BENEFACTS Newsletter

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Contents

A NEWSLETTER PUBLISHED BY THE BENEFITS AND WORK LIFE PROGRAMS DIVISION

DCPAS

Waiting to Exhale

Are you thinking about retiring soon? Well, retirement is time when you can pretty much do whatever you want. It is time when you can spend traveling, enjoying your hobby, volunteering, making new friends, and simply enjoying life. But, most of all, a successful retirement takes careful planning on your part , planning that hopefully began early in your working career to help ensure that you will have the income you need when you want to retire.

The retirement process itself is very simple for most people. However, if at all possible, there are several things you should do well in advance of your planned retirement so that there are no surprises when you do separate. Understanding your role in the retirement process, and the roles played by your agency and the Office of Personnel Management (OPM), is an essential part of that planning. By working closely with your agency, you can help assure that your retirement from Federal service will be smooth and worry free.

Those who go down the retirement path need to make sure they're doing it for the right reasons, because there could be drawbacks to dodge and opportunities to jump upon; however, keep in mind that those unexpected surprises could derail their joyful finish.

Here are some tips to consider while you are thinking about heading out to that place called Retirementville:

- Start saving early. Increase your contributions up to the maximum allowed in your Thrift Savings Plan (TSP) and if you're 50 or older take advantage of the catch-up contributions. The sooner you act on saving, the bigger your funds will be.
- Understand the ins and outs of your pension and options.
- Estimate what your expenses will be in retirement. Itemize your monthly budget. By doing this, it will give you the advantage in advance to make the necessary adjustments.
- Have a financial advisor determine how long you can sustain your budget before your money runs out. Poor management can be a costly mistake.

Continued on next page

- Be mentally prepared and find a social outlet in advance. The long hours at home could lead to boredom or tension.   So think about the things you enjoy doing.

Remember, retirement can also have its drawbacks. Workers who retire before they are eligible for Social Security will need to rely on money they have saved during their working years. If those funds do not stretch far enough, those early retirees might find themselves heading back into the workforce.

- Don't put all your eggs in one basket. Although it may sound good, it could be a disaster and you'll have no safety net to rely on. If you have the opportunity to invest in TSP, you might consider spreading the risk and investing in several funds.
- Review your health insurance plans and requirements to continue your federal insurance into retirement. Remember Medicare doesn't start until age 65, so don't be left without coverage or access to your employer's health plan. As for life insurance, you will still need to meet the requirements to continue the coverage, also keep in mind that the life insurance will increase as you get older depending on your elections.
- Ask questions. Talking to your Human Resource Office can provide you with more information and understanding of the retirement process.

Remember, if you plan to live a comfortable retirement planning is always a plus. So following these few tips can help you avoid any regrets in the future. So, are you prepared?

Annuity Garnishments

Garnishment is a legal process for enforcing existing legal obligations. Civilian Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) annuities can be garnished for Alimony or child support. Public Law 93-647 and Public Law 95-30 amended the Social Security Act (title 42, United States Code) to provide that the United States Government will comply with the terms of a valid court order for garnishment to provide Alimony or child support. Public Law 95-30 also set up limitations on garnishments issued to enforce a support obligation.   These are the same provisions that require agencies to comply with similar garnishment orders against employees' salaries.

If the creditor is the U. S. Government, and the agency knows that the debtor has retired from the Federal Government, they can send the debt claim to the Office of Personnel Management (OPM) for collection as provided under 5 U.S.C. 5514. As an agent of the Federal Government, OPM will collect claims and they cannot vary its normal payment cycles to comply with a garnishment order. Generally, debts may be collected from retirement benefits only to the extent expressly authorized by Federal statutes. Garnishment payments are made on the first business day of the month for benefits that accrued during the previous month. If you would like more information on this topic, please email us at, dodhra.mc-alex.dcpas.mbx.benefits-contacts@mail.mil.

