Benefits Topics

- Federal Employee Retirement System (FERS)
- Social Security and Medicare
- Thrift Savings Plan
- Financial Planning
- Federal Employees Health Benefits
- Federal Dental and Vision Insurance Program
- Flexible Spending Accounts
- Federal Employees Group Life Insurance
- Long Term Care Insurance
- Designations of Beneficiary
- Life Events
- Employee Tools

Eligibility for Benefits

- Type of Appointment:
  - Permanent
  - Term
  - Temporary
- Work Schedule:
  - Full time
  - Part time
  - Intermittent
  - Seasonal:
    - Work 6 months or more
    - Work less than 6 months
Retirement Planning

 The more you know, the better you can plan.
 Medical advances and healthier lifestyles have significantly lengthened life expectancies.
 You’ll need more money to support a longer, more active retirement.
 It’s never too early to start planning.

The KEY to a successful retirement is planning.
How much retirement income will you need?
60%    70%    80%    90%
What sources of income will you have at retirement?

- FERS Basic Annuity?
- Social Security?
- Thrift Savings Plan?
- Other pensions or investments?
- Spouse’s income or retirement benefits?
- Spouse’s Social Security?
- Part-time employment after retirement?

Retirement Coverage

- Federal Retirement System (FERS) and Federal Retirement System – Revised Annuity Employee (FERS-RAE)

FERS RAE

FERS ‘Revised Annuity Employees’

Employees hired after December 31, 2012 with no prior Federal service or less than five years of creditable or potentially creditable service will be covered by FERS RAE
## FERS RAE

<table>
<thead>
<tr>
<th>FERS</th>
<th>FERS RAE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.80% (basic)</td>
<td>3.10% (basic)</td>
</tr>
<tr>
<td>6.2% (OASDI)</td>
<td>6.2% (OASDI)</td>
</tr>
<tr>
<td>1.45% (HITS)</td>
<td>1.45% (HITS)</td>
</tr>
<tr>
<td>8.45% Total</td>
<td>10.75% Total</td>
</tr>
</tbody>
</table>

## Retirement Coverage

Federal Employees Retirement System (FERS) has three components:

- Basic Benefit
- Social Security
- Thrift Savings Plan

## Retirement Eligibility - FERS

Optional/Voluntary Retirement:

- MRA with 30 years of service
- Age 60 with 20 years of service
- Age 62 with 5 years of service
- MRA with 10 years of service:
  - Annuity reduced 5% for each year under age 62.
  - You may reduce or eliminate this reduction by postponing your MRA + 10 benefit.
Minimum Retirement Age (MRA) - FERS

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>MRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1948</td>
<td>55</td>
</tr>
<tr>
<td>1948</td>
<td>55 and 2 months</td>
</tr>
<tr>
<td>1949</td>
<td>55 and 4 months</td>
</tr>
<tr>
<td>1950</td>
<td>55 and 6 months</td>
</tr>
<tr>
<td>1951</td>
<td>55 and 8 months</td>
</tr>
<tr>
<td>1952</td>
<td>55 and 10 months</td>
</tr>
<tr>
<td>1953-1964</td>
<td>56</td>
</tr>
<tr>
<td>1965</td>
<td>56 and 2 months</td>
</tr>
<tr>
<td>1966</td>
<td>56 and 4 months</td>
</tr>
<tr>
<td>1967</td>
<td>56 and 6 months</td>
</tr>
<tr>
<td>1968</td>
<td>56 and 8 months</td>
</tr>
<tr>
<td>1969</td>
<td>56 and 10 months</td>
</tr>
<tr>
<td>1970 and later</td>
<td>57</td>
</tr>
</tbody>
</table>

Postponed Retirement - FERS

- Under FERS, if you leave Federal service and you meet eligibility for the MRA + 10 benefit, you may choose to postpone receipt of your monthly benefit to avoid or reduce the reduction.
- Life and health insurance may be reinstated when retirement begins, if you met the requirements for continuing insurance into retirement.

