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ETHICS FLASH

Fiscal, Ethics and Administrative Law Division

SAF/GCA

The Back to Basics Edition

Gifts – The 20/50 Rule

Everyone loves a gift! What's not to like? However, as executive branch employees, we have a saying – there's no such thing as a free lunch.

Generally, Air Force employees may not solicit gifts from a prohibited source or solicit a gift because of their official position. Nor may they accept a gift from a prohibited source, or given because of their official position.

There are a number of exclusions and exceptions to the general rule. We are going to cover the most commonly used exception—the 20/50 rule.

Air Force employees may accept an unsolicited gift having an aggregate market value of \$20 or less per source, per occasion.

What's market value? That's the cost a member of the public

would pay to purchase the gift.

This exception has limits. Air Force employees may not accept more than \$50 in gifts from the same source in a calendar year. Those business lunch meetings where a contractor picks up the tab? Those quickly add up. Best practice is to pay your way.

What about gift cards? This exception does not apply to gifts of cash or securities. Visa, MasterCard, or American Express cards are considered cash gifts. It's because they can be used at multiple locations and even at ATMs. Store gift cards, however, may be accepted provided the value is \$20 or less. The difference is that store gift cards are limited in their use and can only be used at one particular merchant.

Keep in mind that if you receive a gift valued at more than

\$20, you cannot pay it down in order to accept the gift. However, where tangible items offered on a single occasion exceed \$20, you may be able to decline any distinct and separate items in order to accept the portion of the gift valued at \$20 or less.

Want examples? Check out page two for more!

Is there an ethics topic you would like to see featured in our next newsletter?

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Little Intrinsic Value – What Does It Really Mean

Gifts are defined as any gratuity, favor, discount, entertainment, hospitality, loan, forbearance or other item having monetary value. One exclusion from this definition are greeting cards and items with little intrinsic value.

What does that really mean? The Code of Federal Regulations defines it as items like plaques, certificates, and trophies. These are items intended primarily for presentation.

Not all plaques and trophies are of little intrinsic value – some are actual works of art and would not fall under this exclusion. You should also watch out for items that have a utilitarian purpose. For example, desk clocks or glassware. These would not be considered items of little intrinsic value.

Engraving or personalizing items does not make an item of little intrinsic value. In some cases, it makes it a collectible.



A trophy isn't always of little intrinsic value. Trophies can be works of art.



Birthdays are not infrequent occasions, so keep it \$10 and under!

“We should avoid even the appearance of unethical behavior....

Something may be perfectly permissible by the rules, but it still might set the wrong example.”

*~ Secretary of Defense
Lloyd J. Austin, III*



You may be able to separate tangible items that exceed \$20. Ask an Ethics Counselor.

Gifts Between Employees – Who Is An Official Superior?

Common practice in the field is for units to present a gift to a visiting senior official. Most gifts are given due to a belief that since a person doesn't directly work for the individual, they are not an official superior for purposes of the gift rules. That's not always the case.

Generally, an employee may not directly or indirectly give a gift to an official superior. In turn, a superior may not accept a gift from an employee receiving less pay unless: (1) the two employees are not in a subordinate—official superior relationship; **and** (2)

there is a personal relationship between the two that would justify the gift.

Indirectly has several meanings, but for purposes of this ETHICS FLASH we are focusing on gifts given or accepted with the employee's knowledge and acquiescence to the employee's spouse, child, parent, sibling, or a member of the household because of their relationship with the employee.

Official superior means any other employee including (but not limited to) an immediate supervisor who directs or evaluates an employee's performance **or** those

of any other official superior of the employee. An employee is considered a subordinate of any of his/her official superiors.

If an official superior is in your chain of command, and you make less pay, you probably shouldn't give them a gift. Even if there isn't a subordinate-official superior relationship, there still has to be a personal relationship. Best practice? Skip the gifts!

There are exceptions to the general rule. On an occasional basis, including traditional gift giving situations, a subordinate may give and an official superior

Best Practice – Communicate in advance that gifts are discouraged.

may accept items with a value of \$10 or less (but not cash!), food and refreshments that can be shared in the office among several employees, personal hospitality provided at a superior's home, and host/hostess gifts.

Be mindful when gifting multiple items, such as coins, patches, and ball caps, on one occasion. While the exclusion of items having little intrinsic value applies to gifts between employees; contrary to popular opinion, these items are not always of little intrinsic value.

On special, infrequent occasions, a gift appropriate to the occasion may be given to an official superior or accepted from a subordinate or employee receiving less pay. The types of occasions contemplated here are events such as marriage, adoption/birth of a child, or upon occasions that terminates the superior-subordinate relationship. Group gifts are authorized on such events. If a group includes a subordinate, you may solicit voluntary contributions up to \$10 (people can always donate more) and the

value of the gift may not exceed \$300. Donating groups can be tricky so be sure to consult an ethics counselor.

Best Practice: Discourage the habit of giving gifts to visiting senior officials. Scheduling assistants to senior officials should also discourage gift giving. Exceptions may not always apply and that puts the official superior in the position of either paying for the gift or returning the gift. You don't want to put yourself or your official superior in a position that may cause embarrassment.

Gifts – The 20/50 Rule Examples

No more than \$50 from the same source in a calendar year

Example: On three occasions during the calendar year, you attend a business lunch with a DoD contractor. Your lunch was paid for by three different employees of the contractor on each occasion. The lunch value is \$15.00. For purposes of applying the yearly limit from any one source, the three lunches must be aggregated because a person is defined to mean not only the

corporate entity but its officers and employees as well.

Tangible items offered on a single occasion exceeds \$20

Example: After giving a speech on the cloud-based computing and the Department of the Air Force, you received a small desk clock valued at \$15 and a ceramic mug with a market value of \$10. You may accept the clock or the mug, but not both because the aggregate market value of these two

tangible items exceeds \$20.

Gift Cards – Keep or Not?

Example: During a holiday party, you receive a \$15 gift card to a national coffee chain by a DoD contractor. You may accept the gift card because it is less than \$20 and limited in its use. You could not accept a gift card issued by a credit card company or other financial institution because such a card is equivalent to a gift of cash.