

The following is a PDF documenting the course “NPS Fundamentals III” designed by the NPS through a partnership with the Eppley Institute for Parks and Public Lands, Indiana University.

[For access to much of the information identified as links in the “Learn More” boxes (below), please see the New Employee Orientation website at <http://inside.nps.gov/waso/waso.cfm?prg=1302&lv=4> . Additional information may be found on the Department of Interior and Office of Personnel Management websites.]

FUN III

MODULE 1

PLANNING YOUR CAREER

IDENTIFYING YOUR
COMPETENCIES

TRAINING FOR YOUR CAREER

YOUR INDIVIDUAL
DEVELOPMENT PLAN

THE PERFORMANCE
APPRAISAL SYSTEM

Module Review

→ **MODULE 2**

**SAVINGS AND
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RETIREMENT FUND

INVESTMENT PRODUCTS

INSURANCE

HEALTH INSURANCE

HEALTH ACCOUNTS

LIFE INSURANCE

Module Review

MODULE 1: Career Planning

The National Park Service believes that thoughtful individual career development and planning allows employees to better carry out the Service’s mission. Therefore, each employee is strongly urged to develop and pursue a career plan that includes setting personal and professional goals, identifying the competencies to achieve these goals, and outlining steps to develop the needed competencies.

In this module, you will learn about the opportunities available to you in the NPS, and you will begin to gather materials and develop your own career plan.

The module is divided into the following pages:

Planning Your Career

Identifying Your Competencies

Training for Your Career

Your Individual Development Plan

The Performance Appraisal System

Module 1 Assessment

To complete the module, you must read through each page and pass the Assessment. The Practice activities at the end of each page will help prepare you for the Assessment. You are also encouraged to complete the Activities, which will help you with your performance review as well as your professional goals.

After completing this module, you should be able to do the following:

Prepare for your performance appraisal.

Identify a career field and job category that match your interests or skills.

Identify the essential and universal competencies you need to gain.

Identify training you need to advance your career.

Get started now by clicking the Next Page button below. It will take you to the first page of the module, Planning Your Career.

Planning Your Career

Career planning is an ongoing process of assessing your current situation, identifying your long-term goals, and planning how to achieve those goals. Because your current situation, career goals, and available opportunities will change over time, it is important to regularly ask yourself:

1. Where am I with my career now?
2. Where would I like to be with my career in the future?
3. What can I do to achieve my short- and long-term career goals?
4. What knowledge, skills, and abilities must I pursue to have the greatest chance for success in my chosen career field?

The NPS has many tools to help you plan your career. As you read through the following pages, you will learn about each of these tools and how you can use them to prepare for a career that is well suited to you. If you plan to stay in your current job, this module will show you what the Service expects of you and how to stay up-to-date.

Identifying Your Competencies



In virtually any organization—including the National Park Service—an employee is initially hired because he or she has job-related skills. These skills may vary widely, depending upon the job. They may also be acquired in different ways—through schooling, mentoring, self-study, or on-the-job experience.

The NPS has defined competencies that each employee must gain. Some competencies are specific to a particular job or career field; others are shared universally across the NPS. Together, these two sets of competencies provide NPS employees with a roadmap for success and serve as a useful career-planning tool.

Essential Competencies

An essential competency is a combination of knowledge, skills, and abilities which, when acquired, allows you to perform a task or function at a defined level of proficiency.

There are a wide variety of jobs in the NPS. For each job, the NPS has identified essential competencies. These are the skills and knowledge you need to perform the job at the entry, developmental, and full-performance levels.

NPS jobs are grouped into career fields, such as maintenance, information management, and cultural resource stewardship. Each career field has its own essential competencies. For example, electricians, carpenters, and masons are all grouped into the maintenance career field. An essential competency for all of them—and therefore for the career field of maintenance—is the ability to

work from sketches and basic blueprints.

Each job within the NPS and its set of essential competencies has a corresponding Position Description (PD). As a new employee, you should receive a PD when you are hired. Changes made in your position at the NPS, due to additional training, evaluations, or career choices, will be reflected in your PD. Traditionally, you should receive a copy of your PD as part of your orientation with your supervisor. If you do not receive a copy at this time, you should request one. It is important that you have it so that you can understand what is required of you to carry out your job successfully.

learn more: [General Schedule Position Descriptions](#)
[Wage Grade Position Descriptions](#)
[NPS Career Fields](#)

Universal Competencies

Eight competencies are necessary for all NPS employees, regardless of their jobs or career fields. These are called universal competencies, and they include:

MISSION COMPREHENSION	FUNDAMENTAL VALUES
AGENCY ORIENTATION	COMMUNICATIONS SKILLS
RESOURCE STEWARDSHIP	PROBLEM-SOLVING SKILLS
NPS OPERATIONS	INDIVIDUAL DEVELOPMENT PLANNING

For a description of each competency, click the Universal Competencies link below. You are encouraged to print these competencies and place them in your portfolio since this is information you will probably want to refer back to as you compile additional information about your job.

learn more: [Universal Competencies](#)

These universal competencies form the foundation for a common vocabulary that spans the entire National Park Service. Mastery of these competencies is a strategy for excellence, both for the present and the future. The current means of attaining the universal competencies is to complete the NPS Fundamentals training program.