Deferred Retirement - FERS

- If you leave Federal service before you meet eligibility for retirement under FERS, you may receive a deferred monthly benefit at age 62 if:
  - You did not take a refund of your retirement contributions when you left Federal service
  - You had at least 5 years of creditable Federal civilian service
- FERS employees with at least 10 years of creditable service, may receive a deferred annuity at their MRA.
- No reinstatement of health or life insurance coverage
Disability Retirement – FERS

- Eligibility:
  - Any age
  - Disabled for useful and efficient service
  - Disabling condition expected to last at least one year
  - FERS – completed 18 months under FERS

- Medical and supervisory documentation required
- OPM determines the merits of the case

Other Retirements – FERS

“Early Out” – If Agency is undergoing a major reorganization, transfer of function, or Reduction-In-Force, Agency may request early out authority from OPM. OPM provides the specific authorization and specific timeframes.

- Eligibility:
  - Age 50 with 20 years of service
  - Any age with 25 years of service

CSRS component in the annuity is reduced 2% for each year under age 55

Other Retirements – FERS

Discontinued Service – Employee is involuntarily separated from Federal service, for declining a directed reassignment, unacceptable performance, or reduction-in-force.

- Eligibility:
  - Age 50 with 20 years of service
  - Any age with 25 years of service

CSRS component in the annuity is reduced 2% for each year under age 55
Crediting Civilian Service for Retirement Purposes

- **Covered service** (FERS contributions were made to the retirement fund)
- **Deposit or Non deduction Service** (temporary service for which contributions were not made to the retirement fund)
- **Refunded Service** (for which contributions were refunded to the employee upon leaving Federal service)

Non Deduction Service - FERS

Temporary service for which no contributions were made to the retirement fund.

**Service performed before 1-1-89:**
Not creditable for retirement eligibility or annuity computation purposes if deposit is not paid.

**Service performed on or after 1-1-89:**
Not creditable, no deposit allowed.

Redeposit - FERS

Prior Federal service for which employee received a refund of FERS contributions.


Effective with the new law, individuals who are reemployed may make a redeposit of the amount refunded, plus interest, and receive credit for the prior service.

Includes prior refunded FERS and CSRS service.
Military Service

To be creditable for retirement:
- Honorable discharge
- Active duty only

Retired military service is not creditable unless:
- The retirement is based on:
  - Disability incurred in combat or
  - Age and service in the Reserves
- Or the military retired pay is waived (forfeited)

Post-1956 Military Service Deposits

- FERS = 3% of military earnings
- Paid to Agency before retirement
- No deposit required for military service performed before 1-1-57

Service Computation Date

- **SCD for Leave accrual and RIF retention:** Generally includes all prior Federal civilian and active duty military service (except for certain retired military and National Guard)
- **SCD for TSP vesting:** Includes all Federal civilian service, no military service
- **SCD for retirement:** Depends upon retirement plan and deposits/redeposits.
Basic Annuity Formulas

Let’s look at the basic benefit formulas the FERS annuity… or how much will you get when you retire….

Basic Annuity Formula - FERS

Annuity is based on: YEARS and MONTHS of CREDITABLE SERVICE x HIGHEST 3 YEARS of AVERAGE SALARY

Formula:

1% x YEARS OF SERVICE x HIGH 3

OR

If age 62 with over 20 years of service:

1.1% x YEARS OF SERVICE x HIGH 3

Example: FERS employee with 30 years of service retiring at MRA would receive 30% of high 3 salary, or if retiring at 62, would receive 33%.

Example

- John, age 60 with 25 years of service:
  - Hi-three salary: $77,460

1 % x 25 years of service x $77,460

$19,365 Gross annual annuity
$1,640 Gross monthly annuity
FERS Annuity Supplement

- Part of FERS Basic annuity.
- Provides FERS retirees a supplement similar to a Social Security benefit until the actual Social Security is payable at age 62.
- Eligible if you retire voluntarily at MRA with 30 years of service, or age 60 with 20 years, or under Early Out or Discontinued Service when MRA is reached.
- Supplement is calculated based on Social Security benefits earned as a Federal employee.
- Supplement ends at age 62.
- Annuity Supplement is not paid to FERS retirees under Disability, MRA + 10, or Deferred Retirement.

Cost of Living Adjustments

COLA - FERS

- COLA is determined by change in Consumer Price Index (CPI), and is generally less than the CPI increase.
- COLA is effective on December 1 of the year in which the annuitant becomes eligible, is prorated based on the number of months in the preceding year the annuitant was eligible, and is payable in the January annuity check.
- FERS annuitants become eligible to receive first COLA the December after the year in which they turn age 62. Disability annuitants generally receive COLA the first December following retirement.

