Retirement Planning

For

New Employees

TEL NPS Participant Guide

Prepared by Albright and Mather Training Centers
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How to Interact with the Instructor

We encourage you to ask questions and share your comments with the Instructor(s) throughout this TELNPS course.

If you were physically in the classroom with the instructor, you would raise your hand to let him/her know you had a question or comment. Then you would wait for the instructor to recognize you and ask for your question. We are all familiar with that "protocol" for asking questions or making comments.

With TELNPS courses there is also a "protocol" to follow to ensure you can easily ask questions and others can participate as well. It may seem a little strange at first asking a question of a TV monitor. Remember, it is the instructor you are interacting with and not the monitor. As you ask more questions and participate in more TELNPS courses, you will soon be focusing only on the content of your question and not the equipment you are using to ask it.

As part of the TEL station equipment at your location, there are several push to talk microphones. Depending on the number of students at your location, you may have one directly in front of you or you may be sharing one with other students at your table.

When you have a question, press the push to talk button and say,
"Excuse me [instructor's first name], this is [your first name]
at [your location]. I have a question (or I have a comment)."
Then release the push to talk button. This is important.
Until you release the button, you will not be able to hear the instructor.

The instructor will acknowledge you and then ask for your question or comment. Stating your name and location not only helps the instructor, but also helps other students who are participating at different locations to get to know their classmates.

Retirement Planning – Course Map

- Pre-Course Assignment
- Pre-Course Communications Check (Site Coordinators Only)
- Welcome and Review of Objectives
- Why Start Retirement Planning Early?
- FERS Eligibility and FERS Components
- Types of Federal Retirement
- Deposits for Civilian Service
- Military Service / Military Deposits
- Annuity Calculations
- Survivor Benefits
- Thrift Savings Plan (TSP)
- TSP Fund Types
- Managing Your TSP
- IRA's and TSP
- Federal Employees Group Life Insurance
- Health Benefits
- Long-Term Care Insurance
- Flexible Spending Accounts
- Additional Resources
- Post Course Assignment

Course Objectives

After completing this course, you should be able to:

1. Recognize the importance of early planning and the value of compound growth in a retirement savings account, such as the TSP or an IRA.

2. Describe the defined benefits of the Federal Employee Retirement System (FERS), including eligibility requirements for retirement, the types of service credited in the retirement and how the retirement benefit is calculated.

3. Identify the investment funds available to TSP participants, the advantages and disadvantages of each and how to manage your TSP account by reallocating your investment selections and rebalancing through interfund transfers.

4. Identify the insurance benefits available to Federal employees and retirees in the Federal Employees' Health Benefits (FEHB) program and the Federal Employees' Group Life Insurance (FEGLI) program.

5. Recognize the tax benefits of using Flexible Spending Accounts (FSA) to pay for out of pocket health care and dependent care expenses and identify the open season enrollment period.

Why Start Retirement Planning Early?

The web course had an exercise called Ballpark Estimate. It helped to give you a basic idea of the savings you will need when you retire.

From the Ballpark Estimate (line 5), write below the total additional savings you will need at retirement. $ _____

If we know it is better to start retirement planning early, why do some people put it off? The instructor will give you time at your site to brainstorm answers to this question:

What are some reasons people give for not starting a retirement savings or investment plan?

_____

_____

_____

_____

A Tale of Two Employees

Employee Number 1 started investing $2,000 a year at age 25. She did this up through age 35 (11 years) and then stopped investing.

Employee Number 2 waited until age 35 to start investing. She also invested $2,000 per year, but made a commitment that she would not stop investing until she caught up with Employee Number 1. (She thought this would be an easy task since Employee Number 1 had stopped investing.)

Assuming both employees were getting a 7% annual return on their investments, at what age does Employee Number 2 catch up with Employee Number 1? Circle the age below that you think is correct –

45 50 55 60 65 70

FERS Eligibility

The FERS retirement system covers:

> Permanent employees hired after December 31, 1983 or rehired with a break in service of more than 1 year and who had less than 5 years of CSRS coverage as of the date of rehire, and
>
> CSRS and Offset Employees who transferred to FERS during the open seasons with less than five years of service prior to the break.
>
> On your last Personnel Action (SF_50b), in the Block for Retirement Plan (30), you will have a “K” if you are covered by FERS.