The Universal Competencies serve to further the NPS mission, keep you aligned with its values and goals, and prepare you for leadership and personal development. Together, the essential competencies for each job and career field, underpinned by universal competencies for all jobs, create and maintain a vital organization.

See which competencies you currently have and which you need to obtain by completing the Activity below. Then, try the Practice activity to make sure you understand the basics of competencies.

Activity - Identifying Your Competencies

In this recommended assignment, you will identify the essential and

universal competencies you need to acquire to advance your career.

1. Read through the activity before getting started.
2. [Go to Career Fields Page.](#)
3. Print the essential competencies for your current career field by completing the following steps:
 - o Click the Essential Competencies link that is next to your career field.
 - o Print your career field's Essential Competencies page after it opens.
4. Next, print the essential competencies for your current job by completing the following steps:
 - o Scroll to the bottom of your career field's Essential Competencies page.
 - o Click the Job Titles for your career field link.
 - o When the Job Titles page opens, click your current job. It will open a link to the job's essential competencies.
 - o Print the page once it opens. Read each page you printed.
5. [Go to Career Fields Page.](#) Go to the Universal Competencies web page and print the page.
6. Read through each page you printed, and put:
 1. a check mark next to the competencies you already have,
 2. a "C" next to the competencies you need to acquire to perform your current duties, and
 3. an "F" next to the competencies you need to acquire for future career development.
7. If your career goals will eventually take you to another job, repeat steps 3-6 for that job. This will help you prepare for that future position.
8. Place the printed web pages behind the Fundamentals III tab in your Fundamentals Portfolio. These pages can be helpful as you review your portfolio in coming years.

Training for Your Career



In the previous section, you learned that the NPS has defined required competencies for each career field and each job within a career field. Acquiring these competencies will help you stay up-to-date in your current job and plan for your future career development.

But how do you acquire the competencies you need? The National Park Service has adopted a plan for the training and development of its employees based on competencies. The goal of this plan is to establish a program that enables all employees to effectively carry out the mission of the NPS. It provides a simple, accessible process for obtaining training. It also expands opportunities for all employees to develop their abilities to meet the needs of their jobs.

Under the plan, all Servicewide training events, including this course, are listed in a web-based, centralized location called DOI Learn. Events in this central repository are grouped/listed according to competency.

Also as part of the NPS training and development plan, each NPS

career field has its own Training Manager, who guides training and development for employees working in that field. These managers, along with other NPS staff, form a training community that cooperates across all organizational levels.

learn more: [Training Managers](#)
[The Training and Development Community](#)

You are also encouraged to look for training and development opportunities outside of NPS offerings. These outside opportunities may be formal training and development, such as classes offered by other government bureaus, courses offered at a local college, or conferences offered by a professional organization. You may also want to seek out less formal means of development, such as finding a mentor, researching topics of interest to you, completing a detail in another location, completing a shadow assignment, or reading trade journals.

Another helpful source of additional training resources is the Office of Personnel Management (OPM) website. On this site you have access to federal forms, OPM news and events, HR tools and resources, OPM publications, e-gov initiatives, and OPM products and services.

learn more: [The Office of Personnel Management](#)

PRACTICE

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Your Individual Development Plan

Throughout this module, you have reviewed a variety of information about your current job, and any potential jobs you may seek in the future. This information can be quite useful as you learn about a tool that will help you plan for development opportunities in the future: the Individual Development Plan (IDP).

You should create your IDP cooperatively with your supervisor. It will forecast your development needs and schedule the training necessary to enhance your competencies. The IDP is also a useful way to periodically review your career goals and agency objectives, both of which may change over time, and to refocus your development efforts to meet these new goals.

In the IDP, you will list the following:

- each competency you want to acquire
- the activity (e.g., a class, mentor program, independent research, etc.) that will help you acquire each competency
- the planned date of each activity
- the completion date of each activity, and
- whether or not you have acquired the competency.

learn more: [Individual Development Plan form](#)

IDPs are useful for career development because they provide a logical and structured framework for assessing and addressing both

individual and organizational needs. By using the IDP, you and your supervisor will be able to work together to focus limited resources in the area of greatest need. It is important to note that an IDP does not guarantee that you will receive the training listed. Fiscal shortfalls or other circumstances may prevent you from being approved for training in any given year.

Activity - Completing the IDP

In earlier activities in this module, you already completed many of the items you need for your IDP. To finish the IDP, follow the steps below.

1. Read through the activity before getting started.
2. Print a copy of the Individual Development Plan by completing the following steps:
 - [Open the IDP form.](#)
 - Print a copy of the form.
3. In the plan's Competency column, list the competencies you need to acquire for your current job and for future career development. (You identified these in the Identifying Your Competencies assignment.) List competencies needed for your current job first.
4. In the Related Training/Developmental Activities column, list activities that will help you acquire each competency. You began to identify these activities in the previous page of this module. If you cannot find an activity for a certain competency, leave it blank and ask your supervisor for ideas.
5. Meet with your supervisor to review your IDP. He or she will give you feedback on your plan, help you prioritize your training activities, and work with you to set dates to accomplish your training activities.

You may find it useful to bring a copy of your Employee Performance Appraisal Plan (EPAP), which will be reviewed in the next section, and your job's Position Description (PD) to your IDP review session. If your future career plans include working in another job, you may want to bring the position description for that job to your review session as well. These documents can help you and your supervisor prioritize competencies and activities.