COLA - FERS

<table>
<thead>
<tr>
<th>Increase in CPI</th>
<th>Annual COLA %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 2%</td>
<td>Same as CPI</td>
</tr>
<tr>
<td>2% to 3%</td>
<td>2%</td>
</tr>
<tr>
<td>3% or more</td>
<td>CPI minus 1%</td>
</tr>
</tbody>
</table>
Credit for Unused Sick Leave

- FERS employee must meet the service requirements for retirement before the sick leave credit is given – the sick leave cannot be used to establish eligibility for retirement.
- 50% of unused sick leave is converted to a 2087 hour work-year chart, and converted to years, months, and days of service. Example:

<table>
<thead>
<tr>
<th>Service Time</th>
<th>20 years</th>
<th>8 months</th>
<th>25 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% Sick Leave Credit</td>
<td>4</td>
<td>09</td>
<td></td>
</tr>
<tr>
<td>Retirement Credit</td>
<td>21 years</td>
<td>1 month</td>
<td>4 days</td>
</tr>
</tbody>
</table>

Credit for Unused Sick Leave

- FERS employees who retire on or after January 1, 2014 must meet the service requirements for retirement before the sick leave credit is given – the sick leave cannot be used to establish eligibility for retirement.
- Unused sick leave is converted to a 2087 hour work-year chart, and converted to years, months, and days of service. Example:

<table>
<thead>
<tr>
<th>Service Time</th>
<th>30 years</th>
<th>8 months</th>
<th>25 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% Sick Leave Credit</td>
<td>1 year</td>
<td>10 days</td>
<td></td>
</tr>
<tr>
<td>Retirement Credit</td>
<td>31 years</td>
<td>11 months</td>
<td>5 days</td>
</tr>
</tbody>
</table>

Basic Annuity Reductions

Annuity may be reduced for:

- Survivor benefits
- Unpaid Deposits or Redeposits
- FERS MRA + 10 retirement before age 62
Survivor Benefits

- Retiring employee chooses amount of survivor benefit for spouse when completing application for retirement.
- Survivor benefits are payable after retiree dies.
- Spousal benefits are payable for life of spouse unless spouse remarries before age 55.
- Not necessary to elect survivor benefits for children. Children’s benefits are payable until age 18, or 22 if a full time student.
- If enrolled in a Federal Employee's Health Benefit (FEHB) family plan at the time of death, coverage continues as long as the survivor annuity is payable, unless the survivor terminates coverage.

Survivor Benefits - FERS

- FERS survivor benefits:
  - 50% of base annuity
  - 25% of base annuity.
- Cost of survivor annuity is:
  - 10% reduction for 50% survivor benefit
  - 5% reduction for 25% survivor benefit

<table>
<thead>
<tr>
<th>Basic Annuity</th>
<th>$20,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>10% reduction</td>
<td>$2,000</td>
</tr>
<tr>
<td>Full Survivor Benefit</td>
<td>$10,000 /year</td>
</tr>
<tr>
<td>Basic Annuity:</td>
<td>$20,000</td>
</tr>
<tr>
<td>5% reduction</td>
<td>$1,000</td>
</tr>
<tr>
<td>Partial Survivor Benefit:</td>
<td>$5,000 per year</td>
</tr>
</tbody>
</table>
Requesting a Retirement Calculation

- NFC’s Personal Statement of Benefits, provided annually to employees, provides an overview of your benefits, but is not considered accurate for retirement calculation purposes.
- If you have questions about your creditable service history, contact your HR Benefits Specialist for a service credit review.
- Use the Federal Ballpark Estimate Calculator to run estimates for yourself, if you are far from retirement: [http://www.aphis.usda.gov/mrpbs/hr/benefits/ballpark.shtml](http://www.aphis.usda.gov/mrpbs/hr/benefits/ballpark.shtml)
- When you are within 3 years of retirement eligibility, contact your HR Benefits Specialist for a more accurate retirement calculation and current retirement information.