Employees who transferred to FERS with more than five years of civilian service prior to the transfer retain a Civil Service component to the annuity.

This manual and presentation do not address the Civil Service component of a transfer annuity benefit.

FERS Components

The web course explained that FERS is made up of three components.

List the three components:

1. _____

2. _____

3. _____

Notes

Types of Federal Retirement

Optional Retirement

Eligibility requires attainment of qualifying age and creditable service:

- Minimum Retirement Age (MRA) with at least 30 years of service
- Age 60 with at least 20 years of service
- Age 62 with at least 5 years of service
- Minimum Retirement Age (MRA) with at least 10 years of service. (Reduced Benefit: The annuity benefit is reduced 5% for each year under age 62.)

MRA – MINIMUM RETIREMENT AGE IS BASED UPON YEAR OF BIRTH	
BORN	**MRA**
Before 1948	55
1948	55+2 months
1949	55+4 months
1950	55+6 months
1951	55+8 months
1952	55+10 months
1953 - 1964	56
1965	56+2 months
1966	56+4 months
1967	56+6 months
1968	56+8 months
1969	56+10 months
1970 and later	57

Law Enforcement Officers and Firefighters

Special age and service requirements apply to Law Enforcement Officers and Firefighters:

- Age 50 with at least 20 years of qualifying LEO/FF service
- Any age with at least 25 years of qualifying LEO / FF service

Types of Retirement

Early Optional

- Age 50 with at least 20 years of service
- Any age with at least 25 years of service
- Major RIF and OPM authorization
- The annuity will be computed the same way as for optional retirement.
- You will not receive the special annuity supplement until you reach your MRA.

Discontinued Service

- Age 50 with at least 20 years of service
- Any Age with at least 25 years of service

  AND

- Your job is abolished,

  OR

- You face directed reassignment outside your commuting area,

  AND

- No comparable position within two grades of your current position exists within your commuting area.
- The annuity will be computed the same way as for optional retirement.
- You will not receive the special annuity supplement until you reach your MRA.

Types of Retirement

Deferred Retirement

- MRA (55-57) and 30 years of creditable service
- Age 60 and 20 years of creditable service
- Age 62 and 5 years of creditable civilian service
- MRA (55-57) and 10 years of creditable service. (Reduced Benefit: The annuity benefit is reduced 5% for each year under age 62.)

A deferred annuity is payable when you resign from your position, leave your contributions in the fund, and file after meeting age and service requirements.

It is forfeited if you withdraw your contributions.

The annuity is computed in the same manner as for an optional annuity (years of service times high 3 average), but using the high 3 at the time of resignation.

Drawbacks to deferred retirement include loss of entitlement to Federal Employees' Health Insurance and Federal Employees' Group Life Insurance and the negative effect of inflation on the high-3 salary average.

If you resign with at least 10 years of creditable service and die before reaching the age component for deferred retirement, your spouse at the date of separation is entitled to a survivor annuity of 50% of what you would have received if you had met the minimum age requirements at the time of death.

Notes

Types of Federal Retirement

Disability Retirement

- 18 months of civilian service
- Must be proven to the Office of Personnel Management's (OPM) satisfaction that a medical condition has caused the inability to perform duties, resulting in less than adequate performance.

Must file with Social Security office for Social Security Disability Retirement

Annual physicals may be required by OPM to verify continued disability.

If found to be medically recovered, the annuity will continue for 1 year.

Cannot earn in any 1 year more than 80% of the current salary of the position from which you retired.

If found restored to earning capacity, annuity will terminate June 30 of following year.

When Will You Be Eligible to Retire?

Using the *Optional Retirement* eligibility requirements (without a 5% reduction per year), answer the following questions:

When will you be eligible to retire?

Year _____

How many years do you have until that date?

_____ Years

At your site, determine who has the least amount of time until retirement and who has the most amount of time until retirement.

Notes

Annuity Computations

The amount of the annuity is based on two variables.

First, is the _____ average salary.

Second, is the years/months of _____.

High 3 Computation

The high 3 average salary is the highest pay obtained by averaging the rates of basic pay in effect during any 3 consecutive years of service, with each rate weighted by the time it was in effect.

High 3 for most employees will come from the last 3 years of service.