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The Performance Appraisal System

The Employee Performance Appraisal Plan (EPAP) is the tool the NPS uses to ensure that your individual goals support the agency's overall goals. EPAP was developed by the DOI and is used by all of its bureaus and offices. The tool was designed to provide you with

- clear expectations of your performance
- useful feedback for improvement, and
- a meaningful process for rewarding performance.

learn more: [Employee Performance Appraisal Plan form](#)

learn more: [Supervisory Employee Performance Appraisal Plan form](#)

The Performance Appraisal Period

The performance appraisal period coincides with the fiscal year. If you start a new job in the middle of a fiscal year, you will have a shorter appraisal period. Your EPAP can be revised any time during the year. In order for a supervisor to fairly rate or critique you, however, you must have worked under an Appraisal Plan that has not changed for 90 days.

Critical Elements

As part of the Performance Appraisal System, you will meet with your supervisor several times over the course of the appraisal period to formally discuss your performance. During the first meeting, you and your supervisor may develop your EPAP together. This document will contain up to five "critical elements"—work assignments or responsibilities of such importance that unsatisfactory performance in even one of the elements would result in a determination that your overall performance was unsatisfactory.

At least one of your critical elements must be linked to strategic mission and Government Performance Results Act (GPRA) goals. For example, a critical element for an interpretive park ranger might be the following:

"Facilitated programs for visitors are researched, developed, and presented. These programs contribute to visitor understanding and appreciation of the significances (meanings) of park resources and are designed to reach a wide variety of audiences. NPS Strategic Plan Goals IIb1 and IVb2."

Performance Standards

At the end of the appraisal period, your supervisor will rate your performance on each critical element using a rating system with five levels: exceptional, superior, fully successful, minimally successful, or unsatisfactory. Each of these ratings has a "performance standard"—a clear definition of what you must do to receive the rating. These standards are set when your EPAP is created so you and your supervisor have a mutual understanding of the level of performance that corresponds with each rating.

The DOI Performance Appraisal Handbook establishes benchmark standards for each of the five ratings. For example, the "Fully Successful" benchmark standard reads, in part:

"The employee demonstrates good, sound performance that meets organizational goals. All critical activities are generally completed in a timely manner and supervisor is kept informed of work issues, alterations and status...."

Your supervisor can also create specific performance standards for each of your critical elements. These standards can be used in addition to or instead of the benchmark standards. For example, the interpretive park ranger's supervisor might add to the "Fully Successful" standard so that it reads:

"Refer to attached benchmark and in addition: Programs are researched using the most accessible and current sound scholarship available to the park; generally, little in-depth research is completed. Research encompasses at least two viewpoints to accommodate a wider audience. Programs exhibit some of the professional techniques

in public speaking and presentation skills and exhibit good delivery of formal interpretive programs.”

If specific standards are used, your supervisor is required to define the “Fully Successful” rating in your EPAP. This will ensure that you have a clear understanding of the basic expectations for your performance. Your supervisor is strongly encouraged—but not required—to provide definitions for the other ratings as well.

Evaluation

At least once during the appraisal period, you will meet with your supervisor for a progress review to ensure that both of you are satisfied with the progress being made. This review is an opportunity for you to identify your strengths and weaknesses, as well as new skills that you may need to develop.

At the end of the appraisal period, you will receive a “performance rating”—a written evaluation of your actual performance. Your supervisor will rank your performance on each critical element as exceptional, superior, fully successful, minimally successful, or unsatisfactory. These ratings will be based on the performance standards that were defined when your EPAP was created.

The information you have just read provides a brief overview of the Employee Performance Appraisal Plan. To gain a deeper understanding of the appraisal process, review the Performance Appraisal Handbook.

learn more: [Performance Appraisal Handbook](#)

To ensure that you understand the basics of the EPAP, try the Practice activity below. Then, continue with the module, which will help you identify skills needed for your job and opportunities for acquiring those skills. This information can help you prepare for your performance appraisal. Information from Fundamentals II can also be helpful when creating your EPAP.

PRACTICE

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Module 1: Career Planning

This module was designed to provide the information you need to understand better the process of career planning, including how an Individual Development Plan is both generated and used.

To review, you should be able to do the following:

Explain the steps that make up the Individual Development Plan.

Identify the steps that are a part of the Performance Appraisal System.

If you have not already completed the activities within the module, you may want to do so now. They provide a useful way to test your understanding and better prepare for the assessment.

MODULE 2: Retirement Planning

No matter what age you are or how many years you have until retirement, it is never too early to start preparing for your future. If you have been with the Park Service for a while, you may have already learned about the retirement programs available to you or even already be enrolled. However, retirement planning is sometimes a low priority when you start a new job, given all the other things you have to do and learn.

In this module, you will get a refresher course on the retirement and insurance options from which you can choose as an NPS employee. You will assess your current situation and identify your goals for the future, then consider which investment and insurance decisions will help you meet those goals.

The module is divided into the following pages:

Savings and Investments

Retirement Fund
Investment Products

Insurance

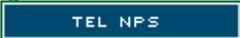
Health Insurance
Health Accounts
Life Insurance

Module 2 Assessment

You should read each page and answer the Reflect questions that you find in the column to the left. The Practice activities that appear at the end of each page will help you prepare for the Assessment, which you must pass to complete the module. You are also encouraged to complete the activities. They can help you take stock of where you are now financially and where you hope to be in the future.