Retirement Process

- You determine the effective date of your retirement and submit completed retirement application forms to Human Resources (HR) Benefits, preferably 30 to 60 days before retirement.
- HR completes retirement paperwork, processes action to separate you, and submits retirement case to the National Finance Center (NFC) in New Orleans.
- NFC prepares final payroll records and submits retirement case to the Office of Personnel Management (OPM).
- OPM assigns you a Civil Service Annuity (CSA) number and begins interim annuity payments followed by a final review to begin full payments.

Retirement Resources

Web Site:

Contact your HR Benefits Specialist for:
- Review of your creditable service
- Retirement questions
- Retirement calculations
Social Security

Eligibility – 40 credits of coverage during working career (basically 10 years of Social Security taxed wages).

Benefit – based on worker’s earnings, adjusted for inflation, averaged over 35 years.

Social Security

Full Retirement Age
Reduced benefits may begin at age 62

<table>
<thead>
<tr>
<th>Year of Birth</th>
<th>Full Retirement Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1937 or earlier</td>
<td>65</td>
</tr>
<tr>
<td>1938</td>
<td>65 and 2 months</td>
</tr>
<tr>
<td>1939</td>
<td>65 and 4 months</td>
</tr>
<tr>
<td>1940</td>
<td>65 and 6 months</td>
</tr>
<tr>
<td>1941</td>
<td>65 and 8 months</td>
</tr>
<tr>
<td>1942</td>
<td>65 and 10 months</td>
</tr>
<tr>
<td>1943-1954</td>
<td>66</td>
</tr>
<tr>
<td>1955</td>
<td>66 and 2 months</td>
</tr>
<tr>
<td>1956</td>
<td>66 and 4 months</td>
</tr>
<tr>
<td>1957</td>
<td>66 and 6 months</td>
</tr>
<tr>
<td>1958</td>
<td>66 and 8 months</td>
</tr>
<tr>
<td>1959</td>
<td>66 and 10 months</td>
</tr>
<tr>
<td>1960 and later</td>
<td>67</td>
</tr>
</tbody>
</table>

Social Security

- Statements no longer mailed
- Use the Retirement Estimator on the Social Security website:
  
  http://www.socialsecurity.gov/estimator
Social Security Resources

Apply for benefits directly with the Social Security Administration (SSA)

Call 1-800-772-1213 or visit the website at www.ssa.gov.

Social Security retirement estimator available at: http://www.socialsecurity.gov/estimator

Frequently Asked Questions: http://ssa-custhelp.ssa.gov/

---

Medicare

Part A Hospital Insurance
- Usually free – paid for by tax on worker’s wages.
- Covers inpatient hospital care, skilled nursing facility care, home health care, hospice care.

Part B Medical Insurance
- You pay a monthly premium.
- Covers doctors, outpatient hospital care, x-rays, tests, medical equipment.

Part D Drug Plan
- You pay a monthly premium.
- No need to enroll if covered under a FEHB plan.

---

Medicare

Should you carry FEHB as a retiree, or is Medicare sufficient?

- FEHB fills the gaps in Medicare coverage by assisting with costs associated with:
  - Inpatient hospital deductibles
  - Coinsurance and calendar deductibles
  - Most dental services
  - Some durable medical equipment
  - Routine or yearly exams
  - Prescription drugs
  - Services rendered overseas

- While you are still working, FEHB is the Primary Payer.
- When you retire, Medicare is the Primary Payer.
Medicare Resources

Call 1-800-633-4227 or
Visit the website at
www.medicare.gov

Coordinating Medicare and FEHB:

Thrift Savings Plan (TSP)

TSP Contribution Rules:
- FERS employees may contribute:
  - Up to the maximum IRS annual limit.
    (2013 $17,500)
  - FERS employees receive Agency Automatic
    1% contributions whether they contribute or not.
  - FERS employees receive Agency Matching
    contributions on up to 5% of employee
    contributions.
Thrift Savings Plan
Traditional

- Tax Benefits:
  - Your Traditional TSP contributions are taken from your salary before taxes are withheld, so your taxable income is lower. You pay less Federal tax now. This also applies to most State taxes.
  - Taxes on your Traditional TSP contributions and their earnings are deferred until you withdraw the money from your account, usually when you are retired and in a lower tax bracket.

Thrift Savings Plan
ROTH

*Tax Benefits:*

- *Taxes are paid up front,* so more money comes out of your paycheck.