1, 2, 3s of Flexible Spending Accounts

Flexible Spending Account (FSA) is a program that allows employees an opportunity to save pre-tax dollars from their paycheck and receive reimbursements for eligible out-of-pocket healthcare and dependent care expenses obtained throughout the plan year. The maximum amount allowed is based on an Internal Revenue Plan known as Cafeteria Plan 124. The following is a comparison of the three benefits available under the FSA program.

Healthcare Flexible Spending Account	**Limited Expense Healthcare Flexible Spending Account**	**Dependent Care Flexible Spending Account**
Internal Revenue Service (IRS) contributions limit for 2017 is a maximum of $2,600. Each year limit may change.		Contribute up to a maximum of $2,500 per year if married and file a separate tax return or $5,000 per year if married and file a joint tax return or if single or head of household.
Carry over up to $500 from one plan year to the next when you re-enroll		**Cannot** carry over from one plan year to the next
Save an average of 30 percent on eligible Health Care expenses and reimbursed for hundreds of eligible Health Care expenses	Tax savings on eligible out-of-pocket dental and vision expenses only.	Care for child under age 13 or care for spouse or relative physically or mentally incapable of self-care and lives in home
Enrollment required each year during the Annual Federal Benefits Open Season (November/December timeframe)		
Benefit period begins January 1st		
Benefit ends period ends December 31st		Benefit period ends March 15th
Last day for claims April 30th		

Note: Annuitants and active duty military personnel are not eligible to enroll.

So, what can FSA do for you?

FSA provides a pre-tax option allowing you to save money on reimbursements for out-of-pocket expenses. For a list of eligible expenses and how to register, visit the FSAFEDS website at https://www.fsafeds.com/support/eligibleexpenses.

Back to School? Childcare Options to Consider

There is nothing more important to parents than the wellbeing and safety of their children. Finding the right before and after school childcare is more than just finding a place for your child "to go." Fortunately, as the demand for before and after school childcare has increased, the options, which are as unique as our children, have also increased. When necessity is combined with creativity, as well as certain workplace flexibilities and benefits, the outcome is very positive. Consider the following options:

- Speak with your supervisor about existing work schedule flexibilities. If your agency permits flexible scheduling, you and your spouse might consider working opposite schedules so that one of you can see the children off to school in the morning and the other can be home in time to greet them, start homework, and prepare dinner.

- Consider school-based childcare. This can be a positive experience for your child because they are already familiar with the location, and they get to spend extra social time with some of their friends.

- Coordinate a childcare co-op with other parents, where each family takes a turn at providing care. This option may also work in tandem with responsible use of work schedule flexibilities.

- If you only need part-time childcare, consider bartering. Are you good at math? Perhaps you could tutor the children of your after school provider, one day a week, in exchange for a few days of afterschool care. Maybe you could mow her lawn or fix his car; the possibilities are endless. Just remember, Uncle Sam may want to know about any exchange of goods and services when you file your income tax.

- Check into the many commercial sports-based programs, such as karate, or arts and crafts after care programs that will send a van to your school to pick up your child. Not only will your child be cared for, they will experience a well-timed athletic or creative break from schoolwork to be refreshed and ready for homework by the time you pick them up.

Don't forget that as a Federal employee you can use a Dependent Care Flexible Spending Account, otherwise known as a DCFSA, to use pre-tax dollars to pay for childcare for children under the age of 13.

Check https://www.fsafeds.com/public/pdf/FSAFEDS-Overview-Brochure.pdf for enrollment details or https://www.wageworks.com/employees/support-center/dcfsa-eligible-expenses-table for a breakdown of the types of eligible dependent care services.

What Decisions Regarding Healthcare are Required at Age 65

Most federal employees have participated in the Federal Employees Health Benefits program (FEHB) throughout their career, and many have carried their federal health insurance into retirement. But, two or three months before they turn 65 years old, whether they are still working or not, they will be bombarded by phone calls and mail stating that it's imperative that they enroll in Medicare right away and purchase supplemental plans.