Year/Month/Day	Salary X Factor =	Earnings for Period
2008/08/03 2008/01/08	$52,408 X .572222 =	$29,989
2008/01/07 2007/01/09	$50,105 X .997222 =	$49,966
2007/01/08 2006/01/10	$48,702 X .997222 =	$48,567
2006/01/09 2005/08/04	$46,508 X .433333 =	$20,153
		Total $148,675

$148,675 divided by 3 = $49,558

Notes

Credit for Civilian Service

Most Federal employment is eligible for FERS retirement coverage, unless the service is temporary or intermittent. Retirement contributions are automatically deducted from salary and the service is creditable toward retirement eligibility and the computation of the monthly retirement benefit.

Temporary Service or Intermittent Service after 1988 is Not Creditable.

Appointments limited to one year or less and intermittent appointments, other than career or career conditional appointments, on or after January 1, 1989 are **excluded** from FERS retirement coverage. Retirement contributions are not deducted from salary and the service is not creditable toward retirement eligibility or computation of the annuity benefit. This service is also referred to as non-deduction service.

Temporary Service or Intermittent Service Prior to 1989 is Creditable if Deposit is Paid.

Temporary, non-deduction service performed prior to 1989 may be creditable for retirement purposes, if a deposit is paid into the retirement fund for the service.

The **deposit** is equal to 1.3% of the salary earned during the non-deduction service, plus interest.

***Interest is charged is at the Variable Rate*.**

Variable Interest Rates	
Through 1984 = 3% interest	
1985 = 13%	1997 = 6.875%
1986 = 11.125%	1998 = 6.75%
1987 = 9%	1999 = 5.75%
1988 = 8.375%	2000 = 5.875%
1989 = 9.125%	2001 = 6.375%
1990 = 8.75%	2002 = 5.5%
1991 = 8.625%	2003 = 5%
1992 = 8.125%	2004 = 3.875%
1993 = 7.125%	2005 = 4.375%
1994 = 6.25%	2006 = 4.125%
1995 = 7%	2007 = 4.875%
1996 = 6.875%	2008 = 4.375%

Procedures to Pay the Deposit:

- Request SF 3108, Application to Make Service Credit Payment from Personnel.
- Complete the front page and return to your Personnel Office.
- Personnel will complete the back and forward it to OPM. OPM will send a bill directly to you.
- Interest accrues on December 31 of each year.

Effect of Non-Payment:

If the deposit is not paid, the service time will NOT count toward eligibility or annuity computation.

Refunded Service

FERS service for which you receive a refund of your retirement contributions is not creditable for retirement eligibility or computation. You may <u>not</u> repay the money to receive credit for the service.

Caution to separating employees: Do not take a refund of FERS contributions unless over age 62 with less than five years of creditable civilian service and <u>never</u> plan to return to Federal service.

Military Service

Creditable Military Service includes:

- Active duty
- Service in academies
- Active duty in reserves
- Reservist 15 day annual training
- Some ROTC
- Some National Guard service

Military Retirement

Receipt of **career military retirement** pay or non-combat disability retirement bars credit for military service in the FERS retirement, unless the military retirement pay is waived.

FERS retirees **may receive credit for military service** in the FERS annuity calculation and retain military retirement if the military retirement is under the provisions of Chapter 67, Title 10, U.S.C. pertaining to retirement from **a reserve component** of the Armed Forces or based upon a service-connected disability either incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war.

Military Deposit

FERS employees do not receive credit toward retirement for military service performed after 1956 unless they pay a deposit of 3% of the military pay received, plus interest. (Deposits for military service performed in 1999 and 2000 are subject to the same temporary increase imposed on employee retirement deduction for those years. Military deposit rates for 1999 is 3.25%. The military deposit rate for 2000 is 3.4%)

Alternative Method for Calculating the Deposit

Under the "Uniformed Services Employment and Reemployment Rights Act of 1994" (USERRA), the amount of the military deposit is limited for employees on LWOP-US who return to civilian service after exercising their restoration rights. The amount of the deposit, before interest, cannot exceed the amount of civilian retirement deductions that would have been deducted from the employee's civilian basic pay had the employee not performed the active military duty.

CSRS - FERS Transfer Employees

Employees who transferred to FERS with more than 5 years of creditable civilian service under CSRS are subject to CSRS deposit rules. (Deposit = 7% of military pay plus interest).

