



Informational Memorandum for Old Age, Survivors, and Disability Insurance (OASDI) Demand Notice for Payment

This memorandum explains the issuance of the OASDI Demand Notice for Payment mailed to impacted employees.

Background

To provide financial relief during the COVID-19 pandemic, a Presidential Memorandum was issued on August 8, 2020. Guidance followed from the Internal Revenue Service (IRS) on August 28, 2020 to temporarily defer the OASDI tax obligations for certain individuals.

For employees serviced by the National Finance Center (NFC), effective PP 18, 2020, through PP 25, 2020, (August 30 through December 19, 2020), the OASDI tax withholding, commonly referred to as the Social Security tax, was temporarily deferred for employees whose wages, subject to OASDI were less than \$4,000 in any given pay period. IRS guidance states collection of this deferred tax is required.

If an individual separated from federal employment, retired from federal employment, or was furloughed and still owed an outstanding amount on the deferred Social Security tax, a debt notice is issued. Additionally, if while employed, an individual's net pay becomes insufficient in any given pay period to collect the extra deduction, a debt notice is also issued.

This notice is issued to employees who met one of the criteria listed above or fell into an exception category where we were unable to deduct the extra deduction.

Repayment of the Indebtedness

While the Demand Notice for Payment states the entire amount is due on or before **January 3, 2022**, employees are provided options for payment listed on the Repayment Agreement. These include lump sum payment via check, lump sum payment via pay.gov and the option to make equal monthly installments. If electing to pay in installments, an agreement will need to be entered into with the employee's Agency.

For payments sent via check, the address to submit the payment is the St. Louis address located on the Repayment Agreement. The address on the notice is the NFC's lockbox. The lockbox is managed by US Bank and is for the purpose of expeditiously processing check payments for debts.

Penalties and Interest

Penalties, interest, and additions to tax will start to apply on **January 1, 2022**, for any unpaid balances. Please reference IRS Notice IR-2021-17, January 19, 2021 for further guidance.

Additional Information on Agency Services

NFC has provided each Agency Human Resources Office detailed information regarding each employee's debt. This information includes the amount of the debt and the pay periods that comprise the debt. Any questions regarding this debt should be directed to the employee's Agency Human Resources Office.

NFC understands that some employees may be experiencing hardships at this time. Each Federal Executive Branch agency has an Employee Assistance Program (EAP) that helps employees work through various life challenges. Contact your Agency Human Resources Office for information related to EAP or other community resources that may be available for support.