



## Computing TLMS Reduction for Retained Pay Employees (PRD J or K) for Non-Foreign OCONUS Areas

### Fact Sheet

*In this example, the employee is a GG-12, Step 00, with a retained rate of \$121,740, who was receiving TLMS for Hawaii at time of placement on pay retention:*

**Step A:** Identify the maximum rate for the highest applicable rate range that applies prior to TLMS reduction.

GG-12, step 12 (\$82,373) with Hawaii TLMS rate of 37.72% = \$113,444.

**Step B:** Identify the maximum rate for the highest applicable rate range that applies with the new TLMS reduced rate.

GG-12, step 12 (\$82,373) with Hawaii TLMS rate of 30.82% = \$107,760.

**Step C:** Divide the maximum rate identified in step B by the maximum rate identified in step A, and round the result to the fourth decimal place.

$$\$107,760 \div \$113,444 = 0.9499$$

**Step D:** Multiply the factor resulting from step C by the employee's former retained rate and round to the nearest whole dollar to derive the employee's new retained rate.

$$0.9499 \times \$121,740 = \$115,641 \text{ (retained rate after TLMS reduction)}$$

As the salary in Step D exceeds the salary in Step B, the employee remains on retained pay with the retained rate of \$115,641.