Procedures to pay the Post-56 Military Deposit

Contact your personnel office and tell them you wish to pay your post 1956 military deposit. They will send you a SF-3108 (5/1988) and a Request for Estimated Base Pay Earnings (RI 20-97). These forms are also available on www.opm.gov.

Send the Request for Estimated Base Pay Earnings, along with documentation of military service, to the appropriate military pay center.

Send the response, along with a completed SF-3108, to your personnel office. They will calculate payment due and notify you of payment methods.

Notes:

Basic Annuity Computation

The formula to determine the annuity is:

1% X _____ X years of _____

Example: 30 years / $50,000 average salary

1% X 30 years = 30%

30% X $50,000 = $15,000

Age 62 or older with 20 or more years of service:

The formula to determine the annuity is:

1.1% X high-3 salary X years of creditable service

Example: 30 years / $50,000 average salary

1.1% X 30 years= 33%

33% X $50,000 = $16,500

Law Enforcement Officers and Firefighters - Special Calculation

1.7% X 20 years X High-3 average salary

+ 1% X years over 20 X high-3 average salary

Example: 22 years / $ 50,000 average salary

1.7% X 20 years = 34%

1% X 2 years = 2%

36% X $50,000 = $18,000.

Retiree Annuity Supplement

Full, unreduced retirement benefits are payable to FERS retirees who meet the following requirements:

- MRA (minimum retirement age) or older with 30 or more years of service ,or
- Age 60 or older with 20 or more years of service, or
- Age 50 or older with 20 ore more years of service if offered an early voluntary retirement or if involuntarily separated in agency downsizing, or
- Age 50 or older with 20 or more years of qualifying law enforcement or firefighter service, or
- Any age with 254 or more years of qualifying law enforcement or firefighter service.

An additional amount is paid by OPM to retirees eligible for full retirement benefits to supplement the total retirement until Social Security benefits become payable at age 62.

The retiree annuity supplement is an approximation of the portion of a full career Social Security benefit earned while employed under FERS.

Notes:

FERS Survivor Benefits – Pre-Retirement Death

If you had at least 18 months of civilian service and were subject to FERS at the time of death, the following people may draw survivor benefits –

Spouse

- Have been married to the employee for at least 9 months at the time of death
- OR be parent of a child of the marriage

Accidental death waives length of marriage requirement.

Former Spouse

- Have been married to employee for at least 9 months
- Have a court order expressly providing for payment of a FERS lump sum and/or survivor annuity to the former spouse

Children

- Under age 18 and unmarried
- Under age 22 and full-time student
- Any age if disabled before age 18

A legally adopted child or one for whom a petition of adoption was filed by the deceased is eligible. Stepchildren who were dependent on the deceased and lived with him/her in a regular parent-child relationship are eligible. Recognized natural children are also eligible.

Notes

Amount of the Survivor Benefit

Basic Employee Death Benefit

If the employee had 18 months of service, a lump sum benefit may be paid to a spouse or a former spouse. The lumps sum is equal to:

- $28,094, plus
- the higher of one half of the final salary or one-half of the high-3 average salary.

Child Survivor Annuity

A survivor annuity of $444 per month may be paid to eligible children. This benefit is reduced if more than three children are receiving benefits. The child survivor benefit is offset by Social Security child survivor benefits.

Spouse / Former Spouse Survivor Annuity

If the employee had 10 years of service, a survivor annuity may be paid to a spouse or a former spouse. The survivor annuity is equal to 50% of the employee's basic annuity calculation.

Benefits for Former Spouses

Apportionment of annuity and / or survivor benefits may be awarded to a former spouse as specified in a divorce agreement.

Please refer to *CSRS and FERS Retirement Handbook for Personnel and Payroll Officers*, chapter 5, for information on court-awarded benefits for former spouses.

Notes

The Thrift Savings Plan (TSP)

The web course listed several features of the Thrift Savings Plan (TSP). List three of those features that the web course identified below:

1. _____

2. _____

3. _____

The TSP is a retirement savings and investment plan for federal employees.

It was established by Congress to provide federal employees with the same savings and tax benefits that many private corporations offer their employees.

TSP benefits are separate and distinct from the FERS basic benefit and Social Security benefits.

There is no longer a % contribution limit to TSP. Employee contribution to TSP is limited by the IRS Elective Deferral Limit. The 2008 Elective Deferral Limit is $15,500.