Is this true? Not at all. The decision to enroll in Medicare is a personal choice and federal employees have more options than many Americans. Medicare is a national health insurance program, administered by the Social Security Administration, that offers health insurance to people age 65 years or older, people with disabilities under age 65, and people suffering with end-stage renal disease. Most Americans sign up for Medicare at age 65, but because it doesn't cover all expenses, private insurers offer Medi-gap coverage for a fee to pay for the additional costs (thus, the huge volume and mail from private insurance companies).

There are 4 parts to Medicare: Part A (Hospital Insurance), Part B (Medical Insurance), Part C (Medicare Advantage) and Part D (Medicare Prescription Drug Coverage). Part A is generally free of charge. This service helps pay for inpatient care in a hospital or skilled nursing facility following a hospital stay and is coordinated with FEHB. The other three parts of Medicare are fee based so federal employees need to debate whether those services could bolster their current FEHB coverage or whether they are unnecessary. Part B helps pay for services from doctors and other healthcare providers and would be coordinated with a retiree or employee's FEHB plan. Part C (Medicare Advantage) is a combination of Parts A and B provided by private insurance plans approved by Medicare (another reason for the onslaught of marketing from companies). Both have reasonable costs, but adding Medicare premiums would be in addition to paying FEHB coverage. Part D is Medicare Prescription Drug Coverage. Since most federal health insurance programs have prescription drug coverage, Part D of Medicare may not be of benefit. But, since neither Medicare nor FEHB cover all medical costs, they could supplement each other.

At age 65, everyone has to make a decision within one year whether to enroll in Medicare or not. If an individual delays enrolling in Medicare Part B when they first become eligible, there will be a late enrollment penalty. For every year that they delay, they will be charged a 10% penalty in addition to their monthly premium once they elect to enroll. If an individual turns 65 and is still working for the federal government, the decision and penalty are delayed until they retire.

Most federal retirees and employees are fortunate to have FEHB coverage since the government continues to pay a portion of the premiums. They also are fortunate to have the option to sign up for Medicare coverage to if they have the finances to pay for both benefits.

To learn more about Medicare visit: https://www.medicare.gov/

Ensuring Family Security

Survivor Benefits is not a subject that anyone likes to talk about. But when it comes to ensuring that your family is well taken care of after your death, it is a conversation that all employees should have. Survivor Benefits plays a crucial factor in the financial sustainability of families. Use the chart below to spot check if you have a comprehensive family "security" plan.

Federal Employees Health Benefits (FEHB)	Survivors are eligible for health insurance coverage if the employee enrolled for FEHB under Self Plus One or Self and Family. If the employee enrolled under Self Only, the survivor is not eligible.
Thrift Savings Plan (TSP)	Beneficiaries are entitled to receive all or a part of a deceased participant's TSP account. The account will be distributed to beneficiaries indicated on the TSP-3 form.
Basic Employee Death Benefit (BEDB) (FERS Only)	A one-time payment for a Federal Employees Retirement System (FERS) surviving spouse. The amount is equal to 50 percent of the employee's final annual pay (or average pay if higher), plus $15,000, adjusted for cost of living adjustment's under Civilian Service Retirement System (CSRS) rules. BEDB may also be payable to a former spouse (in whole or in part), if a qualifying court order, awarding a benefit, is on file at the Office of Personnel Management (OPM) and the former spouse was married to the deceased for a total of at least nine months and did not remarry before reaching age 55.
Surviving Spouse	CSRS surviving spouse will receive monthly payment if the employee has completed at least 18 months of creditable service under CSRS at the time of death. FERS surviving spouse will receive monthly payment if the employee has completed 10 years of creditable service (18 months of the service should be civilian service).
Former Spouse	Monthly payments may be made to the former spouse under a court order. A former spouse must meet the nine month marriage requirement.
Children	Dependent unmarried children may receive monthly benefits until reaching age 18, marry, or die. Benefits can continue until age 22 if the child is a full-time student attending a recognized school. Unmarried disabled children may receive monthly benefits if the disability occurred before age 18.
Federal Employees' Group Life Insurance (FEGLI)	Survivors receive benefits in the order of precedence according to the SF2823, Designation of Beneficiary.
Federal Employee Dental and Vision Program (FEDVIP)	Survivor may enroll or continue the existing enrollment.