- *Tax-free* earnings provided five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased.

Thrift Savings Plan

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Roth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions – pre tax</td>
<td>Contributions – after tax</td>
</tr>
<tr>
<td>Taxes deferred – less money taken from paycheck</td>
<td>Taxes are paid up front, so more money comes out of your paycheck.</td>
</tr>
<tr>
<td>Withdrawals – Taxed</td>
<td>Withdrawals – Tax free contributions and earnings</td>
</tr>
</tbody>
</table>
Thrift Savings Plan

- IRS deferral limit - $17,500 for traditional and Roth combined.
- $5,500 catch up contributions – Traditional and Roth combined.
- Agency contributions – Traditional contribution balance only
- Allocations and inter fund transfers – apply to both Traditional and Roth
- Current balance in account – remains part of Traditional balance

Contributions can be started, changed, or stopped at any time.

HOW?
- Use the NFC Personal Page
- or submit a TSP-1 form to Human Resources.

Transfer Money into your TSP Account

- You can transfer or roll over money from a traditional IRA or an eligible employer plan into your TSP account.
- Transfers must be before-tax money.
- See form TSP-60 for more information.
Thrift Savings Plan

Transfer Roth accounts into your TSP Account

- Transfer money from a Roth 401(k), 403(b) or 457(b)
- Transfers must after-tax money
- See for TSP-60R for more information
- Cannot transfer ROTH IRA

TSP Catch-Up Contributions

Eligibility
- Must be age 50 or older by December 31 in the year the contributions are made
- Must be in pay status
- Must be contributing the maximum TSP amount which will result in reaching the IRS elective deferral limit.

Catch-Up contributions:
- Are in addition to employee’s regular contributions
- Do not count against the IRS elective deferral limit.

Elections:
- Use TSP-1-C to make or change your election (send to Human Resources), or use the NFC Personal Page.
- Elections are made in whole dollar amounts. The 2013 Catch Up maximum is $5,500.
- Make a new election each year.
- Contributions stop pay period 25, or earlier, if maximum is reached.
Thrift Savings Plan Investment Funds

TSP Funds

- **G Fund** – Government Securities Investment Fund
  - Short-term US Treasury securities specially issued to the TSP.
- **F Fund** – Fixed Income Index Investment Fund
  - A broad index representing the US bond market.
- **C Fund** – Common Stock Index Investment Fund
  - A broad index of stocks of 500 medium to large-size companies.
- **S Fund** – Small Capitalization Stock Index Fund
  - A broad index of stocks of small to medium-size companies.
- **I Fund** – International Stock Index Investment Fund
  - A broad international market index.

L Fund – “Lifecycle” Funds

Divides investments into TSP’s five existing funds to create a target portfolio depending on the individual’s expected date for withdrawing the money.

<table>
<thead>
<tr>
<th>If you expect to withdraw your TSP:</th>
<th>Invest in:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 2015</td>
<td>L Income</td>
</tr>
<tr>
<td>2015 – 2024</td>
<td>L 2020</td>
</tr>
<tr>
<td>2025 – 2034</td>
<td>L 2030</td>
</tr>
<tr>
<td>2035 – 2044</td>
<td>L 2040</td>
</tr>
<tr>
<td>2045 and later</td>
<td>L 2050</td>
</tr>
</tbody>
</table>
Managing your TSP:

If you choose to manage your investments, please consider the following:

• Determine your time horizon.
• Consider both risk and return.
• Be comfortable with the risk you take.
• Diversify to reduce risk.
• Periodically review your investment choices.

Thrift Savings Plan

Fund Allocations

➢ Choose how contributions are distributed from payroll to investment funds.

➢ To allocate funds, must have TSP Account Number and TSP Password:
  • Use web site www.tsp.gov or
  • Use Thrift line (877) 968-3778

Interfund Transfers

➢ Transfer money already invested between funds.

➢ Must have TSP Account Number and TSP Password:
  • Use Thrift line (877) 968-3778
  • Use web site www.tsp.gov
Thrift Savings Plan

**TSP Loans**
- You may borrow from your TSP account if:
  - You are a current Federal employee
  - You are in active pay status
  - You have at least $1,000 of your own contributions and their earnings in your account.
- You may borrow for general purposes or for purchase of a primary residence.
- Loan applications are made directly to the TSP office.
- There is a $50 fee for each new loan.
- Loan repayments are made by payroll deduction.
- When one loan is paid off, you are not eligible to apply for another loan of the same type for 60 days.

