

Q: Why are taxes being taken out of the settlement awards and what tax rates did the Class Administrator use?

No one likes to pay taxes, but taxes must be paid. By law, any employer - including the government - must pay payroll taxes at the time of the payment of wages. In addition the taxes on income paid to an employee must be withheld and payment of that withholding also made to the government. In accordance with federal regulations, the Class Administrator has used the mandated tax rate of 22% for federal employees receiving funds from a qualified settlement fund. The Class Administrator used the applicable State and local taxes for each individual class member and those will be paid, as well. Ultimately, if this results in any overpayment of taxes based on an individual class member's total income and tax bracket, the overpayment should be refunded, just any overpayment of taxes is refunded when a tax return is filed.

Q: Why aren't TSP contributions being made as part of the settlement?

A: According to the Office of Personnel Management, TSP contributions can be made by choosing a percentage of one's *basic* pay to contribute. The settlement is for premium pay, not basic pay. Even if this were not the case, individual employees get to set the percentage of their own TSP contributions and can change that percentage whenever they like. So, if the settlement was for basic pay – and it is not - given the very large number of class members it would simply not be feasible for the settlement to allow each individual class member to provide for a percentage contribution. Additionally, even allowable TSP contributions on basic pay depend, in part, on when an employee began working - a date different for each of our class members. Finally, according to Office of Personnel Management regulations, TSP contributions cannot exceed what are relatively small percentages of one's basic pay (e.g., 1%, 3% or 5%) so the TSP contributions on the individual class members' awards would have been quite small, even if allowed. In light of all of these variables, it would not have been appropriate under OPM regulations to provide for TSP contributions; additionally, it would have simply been impossible for the Class Administrator to make what are highly personal contributions as part of the class action settlement.