Warning!

There is a phone scam that targets Federal annuitants. The scammer claims to be an Office of Personnel Management (OPM) employee and threatens to end the annuitant's retirement, threatens that a "magistrate" will criminally prosecute, and demand an immediate payment.

Do not send money! Don't fall for it.

If you suspect the caller is an impostor: simply hang-up, note the date and time of the call, as well as the caller's phone number if possible, and report it to OPM's Office of the Inspector General (OIG) at (877) 499-7295 or to the Federal Trade Commission (FTC) at https://www.ftccomplaintassistant.gov/.

DoD's Unemployment Insurance Program

The Unemployment Insurance Program is a Federal-state partnership based on Federal law. States administer the Unemployment Compensation Federal Employees (UCFE) Program on behalf of the Federal government, using their own eligibility laws. Each state has their own wage and separation requirements, and to become eligible, an individual must meet specific requirements for benefits. All states require that a person has earned a specified amount of wages and worked a certain number of weeks or calendar quarters to qualify for unemployment benefits.

States also establish their own acceptable reasons for job separation that individuals have to meet to be eligible for unemployment benefits. The UCFE program requires that states determine a person's eligibility by requesting wage and separation information from employing Federal agencies using the Request for Wage and Separation Information (ETA 931) and Request for Additional information (ES-931A). If a Federal agency fails to provide the needed wage and separation information within 12 days of the request date, federal regulations require the state to make eligibility determinations using the person's affidavit. On average, DoD pays approximately $1,400 per person per month for individuals on unemployment.

Defense Civilian Personnel Advisory Service is responsible for training, policy and guidance regarding the DoD unemployment compensation program.

One of DoD's Best Kept Secrets

This is the second article in a series discussing the methods the Department is using to control workers' compensation costs. First, let's review a few things about workers' compensation. The program is administered by the Department of Labor, Office of Workers' Compensation Programs (OWCP). OWCP Claims Examiners adjudicate claims and authorize payments based upon information provided by employees filing claims and the information the employing agency provides regarding the claim. A great many people understand that the employee, employing

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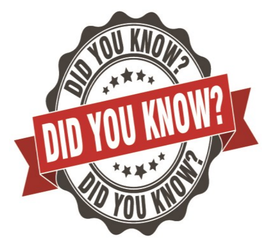
agency, and OWCP are involved in the claim submission and management process. What most people in the Department do not know is that there is a group of experts in the area of workers' compensation that can provide expert technical advice, training, and case management assistance to workers' compensation specialists in the field. The group works at Defense Civilian Personnel Advisory Service (DCPAS) in the Injury Compensation Unemployment Compensation Branch (ICUC) of the Benefits and Work Life Programs Division (BWLPD).

DoD Injury Compensation Program Advisors (formerly DoD Liaisons) provide a wide array of assistance to components and agencies within the Department. They have decades of experience in the workers' compensation field and many are former OWCP claims examiners, so they are very familiar with workers' compensation regulations and procedures. They are co-located with the OWCP District offices across the country and maintain a strong working relationship with OWCP District personnel in order to facilitate resolution of complex case management issues that components and agencies are having. The DoD Injury Compensation Program Advisors can also provide training to specialists on a wide array of workers compensation topics from the best return to work strategies for employing agencies to analyzing workers compensation data. They are a "one stop shop" for all things related to workers' compensation and will provide assistance on a wide range of workers' compensation issues.

The DoD Injury Compensation Program Advisors answer thousands for requests for assistance each year as well as review over 2,500 case files annually to help agencies with case management issues. The actions of these individuals and the specialists at the employing agencies are having a positive effect on the performance of the Department's workers' compensation program. Total workers' compensation costs have gone down from $621 million in 2012 to $529 million in 2016. Costs have gone down each of the last four years. This is clearly a partnership that is working. Hopefully this information will do a little to "spill the beans" on one of DoD's best kept secrets.



Did You Know?

Did You Know if You are the Second Spouse, You may not be a Spouse?