**TSP In-Service Withdrawals**
- You may withdraw your TSP funds while employed by the Federal government for:
  - Age (Age 59 ½ or older) – one time only
  - Financial hardship (proof required)
- Permanently depletes your TSP account, and you cannot repay this money to TSP.
- Apply directly to TSP.

**TSP Withdrawal Options**
- Leave the money invested in your TSP account.
- Roll your account to an IRA or other eligible plan.
- Make a Partial Withdrawal of $1000 or more.
- Make a Full Withdrawal
- Make a Mixed Withdrawal (combination of above options)
Thrift Savings Plan

TSP Withdrawal Options

- You must withdraw your TSP account by April 1 of the year following the year you become age 70 ½.
- TSP payments are taxable as income in the year in which the payments are made in the Traditional balance.
  - 20% Federal tax withholding
  - 10% penalty if you leave government before age 55 and withdraw account before age 59 1/2
  - No penalty if you leave during or after the year you reach age 55 and withdraw account before age 59 1/2

Thrift Savings Plan Resources

TSP Website – www.tsp.gov
  - for current information on TSP including Roth
  - Publications and forms
  - Personal account access
  - Make fund allocations and inter fund transfers
  - TSP calculators
  - Quarterly TSP Participant Statement and TSP Highlights

Thrift line – (877) 968-3778
  - Personal account access
  - Make fund allocations and inter fund transfers
  - Current rates of return
  - General Information

Financial Literacy

Retirement Readiness: NOW

- Networking - What are you doing today that will allow you to be engaged, challenged and fulfilled in retirement?
- Overall Health - What are you doing to stay healthy so that you can enjoy your retirement years?
- Wealth - How well are you managing your income and investing for your future so that you will be able to support your desired lifestyle in retirement?
Financial Planning
Health & Wellness

- Small Steps to Health and Wealth: http://njaes.rutgers.edu/sshw
- Nutritional and healthy food choices – USDA http://www.choosemyplate.gov/
- Staying Fit: http://www.fitness.gov

Financial Planning Tools

A good place to start is: http://www.mymoney.gov

Try the new Federal Ballpark Estimate: http://www.aphis.usda.gov/mpbs/hr/benefits/ballpark.shtml

The Investor’s Clearinghouse - educates investors - http://www.investoreducation.org/

Financial Planning

- YOU are responsible for your own retirement planning.
- YOU are responsible for your own financial success.
- It is YOUR responsibility to gather information, make decisions, and plan for the best outcome!
Federal Employees Health Benefits

- Types of Plans:
  - Fee-For-Service (FFS)
  - Health Maintenance Organization (HMO)
  - Consumer –Driven
  - High – Deductible (HDHP)
    - Health Savings Account
    - Health Reimbursement Account

Plan Comparison tools are provided on OPM’s web site:
PlanSmartChoice:
https://www.plansmartchoice.com/registration.aspx

- Compare features, costs, benefits
- Review individual plan brochures for details
- See plan provider directories for choice of doctors, clinics, hospitals

FEHB premiums are deducted before taxes.

Opportunities to enroll, make changes, or drop coverage are limited to the annual open season or within 60 days of a qualifying life event, for example:

- Change in family status (marriage, baby, divorce, death)
- Move out of area serviced by health plan.
- Change in spouse’s employment affecting health plan coverage.

Proof is required for the life event.
Federal Employees Health Benefits

Family members eligible for FEHB:

- Spouse
- Children under age 26:
  - Recognized natural children
  - Legally adopted children
  - Stepchildren
  - Foster children*  
  *Must be:
    - Financially dependent on the employee
    - Living with the employee in parent-child relationship
    - Employee expects to raise child to adulthood
- Children over age 26 if incapable of self support because of a disability that existed before age 26.

