

UNITED STATES
POSTAL REGULATORY COMMISSION
Washington, D.C. 20268-0001

FORM 8-K

CURRENT REPORT
PURSUANT TO 39 U.S.C. § 3654 AND SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 9, 2020



UNITED STATES POSTAL SERVICE

(Exact name of registrant as specified in its charter).

Washington, D.C.	41-0760000
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

475 L'Enfant Plaza, S.W.	
Washington, D.C.	20260
(Address of principal executive offices)	(ZIP Code)

(202) 268-2000
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Not applicable	Not applicable	Not applicable

The number of shares of common stock outstanding as of October 28, 2020: N/A

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Compensatory Arrangements of Certain Officers

On September 9, 2020, the United States Postal Service Board of Governors adopted a Resolution No. 20-13, approving an updated “Officer Pay Policy.” Through this Resolution, the Board updated and memorialized the Postal Service’s policy governing the payment of salary, pay for performance program, lump sum performance payments, recruitment bonuses, relocation bonuses, retention bonuses, and separation payments for the Postmaster General and the Deputy Postmaster General, and officers who serve at the pleasure of the Postmaster General. The full text of the policy is included as an exhibit to this disclosure.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 99.1 PMG, DPMG & Other Officer Pay Policy

Signature

Pursuant to the requirements of the Postal Accountability and Enhancement Act of 2006, the Postal Service has duly caused this report to be signed on its behalf by the undersigned, who is duly authorized to do so.

United States Postal Service

By: /s/ Thomas J. Marshall
**Thomas J. Marshall,
General Counsel and
Executive Vice President**

Date: October 28, 2020

PMG, DPMG & OTHER OFFICER PAY POLICY

A. Introduction

This document is designed to update and memorialize the policy of the United States Postal Service (Postal Service) governing the payment of salary, pay for performance (PFP) program, lump sum performance payments, recruitment bonuses, relocation bonuses, retention bonuses, and separation payments for officers of the Postal Service who serve at the pleasure of the Postal Service's Postmaster General and Chief Executive Officer (PMG) (Officer Pay Policy). This Officer Pay Policy also governs the payment of salary, PFP program, lump sum performance payments, recruitment bonuses, relocation bonuses, retention bonuses and separation payments for the PMG and the Postal Service's Deputy Postmaster General (DPMG). The intention is to address PMG/DPMG and officer benefits in one document rather than multiple documents issued over the years.¹ The Officer Pay Policy relating to the payment of salaries, lump sum performance payments, bonuses and rewards to officers is subject to the discretion and approval of the Board and the Board has complete authority to vary or revise them, as required by the needs of the Postal Service. The Officer Pay Policy relating to the payment of salaries, lump sum performance payments, bonuses and rewards to the PMG and the DPMG is subject to the discretion and approval of the Postal Service Governors (Governors), and the Governors have complete authority to vary or revise them, as required by the needs of the Postal Service. The Governors also have authority to limit and/or withhold salary increases, lump sum performance payments, bonuses and/or rewards for the PMG and/or the DPMG, in any given year under the terms of the Officer Pay Policy. Finally, the Board has the authority to limit and/or withhold salary increases, lump sum performance payments, bonuses and/or rewards for any officer, in any given year under the terms of the Officer Pay Policy.

B. Officer Salary

The Governors approve salary ranges and salaries for the PMG and the DPMG. The Board approves salary ranges and salaries for officers. Officer salaries must comply with three different statutory caps relating to compensation. The first cap provides that no officer may be paid a salary "at a rate in excess of the rate for level I of the Executive Schedule". 39 U.S.C. §1003(a). The second cap allows the Postal Service to develop a program to provide a bonus or other reward in excess of the first cap, as long as this does not cause the total annual compensation of such officer to "exceed the total annual compensation payable to the Vice President [of the United States]." 39 U.S.C. §3686(b)(1). The third cap allows the Board to designate up to 12 officers, including the PMG and DPMG, as "critical senior executives" who may be paid total annual compensation in an amount up to "120 percent of the total annual compensation payable to the Vice President [of the United States]...as of the end of the calendar year in which such payment is received." 39 U.S.C. §3686(c).

C. Recruitment Bonus

1. Lump sum recruitment bonus of up to 50 percent of the annual rate of basic pay of the incoming PMG or DPMG with approval of the Governors.
2. Lump sum recruitment bonus of up to 50 percent of the annual rate of basic pay of the incoming officer with Board approval.
3. Lump sum recruitment bonus of up to 25 percent of the annual rate of basic pay of the incoming officer at the PMG's discretion.

¹ The Board has approved policies in prior years regarding PMG, DPMG, and Officer pay and benefits. It is the intention of this document to augment and clarify prior policies. It is not intended to diminish in any way benefits previously approved that are not specifically referred to in this document.

4. An incoming officer, PMG or DPMG may be required to sign a minimum 12 month continuing service agreement before a recruitment bonus may be paid.