The activities will also help you prepare for the recommended TEL NPS course, where you will be given an opportunity to ask questions and learn more about retirement planning. This instructor-led TEL broadcast offers opportunity to interact with a certified financial planner and a Federal benefits specialist and ask questions regarding your retirement. The TEL segment is offered about five times a year. Click below for more information about registering for this segment of the course.

To learn how to register for this TEL NPS course, click on the button below.

A rectangular button with a dark blue background and white text that reads "TEL NPS".

[Register in DOI Learn to take the Tel Net portion of this course]

After completing this module, you should be able to do the following:

Identify your current financial situation and insurance coverage.

Set goals for your future financial and insurance needs.

Make more informed decisions to reach your goals.

Get started now by clicking the Next Page button below. It will take you to the first page of the module, Savings and Investments.

Savings and Investments



THE NEW YORK
STOCK EXCHANGE

Whatever your stage in life or in your career, it is important to plan for the future. When it comes to saving and investing money, sooner is always better than later, because then time becomes your ally. It allows your money to grow. Even setting aside a small portion of your paycheck each month now will pay off in big dollars later.

In this part of the module, you will examine some of the things you need to know, both as a government employee and as an investor in general. However, because investing is complex, and because individual goals, needs, and situations vary, we cannot provide you with all the information you need. We strongly suggest that after completing this introductory training, you contact a financial professional or your local servicing personnel office for assistance. They have your employment records and can address your particular situation.

Retirement Fund



The Federal Employees Retirement System (FERS) is a retirement program the federal government offers to all new permanent employees. It is made up of three components:

Social Security Benefits
Basic Benefit Plan
Thrift Savings Plan

By combining these three components—and doing a little planning—you can attain a comfortable retirement.

An overview of each FERS component is presented below. For more information on the program, visit the Federal Employees Retirement System booklet by clicking the following links.

learn more: [The Federal Employees Retirement System](#)
[Office of Personnel Management Retirement](#)
[Services](#)

Social Security Benefits

The Social Security program was established in 1935 during the Great Depression to provide citizens with a measure of economic security. Today, Social Security benefits include these components:

DID YOU KNOW?

The average American spends 18 years in retirement.

DID YOU KNOW?

Agency Automatic Contributions and Agency Matching Contributions are not taken out of your salary; they are additional monies the government provides to you.

KEY DEFINITION

Vesting means that you have met the service requirements that entitle you to keep the Agency Automatic (1%) Contributions and their earnings when you leave Federal service.

Retirement benefits—monthly payments when you retire at the age of at least 62

Disability benefits—monthly payments if you become disabled

Survivor benefits—a lump sum benefit upon your death and monthly benefits for your eligible survivors

The amount of Social Security benefits you will receive is based on your level of earnings during your working years. The Social Security program is primarily funded through payroll taxes. As part of FERS, you contribute a small percentage of your salary (6.2%) to Social Security. Your agency also contributes 6.2% of your salary to Social Security. To find out more about Social Security or to estimate your benefits, click on the links below.

learn more: [The Social Security Website](#)
[Social Security Benefit Calculators](#)

Basic Benefit Plan

The Basic Benefit Plan is a traditional retirement plan that is financed by contributions from you and your employer. You contribute a very small amount (.8%) of salary to the FERS retirement fund. When you retire, the plan will provide you with monthly payments that are based on your pay and length of service. The exact amount of these payments is determined in part by averaging your three highest consecutive years of basic pay (not including overtime, bonuses, etc.). This "high-3" average pay, along with your length of service, is used in the benefit formula.

In addition to the monthly payments provided by the Basic Benefit Plan, you may receive a Special Retirement Supplement until you reach age 62, if you meet the age and service requirements for a full, immediate annuity under FERS at an age when Social Security benefits are not yet payable. This benefit approximates the Social Security benefit earned during federal service and stops when you turn 62 years old.

Thrift Savings Plan

The Basic Benefit Plan and Social Security benefits are important parts of your retirement package, but it is almost certain that they will not provide all of the funds you will need in retirement. To create a successful retirement plan, you will also need to incorporate the Thrift Savings Plan.

The Thrift Savings Plan (TSP) is a tax-deferred retirement plan for federal employees that is similar to 401(k) plans offered in the private sector. It is intended to be a major source of your retirement income.

Unlike Social Security and the Basic Benefit Plan, your participation in the TSP is voluntary. The maximum amount you may contribute to the plan has been increasing annually; for the most up-to-date information about contributions, consult the TSP website (listed below).

The government will contribute an amount equal to 1% of your salary to the TSP, regardless of your participation. You typically qualify for—or are "vested" in—this "Agency Automatic Contribution" three years after you are hired. If you leave your job, you will no longer receive the government contribution.

In addition, the government will match the amount you contribute up to 5% of your basic pay. This is known as an "Agency Matching Contribution." Although amounts you contribute above 5% are not matched, they are still beneficial to you because of their before-tax savings and tax-deferred earnings.

Agency Matching Contributions give you the opportunity to significantly increase your total contribution, as shown in the table below. As you can see, investing even a small percentage of your salary can yield a significant total contribution, due to the government's matching and automatic contributions. In essence, the TSP offers you a chance to build your savings with government dollars (Reflect 01).

REFLECT 01

What percentage of your salary do you contribute to the Thrift Savings Plan? What is your total contribution, after matching and automatic contributions?