The employing agency automatically contributes 1% of the basic pay each pay period to the TSP account for all FERS employees, regardless of employee contribution.

The employing agency matches employee contributions dollar for dollar on the first 3% that the FERS employee contributes, and 50 cents for each dollar for the next 2% that the employee contributes.

Notes

TSP Matching Contributions

Percent of Basic Pay Contributed to Your Account (FERS Employees Only)			
- your agency puts in -			
You put in:	Automatic (1%) Contribution	Agency Matching Contribution	And the total Contribution is:
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
6 + %	1%	4%	11+ %

There is no maximum % contribution limit to TSP. 2008 IRS Elective Deferral Limit is $15,500.

Example 1

You contribute NOTHING to your account. The government will contribute 1% of your basic pay. Let's assume you are making $15,000 per year, you are 30 years old and you will retire at age 65. Let's also assume that your account earns 7% per year. The government contributes $150 per year for 35 years.

At age 65 your retirement account will be worth _____

Example 2

You contribute 1% of your salary. The government will contribute 1% of your basic pay AND match your 1%. Let's assume you are making $15,000 per year, are 30 years old and will retire at age 65. Let's also assume that your account earns 7% per year. Your contribution and the government's contribution is $450 per year for 35 years.

At age 65 your retirement account will be worth _____

You will end up with _____ more just by investing $150 per year from your paycheck!

How much did you have to contribute over 35 years in order to end up with the larger amount? _____ ($150 X 35)

Example 3

You contribute 3% of your salary. The government will contribute 1% of your basic pay AND match your 3%. Let's assume you are making $15,000 per year, are 30 years old and will retire at age 65. Let's also assume that your account earns 7% per year.

At age 65 your retirement account will be worth _____

How much did you have to contribute over 35 years in order to end up with the larger amount? _____($450 X 35)

TSP Calculators

You may use the calculator available on the TSP website, www.tsp.gov, to project your account balance or use the factors provided in the TSP Summary booklet.

TSP Funds

The web course identified the five TSP investment funds available. Write the name of the fund next to the letter identifying it below.

G Fund _____

F Fund _____

C Fund _____

S Fund _____

I Fund _____

The G and F funds are _____

The C, S and I funds are _____

10 Year Summary - TSP Funds Annual Rates of Return 1998 - 2007

Year	G Fund %	F Fund %	C Fund %	S Fund %*	I Fund %*
1998	5.74	8.70	28.44	8.63	20.09
1999	5.99	-0.85	20.95	35.49	26.72
2000	6.42	11.67	-9.14	-15.77	-14.17
2001	5.39	8.61	-11.94	-9.04	-21.94
2002	5.00	10.27	-22.05	-18.14	-15.98
2003	4.11	4.11	28.54	42.92	37.94
2004	4.30	4.30	10.82	18.03	20.00
2005	4.49	2.40	4.96	10.45	13.63
2006	4.93	4.20	15.79	15.30	26.32
2007	4.87	7.09	5.54	5.49	11.43
10 year Compound	5.12	6.01	5.88	7.66*	8.53*

*The returns shown reflect the actual performance of the S and I Funds for May 2001 forward. The first four months of 2001 and for prior years, the S and I Fund returns shown reflect the performance of the Wilshire 4500 and EAFE indexes (without deduction of any administrative expenses, trading costs, or investment management fees), respectively.

Notes

L Funds - Lifecycle Funds

The Federal Retirement Thrift Investment Board introduced the L Fund, “lifecycle funds", in August 2005.

Lifecycle funds are “target asset allocation funds.” These funds have a mix of investments of different types and characteristics, such as domestic stocks, international stocks, and bonds.

The mix is chosen based on the date when you will need to use your money. If that date is a long time from now, the lifecycle fund in which you are invested will be more heavily weighted toward equities (stocks or stock funds).

As the date you will need your money gets nearer, the allocation will be weighted more heavily toward fixed income or stable value investments (e.g., bonds or bond funds, Treasury securities).

The TSP has hired Mercer Investment Consulting, Inc., to develop the asset allocation models for the L funds. The initial asset allocation model is shown below.