Consider the following real life scenario…
In 1967, a former U.S. Forest Service employee Don King married a woman named Diana. Don and Diana divorced in 1980. Then Don and Diana remarried in 1981. In 1983 Don and Diana divorced again, but continued relations and shared a home with their two children. Don moved out and married a woman named Kathryn in 2002. Don died in 2004 from Cancer.

Since Kathryn is Don's wife, she incurred the cost for medical bills and the end-of-life treatment. She was designated to receive Don's lump-sum accrued federal annuity. But, both Kathryn and Diana claimed to be Don's legal wife at the time of death.

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Did You Know? (Continued)

First, Kathryn filed with OPM for survivor benefits. OPM sent payments to her from May 2004 – Feb 2007, where they paid her a total of $41,939.13. Diana filed with OPM for survivor benefits in 2006. OPM stopped Kathryn's payments and paid Diana $48,303.27 for the period of 2004-2007, and $22,297.82 for the period of 2007-2008.

Kathryn and Dianna executed a settlement agreement in 2004. Kathryn agreed that Diana and Don had a common law marriage and agreed to assign any rights in Don's retirement and insurance to Diana. Specifically, payments shall be the property of Diana or returned to the government for disbursement to Diana. Diana agreed to pay Kathryn $50,000 and assumed Don's medical and funeral expenses. After signing the agreement, Kathryn changed her mind. Kathryn and Diana executed a second settlement agreement in 2008. Kathryn released any claim to Don's annuity including reimbursement for the cost of Don's medical and funeral expenses and waived any claim for reimbursement of payments made to Diana. Kathryn paid Diana $33,563.94 as per settlement.

So, who is the lawful wife of Don and entitled to his annuity? The Montana court decreed that Diana was the lawful common law wife from approximately 1984 to his death in 2004. Don's marriage to Kathryn was considered void and Diana was entitled to all rights as Don's lawful spouse.

Now, what happens to the funds that were sent to Kathryn? OPM now seeks to recover the full $41,939.13 from Kathryn without taking into account the funds she paid to Diana. Kathryn challenged OPM by stating that she transferred the monies received to Diana pursuant to the court order. Kathryn appealed OPM two times. OPM argues that Kathryn can pursue necessary relief in Montana court by suing Diana for recovery of transferred funds. But, according to 5 CFR §831.1403, Kathryn is entitled to a waiver of recovery of the overpayment.

Merit System Protection Board Case Number 2012–3061, September 13, 2013

Most Recent Benefit Administration Letters (BALs)

The Office of Personnel Management (OPM) issued two Benefit Administration Letters (BALs) that impacts how Federal Agencies administer the benefits programs.

BAL Number	Subject	Date Issued	Description
17-801	The Federal Flexible Spending Account Program (FSAFEDS): 2017 Administration Fees	Feb 2017	Notifies agencies that FSAFEDS reserve account fee and administrative fees will not change for the 2017 benefit period.
17-102	Annual Changes	Mar 2017	Contains 2017 updated information that changes annually, such as interest and cost-of-living adjustments for annuity recipients.

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BE
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Class Pictures

Class: Basic Benefits

Date: June 6-9, 2017

Location: Mark Center

Class: Intermediate Benefits

Date: April 18-21, 2017

Location: Mark Center

Class: Advance Benefits

Date: June 13-16, 2017

Location: Mark Center

2017 Training Schedule for Mark Center

During the 2017 calendar year, the Benefits and Work Life Programs Division, Defense Civilian Personnel Advisory Service (DCPAS), will hold training on Federal Benefits and Entitlements at the Mark Center in Alexandria, VA. Each course is four days and limited to 25 participants per session. Registration is open 30 days prior to the start date of each course. DoD CAC required for registration. Check periodically as new classes are always added. To enroll, register at: https://dodhrinfo.cpms.osd.mil/Pages/Training-Center.aspx.

Course	Dates	End of Open Enrollment
Benefits Intermediate Course (BIC)	July 11-14	June 30
Advance Benefits Workshop (ABW)	Aug 8-11	July 28