RESPOND

Percentage of Salary Contributed by You	Agency Matching Contribution	Agency Automatic Contribution	Total Contribution
0%	0%	1%	1%
1%	1%	1%	3%
2%	2%	1%	5%
3%	3%	1%	7%
4%	3.5%	1%	8.5%
5%	4%	1%	10%
6% or greater	4%	1%	11% or greater

To see what the percentages in the table might mean in real dollars, read the TSP case study below. To estimate the potential growth of your own TSP account, use the calculators in the links below.

learn more: [TSP Case Study](#)
[Calculators: Projecting Your Account Balance](#)

You can begin to contribute or change your contribution amount to the TSP at any time. Your TSP contributions and interest earnings are not taxable until they are withdrawn, usually at or after retirement. To find out more about TSP features and how contributions may be invested, visit the sites below. Also, remember to participate in the TEL segment of the course to benefit from the insights of a professional financial planner.

learn more: [The Major Features of the Thrift Savings Plan](#)
[The Thrift Savings Plan Website](#)
[Thrift Savings Plan Summary Booklet](#)

See how much you will need to save for retirement by completing the activity below. Then, try the Practice activity, which will test your knowledge of the retirement funds discussed above and help prepare you for the module Assessment.

Activity - Financial Savings: Ballpark Estimate

To make the most of the Federal Employees Retirement System, you need to know how much you should save for retirement. In this activity, you will use the American Savings Education Council (ASEC) Ballpark Estimate to calculate approximately how much you should save each year.

1. Read through the activity before getting started.
2. Go to the ASEC Ballpark Estimate web page (www.choosetosave.org/ballpark/index.cfm?fa=interactive).
3. Answer all of the questions and print the estimate.
4. Place your completed ASEC Ballpark Estimate in the appropriate location behind the Fundamentals III tab for your records.

If you have any changes in your life that may impact your financial plans, you can return to the ASEC Ballpark Estimate to recalculate the amount you should save each year.

Activity - Employee Express: Requesting a Personal Identification Number

In this activity, you will request a Personal Identification Number (PIN) that allows you to access Employee Express, a website that you will use to monitor your payroll and personnel information. This site also allows you to update your home address, tax information, and other benefit information. It is recommended that you complete this activity now, so you will have the PIN when you need it. Once you have been notified of your new PIN, it is recommended that you browse through the site to become familiar with its many helpful tools.

If you already have an Employee Express PIN, you do not need to complete this assignment.

If you do not have a PIN, follow the steps below or call Employee Express at (478) 757-3030 and follow the directions for requesting a PIN.

1. Go to the Employee Express website (<http://www.employeeexpress.gov>).
2. Click the Lost or Forgot PIN link on the right side of the page.
3. On the PIN Request/Retrieval page, click Request Pin

by email.

4. On the Request PIN by email page, enter the required information, following the directions carefully. Once you have entered the information, click the submit button.
5. You will receive an email by the following business day that contains the password you will use to obtain your new PIN.

Investment Products



This part of the course provides a brief overview of basic investment concepts and products. It is not intended to make you a financial expert, and it is not intended to give you financial advice. It will, however, begin to make you aware of some of the issues you might want to consider when investing your money. We encourage you to seek out additional information from reputable sources, such as books or financial professionals, in order to make informed decisions suited to your financial situation and goals.

Risk and Return

In the broadest sense, anything in which you invest your money with the hopes of gaining a return can be considered an investment product. Using that definition, you can see that there exists a wide range of investment products—from interest-bearing checking accounts to highly volatile stocks. These products have different levels of risk and return associated with them. Risk is the possibility of losing the money you invest. Return is the amount you can earn on your money.

Usually, the lower the risk, the lower the return. For example, savings accounts and interest-bearing checking accounts are often insured, guaranteeing that you will recoup your money plus a certain amount of interest. Because these products have relatively low risks, they also have relatively low returns. Stocks, on the other hand, have more risk associated with them. Because the risk on this type of investment is greater, the potential returns are also greater.

DID YOU KNOW?

Less than half of all Americans have put aside money specifically for retirement.

Typically, when people talk about investments, they are referring to products with higher potential rates of return, such as stocks or bonds. These are the types of products, in which you are investing when you put your money into the Thrift Savings Plan. Although these investments tend to have higher returns over time than a savings or checking account, they are more risky.

One way to reduce risk is through diversification, which simply means investing in various investment products. If you are invested in several different products, a loss in one product may be offset by gains in the others. You can also diversify your investments within a particular type of product. For example, if you decide to invest in stocks, you might buy stock in a variety of companies. This helps ensure that you will not lose all your investment simply because one company or one segment of the market does poorly.

Being well diversified, however, is no guarantee that your investments

will not lose money. In the end, only you can decide what kind of risk you want to take with your money. Your willingness to take risks will be influenced by your financial goals, by how quickly you want to cash out your investments, and by your general level of comfort with risk and stress.

The world of investing is a complex one, and a detailed explanation of it is well beyond the scope of this course. The following information, however, will help you begin to understand three basic types of investment products: stocks, bonds, and mutual funds. As you choose which investments are right for you, you may want to seek the advice of a trained and reputable investment professional.

<p>learn more: How to Pick a Financial Professional learn more: How to Avoid Problems with Financial Professionals</p>

Stocks

Stocks are shares in a company. When you invest in a company by buying its shares, you own part of that company. Your stock can increase or decrease in value, depending upon the company's performance and other factors in the market as a whole.