Asset Allocation Targets
As of January 1, 2008

Time Horizon	C Fund	S Fund	I Fund	F Fund	G Fund
L2040	41%	17%	24%	10%	8%
L2030	37%	15%	20%	9%	19%
L2020	32%	11%	18%	8%	31%
L2010	19%	6%	10%	7%	58%
L Income	12%	3%	5%	6%	74%

Managing Your TSP Account

Employees to join and change their rates of contribution to TSP at any time. Elections will be made effective no later than the first full pay period after they are filed.

Employees may "**reallocate**" future contributions to the five different funds at any time by using the TSP Web site, the ThriftLine, or by mailing Form TSP 50 to the TSP record keeper.

Employees may transfer money from one fund to another (**interfund transfer**) at any time by using the TSP Web site, or the ThriftLine, or by mailing Form TSP 50 to the TSP record keeper.

TSP Loan Provisions

You may borrow from your TSP account for general purposes with no documentation. Repayment is required in 1-5 years.

You may borrow from your TSP account for a primary residence with documentation. Repayment is required in 1-15 years.

- Minimum amount of loan - $1,000
- Maximum amount of loan – Limited to amount of employee's contributions to the TSP account

Interest rate charged – equals the G fund rate at the time the loan is approved. The rate remains fixed and the interest you pay on the loan goes back into your own account.

Repayment of loan

- Repaid through regular payroll allotments within an agreed upon time.
- Can be repaid in full at any time without penalty.
- Failure to repay the loan by the time of any separation results in notification to the Internal Revenue Service of the unpaid portion as a distribution subject to income tax and a potential 10% early withdrawal penalty.

Processing fee

- a one-time fee of $50 is deducted from the proceeds of the loan to cover the cost of processing and servicing the loan.

U.S. Savings Bonds

The latest United States savings bond & notes earnings report and other useful information about savings bonds is now available at public debt's Internet home page at:

www. publicdebt.treas.gov

Download the Savings Bond Wizard™, an easy to use program that lets you keep track of your savings bonds and value your portfolio.

The earnings report, which contains rate and yield information for series E&EE bonds and savings notes, is also available by mail from Public Debt.

Send a postcard asking for "earnings report" to:

Bureau of the Public Debt
200 Third Street
Parkersburg, WV 26106-1328

Social Security Terminology

Credits	Credits of Coverage (formerly Quarters of Coverage or QCs)	40 credits of coverage are required for eligibility for anyone born 1929 or later. For 2006, you earn one credit of coverage for each $970 of earnings. Annual earnings of $3,880 earns the maximum of 4 credits. For 2007, you earn one credit of coverage for each $1,000 of earnings.
AIME	Average Indexed Monthly Earnings	Total of all Social Security covered earnings (indexed for inflation) divided by the number of months in a 35 year earnings history (420 months).
PIA	Primary Insurance Amount	The amount of Social Security benefit at Normal Retirement Age.
NRA	Normal Retirement Age	The Normal Retirement Age is increasing from age 65 to age 67 based upon year of birth. Reduced benefits are available at age 62.

You may request an estimate of your Social Security benefit on the Social Security Website. See resources at the end of this participant guide.

Federal Employees' Group Life Insurance (FEGLI)

In Lesson 5 of the web course, you learned about FEGLI. Part of the lesson explained that under FEGLI there was basic life insurance and optional insurance.

The web course explained that the **basic insurance amount** is equal to your salary, rounded to the higher thousand, plus $_____

Premiums for Basic FEGLI is 0.15 per pay period per thousand $ in life insurance coverage.

An **Extra Benefit** is added to the basic FEGLI coverage for younger employees at no additional charge. The Extra Benefit doubles the value of Basic Insurance for employees under 36 years old. At age 36, the Extra Benefit reduces by 10% per year until, at age 45, there is no Extra Benefit.

Accidental Death and Dismemberment (AD&D) insurance provides additional funds in the event of a fatal accident or an accident that results in the loss of a limb or eyesight.

Optional Insurance

Option A, Standard Optional Life Insurance, provides an additional $ 10,000 in coverage.

Option B provides Additional Optional Life Insurance in 1,2,3,4 or 5 multiples of salary.

Option C, Family Insurance provides coverage for family members.

Premiums for optional FEGLI are based on age.

