



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

APR 4 2006

MEMORANDUM FOR DISTRIBUTION

Subj: ELECTRONIC MYPAY DOCUMENTS

Effective immediately, Leave and Earning Statements (LES) and Wage and Tax Statements (W-2) for all Department of the Navy (DON) Civilian employees will only be provided in electronic format for those personnel who view their pay data via the myPay website. This change is in accordance with guidance contained in the Under Secretary of Defense (Personnel and Readiness) and Under Secretary of Defense (Comptroller) memo of April 29, 2005, Policy for Electronic W-2 and LES through myPay, and the completion of required bargaining unit obligations.

This policy changes the delivery method of LES and W-2 from printed and mailed hard copies to electronic copies. Employees may still elect to receive hard copies of these documents by turning on the hard copy option via the myPay website. Employees may request one delivery method for a copy of their W-2 and another for the LES. Potential taxpayer savings from this change within DON are estimated at greater than \$1.3 million annually. This method will provide DON employees greater control over many aspects of their pay, and enhance the security of sensitive pay information.

In addition, the Defense Finance and Accounting Service (DFAS) has introduced SmartDocs, an enhancement to myPay that uses email notification (bi-weekly on Wednesday prior to pay Friday), to alert personnel when new pay information is available. The new SmartLES contains embedded links with explanatory text about pay information and/or changes. For these reasons, we strongly encourage all DON employees to register and use the myPay website (<https://mypay.dfas.mil>). Frequently Asked Questions are also available on the myPay website.

Questions concerning myPay may be addressed to the DFAS Customer Contact Center at 1-800-390-2348 (0700-1930 EST, Monday-Friday). Other inquiries regarding this policy may be directed to the employee's servicing Human Resources Office.


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(Manpower and Reserve Affairs)


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(Financial Management and Comptroller)

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**OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, DC 20301**



APR 29 2005

**MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF
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DIRECTOR, OPERATIONAL TEST AND EVALUATION
INSPECTOR GENERAL OF THE DEPARTMENT OF
DEFENSE
ASSISTANTS TO THE SECRETARY OF DEFENSE
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DIRECTOR, NET ASSESSMENT
DIRECTOR, FORCE TRANSFORMATION
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES**

**SUBJECT: Policy for Electronic Wage and Tax Statements and Leave and Earning
Statements Through myPay**

In support of the President's Expanded Electronic Government Initiative, the Defense Finance and Accounting Service will provide Wage and Tax Statements (W-2) and Leave and Earnings Statements (LES) in electronic format for military and civilian personnel who view their pay data on the myPay website. Eliminating hard copies of these paper documents and providing electronic copies through myPay will save several million dollars and mitigate the risk of identity theft.

For several years, myPay has provided military members and civilian employees with a secure method to view, print, and save their LES and W-2 electronically. It also gave the military member and civilian employee the ability to change the delivery method of their W-2 or LES from printed and mailed hard copies to electronic copies. In other words, personnel could "turn off" receipt of hard copies in the past. Under this new policy, military members and civilian employees who log on to myPay after a date specified on the homepage will be consenting to receive electronic copies of their W-2 and LES, unless they elect to "turn on" receipt of hard copies by selecting that delivery option on the myPay website. As in the past, personnel may request one delivery method for a copy of their W-2 but another for the LES.

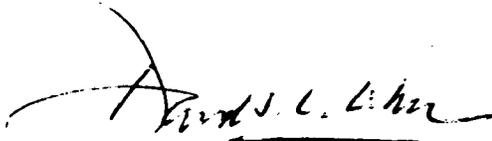


A marketing plan is being developed to notify all individuals about the pending change, which will include LES remarks and notices on the myPay website. Employees and members who do not access myPay after the effective date of this policy will continue to receive hard copy documents, unless they previously opted for electronic copies.

The electronic W-2 is usable for all income tax purposes and is sanctioned by the Internal Revenue Service. It also may be used with an individual's state income tax return. To ensure all members and employees receive a W-2 each year, members and employees will not be authorized to change their election through the myPay input screen from an electronic W-2 to hard copy W-2 during December and January. However, military and civilian personnel still will be able to request a hardcopy W-2 through their local servicing finance office or customer service representative during this period and throughout the year. In addition, changes to tax withholdings are permitted continuously throughout the year.

This policy is effective for all military members and non-bargaining civilian employees. Management first must fulfill all bargaining obligations before effecting this change for civilian personnel in bargaining units. Consistent with applicable law, please notify all appropriate exclusive representatives immediately to begin the negotiation process as soon as possible to satisfy our required bargaining obligations. Negotiations completed by September 2005, will permit the issuance of an electronic W-2 and LES for members and employees that sign on to the myPay website, resulting in substantial cost savings.

Please provide a quarterly status report of your efforts to complete negotiations with exclusive representatives to Mr. Robert Bird via e-mail at: robert.bird@dfas.mil, or telephone at 703-602-5279.



David S. C. Chu
Under Secretary of Defense
(Personnel and Readiness)



Tina W. Jonas
Under Secretary of Defense
(Comptroller)