Bonds

A bond is basically a loan you make to a company, a municipality, or the government. When you buy a bond, the company or institution you bought it from promises to pay you back your original investment, plus any interest that is due, at a set date—the maturity date. Different bonds pay different interest rates. Generally, the riskier the bond, the higher the rate.

<p>learn more: Stocks Vs. Bonds</p>

Mutual Funds

When you invest in a mutual fund, your money, along with other investors' money, goes into a pool, or fund, that is used to purchase a variety of investment products, such as stocks and bonds. The specific products purchased are selected by investment professionals who administer the funds. Mutual funds fluctuate in value, with a fund's value depending upon its various products' overall performance. Mutual funds also have different risk profiles: the greater the risk, the greater the potential for high, quick return.

Mutual funds appeal to many investors for one or more of the following reasons:

You can often invest with a small amount of money.

Your investments are chosen and monitored by professionals, relieving you of the responsibility.

Some mutual funds spread their investments over a large number of companies, so your investment is diversified.

Activity - Understanding your Current Financial Situation

We all have financial goals, such as owning a home, paying for college, and having a comfortable retirement. The first step toward reaching

your goals is understanding your current financial situation.

1. Read through the activity before getting started.
2. On a piece of paper, list your financial goals. These are the things for which you want to save, such as owning a home, paying for college, buying a new car, saving for retirement, or taking care of your parents.
3. Once you have listed your goals, rank them in order of importance. Prioritizing your goals in this way will help you identify where to focus your efforts.
4. Finally, write down a deadline for meeting each goal. Knowing how many years you have to meet your goals will help you choose the best savings or investment products.
5. Once you have finished, go to the [SEC Making a Financial Plan](#) web page and print the page.
6. Complete the financial plans from the SEC web page, as directed.
7. Place these materials behind the Fundamentals III tab in your Fundamentals Portfolio or with your financial information at home. Keeping these materials in a central location will be helpful as you continue to work on your personal financial plan. This also makes it easier for you to review your financial materials on a regular basis, which is a recommendation of most financial professionals.

In the future, as your financial goals or situation changes, you may want to revisit this exercise.

PRACTICE

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Insurance

The group life and health insurance programs available to federal employees are optional and are financed by joint contributions from you and your employer.

Making wise, informed decisions about life and health insurance can make your life easier both now and in the future. The first step toward making those decisions is understanding your choices.

While the information on federal insurance programs is too extensive to fully cover in this course, this part of the module will provide you with an overview. As you progress through it, you will become familiar with the insurance options available to you and will have the opportunity to start thinking about which ones best meet your needs.

NEXT PAGE ->

Health Insurance



The Federal Employees Health Benefits (FEHB) Program is designed to help employees meet their individual healthcare needs. As a federal employee, you and your family are eligible to elect FEHB coverage, unless your position is excluded by law or regulation. To find out if you and your family are eligible for the program, visit the FEHB web pages below.

learn more: [Eligibility and Election Family Members](#)

FEHB lets eligible employees choose from the widest selection of health care plans in the country (Reflect 02). These plans fall into three categories:

REFLECT 02

What is the name of your healthcare plan? (e.g., Alliance Health Plan)

RESPOND

Health Maintenance Organizations (HMO). An HMO is a health plan that provides care through contracted or employed physicians and hospitals located in particular geographic or service areas.

Fee-for-Service (FFS) plans. A FFS plan is a traditional type of insurance that allows you to visit the healthcare provider or facility of your choice. The plan will either pay the medical provider directly or reimburse you for covered services after you have paid the bill and filed an insurance claim.

REFLECT 03

Which category describes your plan — HMO, FFS, POS?

RESPOND

Plans offering Point of Service (POS) product. A POS is a product that has features of both an HMO and an FFS plan. It allows you the choice of using a network provider at a lower cost or a non-network provider at a higher cost (Reflect 03).

learn more: [HMOs](#)
[FFS Plans](#)
[Plans with POS Products](#)

KEY DEFINITION

Open Season refers to the time period from the middle of October until the end of December when you can make changes to your contributions.

Once a year, there is an "open season" during which eligible employees can enroll, change, or cancel their FEHB plans. The FEHB website posts brochures for all of the healthcare plans you can choose from during the open season. These brochures tell you each plan's level of coverage and what services and supplies it covers. To find out which plans you are eligible for and compare their features, visit the FEHB website.

learn more: [The FEHB Website Enrollment Information](#)

Managed care is an important part of the FEHB Program. You will find managed care features in all the plans described on the FEHB website. Common features of managed care are pre-approval of hospital stays, the use of primary care providers as "gatekeepers" to coordinate your medical care, and networks of physicians and other providers.

Health Insurance Upon Separation from Federal Service

Under most circumstances, if you leave your job in the federal government prior to retirement, you will be eligible for Temporary Continuation of Coverage (TCC). This program allows you and your family to keep your FEHB health insurance for a period of time. For more information about this program, visit the links below.

learn more: [Temporary Continuation of Coverage FAQs about Continuation Coverage](#)

Health Insurance During Retirement

Healthcare can become increasingly important during the later years of life. The government offers its retirees the option of continuing health coverage during retirement if they meet certain conditions. If you meet the requirements, then Federal Health Benefits continue after retirement, for both you and eligible family members, at the

same premiums that employees pay. The government continues to contribute to your Federal Health Benefit premiums in retirement.