D. Relocation Incentive Bonus

1. Lump sum relocation incentive bonus of up to 50 percent of the annual basic pay of the PMG or DPMG with approval of the Governors.
2. Lump sum relocation incentive bonus of up to 50 percent of the annual basic pay of the officer with Board approval.
3. Lump sum relocation bonus of up to 25 percent of the annual basic rate of pay of the officer at the PMG's discretion.
4. An officer, PMG or DPMG may be required to sign a minimum 12 month continuing service agreement before a relocation incentive bonus may be paid.

E. Retention Bonus

1. Lump sum retention bonus of up to 50 percent of the annual rate of basic pay of the PMG or DPMG with approval of the Governors.
2. Lump sum retention bonus of up to 50 percent of the annual rate of basic pay of the officer with Board approval.
3. Lump sum retention bonus of up to 25 percent of annual rate of basic pay of the officer at the PMG's discretion.
4. An officer, PMG or DPMG may be required to sign a minimum 12 month continuing service agreement before a retention bonus may be paid.

F. Pay for Performance (PFP) Program

The Postal Service PFP program includes salary increases and lump sum performance payments. The PMG establishes individual metrics and targets for officers to provide them with opportunities to earn additional compensation, based upon their performance. Base salary increase determinations are made at the discretion of the PMG based on achieved performance and must comply with the statutory compensation caps discussed herein.

The Board has delegated authority to the PMG to approve lump sum performance payments based on achieved performance to role mandates, up to 3 times the PFP numeric rating. The PMG may award additional lump sum performance payments to any officer, provided the combined total of all lump sum performance payments does not exceed 25 percent of the basic annual pay for any officer.

Range of Lump Sum Performance Payment by PFP Numeric Rating	
1 - 3	4 - 15
0%	Up to 25%

The Governors shall have authorization to award a lump sum performance payment, in an amount up to 25% of their basic annual pay, to the PMG and DPMG in any calendar year, based on the achieved performance of the PMG and the DPMG, as determined by the Governors.

G. Separation Payments and Services

1. **Severance** in an amount of one year's salary will be paid to an officer, the PMG, or the DPMG, if they are asked to separate from the Postal Service for any reason other than cause and they are otherwise not eligible to retire and receive an immediate retirement annuity. Officers, the PMG or the DPMG, that voluntarily separate from the Postal Service will not be entitled to receive severance. However, the Board or the Governors have the authority to award severance at their discretion as circumstances warrant. Severance may be paid in a single lump sum payment or multiple payments following the date of the officer, the PMG or the DPMG's separation from the Postal Service.
2. **Professional Financial Counseling Services** will be continued for a period of up to one year following separation of an officer, the PMG or the DPMG, if they are asked to separate from the Postal Service for any reason other than cause. Officers, the PMG or the DPMG, that voluntarily separate from the Postal Service will not be entitled to receive financial counseling services.. However, the Board or the Governors have the authority to award financial counseling services at their discretion as circumstances warrant.
3. **Professional Out-Placement Services** up to \$40,000 will be made available following the separation of an officer, the PMG, or the DPMG, if they are asked to separate from the Postal Service for any reason other than cause. Officers, the PMG or the DPMG, that voluntarily separate from the Postal Service will not be entitled to these professional Out-Placement Services. However, the Board or the Governors have the authority to award professional out-placement services at their discretion as circumstances warrant.

H. Additional PMG/DPMG Compensation and Officer Annual Leave Program

1. **Tangible Gift Items:** At their sole discretion, and in recognition of his/her retirement from service, the Governors may present to a PMG or DPMG certain Postal Service property in appreciation for that individual's term of service. Items that may be gifted to a former or departing PMG or DPMG may include items that were presented to the individual as gifts to the agency; items that were used by the individual during his/her administration, such as office or computer equipment; and items that the Governors determine have particular sentimental value. The current fair market value of all such items presented to the PMG or DPMG cannot exceed \$5,000.
2. **Security Equipment/Installation:** At the sole discretion of the Chairman of the Board, and upon his/her retirement from service, the Postal Service may transfer to the PMG or DPMG the ownership of any security equipment installed by the Postal Service on the real property of the PMG or DPMG when, in consultation with the Inspector In Charge, the Chairman determines that such a gift best serves the interests of the Postal Service.
3. **Continuation of Benefits:** Continuation of health and/or life insurance benefits, or their equivalent, may be continued for the PMG or DPMG for up to one year. As an alternative, the PMG or DPMG may be reimbursed for health and/or life insurance premiums.
4. **Officer Annual Leave Program:** Officers may use, carry over, or exchange up to 208 hours annually.

I. Deferred Account

In the event that any salary payment, performance payment, recruitment bonus, relocation incentive bonus, retention bonus and/or separation payment made to an officer, the PMG or the DPMG within a calendar year would cause the officer, the PMG or the DPMG's total compensation to exceed the statutory caps on compensation discussed herein, a deferred compensation account will be opened to ensure compliance with the statutory caps. The deferred compensation account will be an interest-bearing account. Interest will be earned based on the previous calendar year monthly average of the Thrift Savings Plan (TSP) G-Fund rate and applied once annually, on December 31st.