIA 0B1.

The new money order serial numbers consist of the first nine digits. The 10th digit is a check digit only. Destroy the PB 21104 article.

180,446,855 to 180,446,866	202,545,957 to 202,546,000	230,143,701 to 230,144,000
182,975,501 to 182,976,200	207,218,569 to 207,218,600	231,387,001 to 231,387,500
183,457,601 to 183,458,300	208,872,242 to 208,872,257	232,017,701 to 232,017,800
183,769,412 to 183,769,500	209,190,001 to 209,195,000	234,067,232 to 234,067,300
185,028,741 to 185,028,800	210,301,801 to 210,302,000	235,833,783 to 235,833,800
186,446,001 to 186,446,500	210,835,285 to 210,835,300	237,386,845 to 237,387,000
186,820,405 to 186,820,900	210,935,633 to 210,935,700	238,758,669 to 238,758,730
188,460,651 to 188,460,700	212,900,201 to 212,900,300	239,162,130 to 239,162,200
188,669,520 to 188,670,000	213,345,001 to 213,345,100	239,863,796 to 239,863,870
189,205,701 to 189,205,800	213,504,865 to 213,505,000	239,864,826 to 239,864,900
189,217,169 to 189,217,400	216,823,954 to 216,824,000	240,362,301 to 240,362,600
189,278,454 to 189,278,464	217,621,979 to 217,622,100	242,545,470 to 242,545,800
189,357,868 to 189,357,878	217,622,401 to 217,622,800	243,408,101 to 243,408,200
190,053,526 to 190,054,000	217,979,501 to 217,979,600	243,920,027 to 243,920,100
192,099,601 to 192,099,800	218,660,066 to 218,660,700	244,583,557 to 244,583,600
196,116,101 to 196,116,600	219,494,026 to 219,494,130	245,740,589 to 245,740,600
198,036,801 to 198,036,900	219,692,001 to 219,692,100	247,636,179 to 247,636,200
198,520,743 to 198,520,800	224,126,989 to 224,127,100	247,649,190 to 247,649,200
199,531,501 to 199,531,600	226,781,246 to 226,781,400	247,760,081 to 247,760,100
199,662,401 to 199,662,500	226,073,655 to 226,073,700	250,442,960 to 250,443,000
199,662,562 to 199,662,600	227,129,004 to 227,129,400	252,143,862 to 252,143,900
199,843,031 to 199,843,050	227,564,701 to 227,564,800	253,094,279 to 253,094,400
200,400,512 to 200,400,600	229,000,595 to 229,000,600	253,532,321 to 253,532,400
200,467,313 to 200,467,500	229,083,686 to 229,083,700	253,641,268 to 253,641,300
201,328,601 to 201,329,300	229,428,120 to 229,428,300	254,680,851 to 254,680,900
201,963,699 to 201,963,800	230,004,990 to 230,005,200	261,707,201 to 261,707,400
201,980,250 to 201,980,299		

INDEMNITY CLAIMS FOR DAMAGE OR PARTIAL LOSS CAN BE FILED AT ANY POST OFFICE BY EITHER THE MAILER OR THE ADDRESSEE. CLAIMS FOR COMPLETE LOSS CAN ONLY BE FILED BY THE MAILER.

UNITED STATES POSTAL SERVICE
WASHINGTON, DC 20260
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE. \$300



FIRST CLASS