For further information on health insurance during retirement, consult the FEHB website and/or your servicing personnel office.

learn more: [FEHB for Retirees and Survivor Annuitants](#)

Federal Long-Term Care Insurance

Most healthcare plans, including those in the FEHB program, cover immediate medical expenses but typically do not cover costs for long-term care. This type of care provides ongoing assistance for people who have chronic conditions that make it impossible for them to perform everyday tasks, such as eating and dressing. Long-term care can be provided at home, in an assisted-living facility, or in a nursing home. The Federal Long-Term Care Insurance Program is insurance that will help you pay for this type of service if you or your family ever needs it.

learn more: [Federal Long-Term Care Insurance Program Who is eligible?](#)

The Federal Long-Term Care Insurance Program offers four pre-packaged plans, as well as the option to customize your own plan. The amount of your premium is based on the plan in which you are enrolled and your age. For details about each plan, consult the website below.

learn more: [Types of Plans](#)

REFLECT 04

What is the name of your healthcare plan? (e.g., Alliance Health Plan)

RESPOND

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Health Accounts



Health insurance does not cover all medical expenses; you pay for many out of your own pocket. For example, if you visit the doctor, then you pay a co-payment or deductible. If you have a headache, you might buy an over-the-counter medicine, like aspirin, to relieve it. If your vision is poor, you purchase eyeglasses or contact lenses to correct it.

These costs can add up. To help alleviate some of the burden, the federal government gives you the option of participating in either a flexible spending account or a health savings account. Both types of accounts offer you tax savings.

Flexible Spending Accounts

DID YOU KNOW?

Americans spent roughly \$725 per person in out-of-pocket medical expenses in 2002.

If you enroll in a Health Care Flexible Spending Account (HCFSAs), you can use the money you contribute to pay for qualified out-of-pocket medical costs.

Participation in HCFSAs is voluntary. Every year during open season you can decide whether you want to participate and how much you want to contribute. Open season occurs in November and December; if you decide to enroll, your contributions will be deducted from your paychecks starting in January. The money you contribute will be lost if you do not spend it by the end of the year.

An HCFSAs offers you tax savings. The money for your account is taken out of each paycheck before taxes are deducted. Not only is the money set aside for your HCFSAs not subject to most taxes, but your remaining taxable income is reduced.

If you would like to learn more about HCFSAs, visit the links below.

learn more: [FSAFEDS Services and Expenses Eligible for Reimbursement](#)

DID YOU KNOW?

You can also enroll in a Dependant Care Flexible Savings Account. Money from this account can be used for childcare or adult dependent care expenses.

Health Savings Accounts

Health Savings Accounts (HSA) are another way you can set aside money for certain out-of-pocket medical expenses.

In order to open a HSA, you must participate in a High Deductible Health Plan. As its name suggests, a High Deductible Health Plan has a higher annual deductible than traditional health insurance plans. (While the exact amount will change from year to year, expect the deductible to be above \$1,000 for individual coverage and above \$2,000 for family coverage. To find the exact amount for the current year, visit the links below.)

learn more: [High Deductible Health Plans with HSA](#)

You make contributions to your HSA directly—they are not deducted from your paycheck. You can contribute any amount you choose, up to specified limits. When you file your income tax return, you can claim your contributions as a deduction.

Contributions remain in your account from year to year until you use them. The money in your account is invested, and earns tax-free interest.

You cannot have a Health Savings Account and a Health Care Flexible Spending Account at the same time. If you are interested in the accounts and want more information about the differences between them, visit the link below.

learn more: [Comparison Chart](#)

Health Accounts During Retirement

Retirees are not eligible to maintain flexible spending accounts. But, if you retire and remain in your High Deductible Health Plan, you may continue to use and accumulate credits in your HSA. When you enroll in Medicare, you will no longer be eligible for HSA, but you can

participate in a related plan called a Health Reimbursement Arrangement (HRA). More information about this plan is available via the links provided earlier.

PRACTICE

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Life Insurance



The Federal Employees Group Life Insurance (FEGLI) Program is the largest group life insurance program in the world, covering over 4 million federal employees and their families. Most employees, including part-time employees, are eligible for FEGLI.

learn more: [Your FEGLI Coverage](#)

The program offers basic life insurance coverage, plus three additional options. The benefits for each are summarized below.

Basic Life Insurance. Your Basic Insurance Amount (BIA) is equal to the greater of (a) your annual basic pay rounded up to the next \$1,000 plus \$2,000, or (b) \$10,000. An extra benefit is paid to employees under age 45.

Optional Life Insurance. If you have Basic insurance, you may also choose any combination of three types of Optional insurance:

Option A (standard optional insurance)—equal to \$10,000.

Option B (additional optional insurance)—equal to one, two, three, four, or five times your annual basic pay (after rounding up to the next \$1,000).

Option C (family optional insurance)—provides coverage for your spouse and eligible children. You may elect one, two, three, four, or five multiples of coverage. Each multiple is equal to \$5,000 (\$25,000 maximum) for your spouse and \$2,500 (\$12,500 maximum) for each of your eligible dependent children.

Employees who are eligible for FEGLI are automatically enrolled in Basic insurance, unless they waive the coverage. Participating employees pay two-thirds of the cost of Basic insurance, and the government pays the other third.