Federal Employees Health Benefits

Temporary Continuation of Coverage (TCC)

TCC allows certain people to temporarily continue FEHB coverage after regular coverage ends:

- **Federal employees** may qualify for TCC for up to 18 months if they leave Federal service before they are eligible to retire.
- **Children** qualify for TCC for up to 36 months if they lose FEHB coverage because they reach age 26 or lose status as a stepchild or foster child.
- **Former spouses** may qualify for TCC for up to 36 months when they lose FEHB coverage because of divorce or annulment of marriage.

TCC is expensive. Enrollee pays employee and Government share of the premium, plus a 2% administrative charge.

Federal Employees Health Benefits

Continuing FEHB as a Retiree:

- If retiring on an immediate annuity, you may continue FEHB coverage as a retiree, if you have had any FEHB coverage for 5 years preceding retirement.
- FEHB deductions are taken from monthly annuity check.
- You pay the same premium rate as employees.
- You have the same open seasons as employees.
- Your spouse may continue coverage, if you are enrolled in a family plan and a survivor annuity is payable at the time of your death.
FEHB Resources

- Web site: [www.opm.gov/insure/health](http://www.opm.gov/insure/health)
- Web site has:
  - Frequently asked questions
  - Forms
  - Plan comparisons and rates
  - Plan brochures
  - Help in choosing a plan

Federal Employees Dental and Vision Insurance Program (FEDVIP)

Federal employee benefit began in 2007.

- Sign up for FEDVIP during the fall open season.
- Eligible employees may choose to enroll in a dental or vision plan, or both.
- Enrollment offered for self-only, self plus one, or self and family coverage.
- No limitations because of pre-existing conditions.
Flexible Spending Accounts (FSA)

These are accounts designed to pay for out-of-pocket medical expenses and/or child and elder care expenses with pre-tax money.

Flexible Spending Accounts
Two kinds of Accounts:

Health Care FSA (HCFSA)
- Covers Out of Pocket expenses not reimbursed by any source:
  - Prescription drugs, co payments, services not covered by your health, dental or vision plan, such as dental, orthodontics, hearing aids, eyeglasses, contact lenses, Lasik eye surgery, over the counter drugs.

Dependent Care FSA (DCFSA)
- Eligible dependent care expenses:
  - Child care, after school care, day camp, nursery school, late pick up fees, elder care.
Flexible Spending Account

Who is eligible?

**Health Care FSA:** Employees who are eligible for FEHB coverage.

**Dependent Care FSA:** All employees with qualified dependents.

Exception: temporary employee with no fixed work schedule whose tour of duty is 6 months or less may not enroll.

Flexible Spending Accounts

How does it work?

- You determine how much to save by estimating your expenses for the coming year.
- Be conservative in estimating expenses – this is a use or lose benefit.
- Sign up for FSA during fall open season.
- Pay your expenses, then submit claims to FSAFEDS for reimbursement.
- FSA Plan Year = Jan 1 of this year to March 15 of the following year (01/01/2013 – 03/15/2014)

Flexible Spending Accounts

Eligible Expenses: Health Care FSA

- Tax deductible (see IRS Publication 502)
- Related to diagnosis/treatment/cure of a medical condition, or to alleviate a physical/mental defect or illness
- Not reimbursed by FEHB or any other source
- Incurred by employee or any dependent claimed on employee’s federal income tax return
- See list of over the counter medical care expenses that are eligible for reimbursement at www.fsafeds.com
**Flexible Spending Accounts**

**Eligible Expenses: Dependent Care FSA**

- Family member age 13 or younger
- Any person of any age an employee claims as a dependent on his/her federal income tax return
- Family member is mentally or physically incapable of caring for himself/herself
- Individual must be using the services in order to be able to work.

**Flexible Spending Accounts**

**How Much Can You Save In Each Account?**

- Health Care FSA: $250-$2500 annually
- Dependent Care FSA: $250-$5000 annually ($2500 if employee is married and filing separate income tax return).

**Flexible Spending Accounts**

**Open Seasons:**

- Must make a new enrollment election each year.
- Elect during the FEHB Open Season each fall
- Elections effective January 1 of each year
- Outside of Open Season, changes are limited to Qualifying Life Events.
Flexible Spending Accounts

Enrollment

- www.fsafeds.com
- 1-877-FSAFEDS
  (1-877-372-3337)

Federal Employees Group Life Insurance

Federal Employees Group Life Insurance (FEGLI)

- **BASIC Life** = annual salary, rounded up to nearest $1,000, plus $2,000.
- **Option A** = $10,000
- **Option B** = annual salary, rounded up to nearest $1,000, choose multiples of 1 - 5 times your pay.
- **Option C** = Family member coverage
  - $5,000 for death of spouse
  - $2,500 for death of child
  - choose 1 - 5 multiples of coverage.