Employees who want Optional insurance must apply for it. Participating employees pay the entire cost of Optional insurance, which is based on the participant's age.

To learn more about each type of insurance, consult the FEGLI Program Booklet and the FEGLI Handbook.

learn more: [FEGLI Program Booklet](#)
[FEGLI Handbook](#)

There are three opportunities for you to begin, change, or cancel your life insurance: during open enrollment, following a physical exam, or after a life event. Details about each of these opportunities are described in the FEGLI Program Booklet and the FEGLI Handbook (Reflect 04).

Life Insurance During Retirement

You are eligible to continue both Basic and Optional life insurance under FEGLI after your retirement, provided you meet certain conditions. To find out more about this option and its qualifying criteria, consult the FEGLI website.

Activity - Life Insurance

Life insurance may be critical to you and your family, or you may have little need for it. The amount of life insurance you need depends on your personal circumstances. In this activity, you will estimate the amount of life insurance you need and the value of your current coverage.

1. Read through the activity before getting started.
2. Go to the FEGLI Program Booklet and print the page.
(<http://www.opm.gov/insure/life/booklet/2004/federal/introduction.asp#amount>)

If the page prints incorrectly, you may want to readjust the orientation of the page. Do this by placing your mouse on File in your upper-left toolbar, scrolling down the menu to Page Setup, and clicking on it. In the box that opens, select the Landscape orientation, then click the OK button. Then print the page.

3. Complete the chart at the bottom of the page as directed, to estimate how much life insurance you need.
4. Go to the FEGLI Calculator web page.
(<http://www.opm.gov/calculator/index.htm>)
5. Fill out the required fields in the calculator and click the Calculate button.
6. Review your selections to make sure they are correct, then click the Next button.
7. Read and print the results of the calculation. Are the results greater than or equal to your estimate of how much you need? If not, you may want to consider increasing your life insurance coverage.
8. You may want to keep the completed activity for your own personal review.

PRACTICE

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Module 2: Retirement Planning

This module was designed to provide information you need to better understand the process of retirement planning, including information about issues related to insurance and investment opportunities. We hope that as you worked through the various activities, you gained a clearer picture of your own financial habits, concerns, and potential. If you have any further questions, you may want to consult a financial advisor. Remember, this module is not designed to provide you with advice; it is designed only to provide you with the information and some of the resources you need in order to get started with the planning of your financial future.

To complete the module, be sure you are familiar with the material covered in the module. In particular, you should feel you are able to:

Create a plan that meets your personal retirement goals.

Identify your current financial situation and insurance goals.

Make informed decisions and set goals for your future financial and insurance coverage.

As you finish NPS Fundamentals III, you should to gather and organize your materials. If you have elected to participate in the TEL NPS course "Retirement Planning for New Employees," you may wish to bring your NPS Fundamentals III materials with you. To make sure this section is complete, please review the following list.

1. Click on the link below to open your reflect questions, and print the worksheet. It contains the answers you provided for all of the Reflect questions in NPS Fundamentals III. If you have not completed all of the Reflect questions, you will need to go back and do so before you can take the assessment.

[REFLECTS](#)

2. If you have not already answered the Practice questions or completed the recommended activities, then you may return to them now. To verify that you have completed each activity you intended to complete, click on the link below and review the titles of each activity available in NPS Fundamentals III.

[ACTIVITIES](#)

Attend the TEL NPS Course - "Retirement Planning for the New Employee"

Once you are satisfied with your collection of materials, you are ready to attend the recommended TEL NPS course. If you have not already scheduled a time for taking the course but wish to do so, then you may review how to do so now by clicking the following link.

[TEL NPS](#)

After taking the recommended TEL NPS course and reviewing the Practice questions, Reflects, and activities from this module, you should be prepared to take the NPS Fundamentals III Assessments. After you successfully pass an assessment, you will have the opportunity to print your certificate from DOI Learn's course list view. The course list is located under My Courses-->Online Courses on the DOI Learn top navigation.

To begin the Course Assessment, please locate the Testing tab on your DOI Learn Console, the fifth tab from the left.

Your Fundamentals III Reflections

Throughout Fundamentals III you have answered Reflect questions, which prompted you to pause for a moment, think about what you were learning, and provide a response. Your answers to these questions are compiled below.

Fundamentals III: Module: 2: Reflect 4

What FEGLI coverage do you have?

Your Response:

Basic \$10,000

Fundamentals III: Module: 2: Reflect 2

What is the name of your healthcare plan? (e.g., Alliance Health Plan)

Your Response:

Blue Cross Blue Shield PPO

Fundamentals III: Module: 2: Reflect 3

Which category describes your plan — HMO, FFS, POS?

Your Response:

POS

Fundamentals III: Module: 2: Reflect 1

What percentage of your salary do you contribute to the Thrift Savings Plan? What is your total contribution, after matching and automatic contributions?

Your Response:

5% I contribute. 5% Gov't contributes, therefore 10% total per payperiod to TSP

List of Activities

Assessment Page Fun III Module 1

Identifying your Competencies

Investigating Training Opportunities

Completing the Individual Development Plan

Fundamentals III Module 2

Financial Savings: Ballpark Estimate

Employee Express: Requesting a Personal Identification Number

Understanding your Current Financial Situation

Estimating Life Insurance Needs