Must be enrolled in BASIC to elect any OPTIONAL coverage.
FEGLI

Opportunities to enroll or increase coverage are limited:

- New employees
- Life events (marriage, new child, divorce, death)
- Medical exam
- There are no regular open seasons for life insurance.

Employees may reduce or cancel coverage at any time!

---

FEGLI

- FEGLI is a term life insurance policy.

- If you leave Federal service before you are eligible to retire, you may convert your FEGLI coverage to a private contract, without medical evidence of insurability.

- If you are retiring on an immediate annuity, you may continue FEGLI coverage as a retiree, if you have had coverage for 5 years preceding retirement.

---

FEGLI

- Continuing coverage into retirement:

  Basic Life

  Optional Life Insurance:
  Option A
  Option B
  Option C

  *reduction starts at age 65, or upon retirement, if older than age 65
FEGLI References

- Web site has:
  - Frequently asked questions.
  - Forms
  - Brochures and information
  - Life insurance calculator

Long Term Care Insurance

LTC is the care you would need to help perform the activities of daily living (ADL):

- Feeding
- Bathing
- Dressing
- Moving from bed to chair
- Using the toilet
Long Term Care Insurance

Covered services:
- Nursing home
- Assisted living facilities
- Hospice care
- Home care
- Respite care to relieve family members

For information and enrollment:
- [www.LTCFEDS.com](http://www.LTCFEDS.com)
- Call 1-800-LTC-FEDS (1-800-582-3337)

Designation of Beneficiaries
Designation of Beneficiaries

- SF-1152, Unpaid Compensation of Deceased Civilian Employee
- SF-2808, Civil Service Retirement System or
- SF-3102, Federal Employees Retirement System
- SF-2823, Federal Employees Group Life Insurance
- TSP-3, Thrift Savings Plan

When there is no designation of beneficiary, payment is made in the normal order of precedence:

- Widow or widower
- Children
- Parents
- Appointed executor or administrator of the estate
- If none of the above, to the other next of kin entitled under the laws of the state where the deceased lived.

You should only file a designation of beneficiary form if you do NOT want to follow the normal order of precedence.
A True Story…

Jack married Amy.
They divorced.
Jack married Betty.
They divorced.
Jack married Cathy.
Jack died.

Designation of Beneficiaries

- Review your designations periodically, especially as your life changes.
- Keep copies with your important papers.
- Valid once received by responsible office.
- Valid until changed by employee.
- No erasures or alterations on forms.
- Blank designation of beneficiary forms and other information are available on our website:
  http://www.aphis.usda.gov/mrpbs/hr/benefits/designation_beneficiary.shtml

Life Events

- Change in work schedule
- Nonpay actions
- Military LWOP
- Moving
- Marriage
- New Child
- Divorce
Financial Hardship

Employee may:
- Use Employee Assistance Program (EAP) for financial counseling:
  http://www.foh.chhs.gov/Public/WhatWeDo/EAP/eap.asp
  1-800-222-0364
- Apply for TSP Loan or request TSP In-Service Withdrawal at www.tsp.gov

Retirement

Retirement Planning Checklist available at:
http://www.aphis-usda.gov/hr/benefits/retirement_checklist.shtml

Employee Tools

National Finance Center’s Employee Personal Page (EPP)
www.nfc.usda.gov
Thank you for your attention!

Contact your Human Resources Benefits Specialist for information on insurance, TSP, retirement service credit, retirement counseling and calculations, and employee or family member deaths.

Contact your Human Resources Benefits Assistant for the status of processing of FEHB, FEGLI and TSP election forms, retirement applications, and designation of beneficiary forms.

For a list of the Benefits Specialists and Assistants and program assignments, please visit our website at:

USDA MRPBS Human Resources
Attn: Benefits
Butler Square, 100 N. 6th Street
Minneapolis, MN 55403-1588
FAX: (612) 336-3545