Example:

34 year old employee
Salary = $21,500
Option A, Standard $10,000
Option B = 2X Salary

Payment on accidental death:

Basic Life: $_____ + AD&D _____

Extra Benefit: $_____

Option A: $ 10,000 + AD&D : $10,000 _____

Option B: $44,000_____

Federal Employees' Group Life Insurance may be continued into retirement if:

- You retire with an entitlement to an immediate annuity benefit,
- You were insured by FEGLI on the date of separation, and
- You were continuously covered by FEGLI for the five years of service immediately preceding retirement or your first opportunity to enroll.

Federal Employees Health Benefit Program (FEHB)

The federal employees' health benefits program offers a practical way to help meet the costs of health care. The program provides:

- A choice of plans and options;
- a government contribution up to 75% of the cost of your premium;
- payments for your share of the premium through payroll deductions;
- immediate coverage from the date of enrollment without a medical examination or restrictions because of your age or condition;
- the opportunity for temporary continuation of group coverage or conversion to non-group coverage if your enrollment ends or a covered family member loses eligibility for coverage;
- continued protection for you and eligible family members after your retirement and/or death.

Open seasons are available for four weeks in November and December each year with effective dates the following January.

Enrollment and all changes are allowed during this period.

Other events which allow some change include marriage, birth of a child, divorce, transfer out of a servicing area, etc.

Federal Health Insurance may be continued into retirement if:

- You retire with an entitlement to an immediate annuity benefit,
- You were enrolled in Federal Employees' Health Benefits on the date of separation, and
- You were continuously covered under the Federal Health Insurance Program (including coverage as a family member under another Federal Health Plan and Tricare and Champus) for the five years of service immediately preceding retirement or your first opportunity to enroll.

Federal Long Term Care Insurance Program

Federal Long Term Care Insurance is now available for Federal employees, members of the uniformed services, family members (including parents and parents-in-law) and retirees.

New employees and their spouses are eligible to enroll in Long Term Care Insurance subject to abbreviated underwriting (limited health questions) during the first six months of employment. All other eligible groups will be subject to full (long form) underwriting.

Flexible Spending Accounts

Flexible Spending Accounts (FSAs):

Allows employees to make pre-tax allotments from salary to pay for out of pocket health care and dependent care expenses.

Health Care Flexible Spending Accounts (HCFSA):

Employees may use pre-tax allotments to pay for certain health care expenses that are not covered under the FEHB plan - deductibles, co-payments and services not generally covered such as dental care, and orthodontics.

The maximum amount that an employee may set aside in any tax year for HCFSA is $5,000. The minimum amount is $250.

Dependent Care Flexible Spending Accounts (DCFSA):

Employees may use pre-tax allotments to pay for eligible dependent care expenses. The maximum amount that a family may set aside in any tax year for DCFSA is 5,000. The minimum amount is $250.

Use or Lose:

If an employee has not incurred enough eligible expenses during the plan year to equal the annual amount contributed to the FSA(s), he/she will lose the balance remaining in the FSA account(s) when the plan year ends.

Grace Period

FSAFEDS has adopted the 2-1/2 month Grace Period that extends the Benefit Period from December 31 to March 15 of the following year. Participants have additional time to incur expenses and avoid forfeiting funds.

Paperless Reimbursement:

A number of FEHB Plans forward claims to FSAFEDS for services rendered to Paperless reimbursement enrollees or their eligible dependents. You must enroll in paperless re-imbursement each year during the Open Season.

Open Seasons:

Annual open seasons will take place with FEHB open seasons (November-December) and will encompass the following January 1 through December 31.

Benefit Elections

Participation is not automatic; employees must make an election each and every year. The benefit elections are irrevocable one the plan year has begun, unless the employee experiences a qualifying "change in status" event. There are two ways to enroll during the open season: Toll-free number 1-877-FSAFEDS (372-3337) or Web based enrollment at www.fsafeds.com·

Information

Additional information on FSAs is available on www.fsafeds.com.

Additional Resources / Internet Highlights
Please contact your personnel office or refer to the following internet sites for additional information.

Retirement Benefits: www.opm.gov

Use Search feature
- CSRS and FERS Retirement Handbook for Personnel and Payroll Offices
- Retirement and Insurance Publications

Quick Index (top of home page)
- Retirement.
- See list of topics under "How do I:"

Insurance: www.opm.gov/insure/

Federal Employees' Group Life Insurance
Federal Employees' Health Insurance
Long-Term Care Insurance

Flexible Spending Accounts: www.fsafeds.com

Thrift Savings Plan: www.tsp.gov

Publications (Civilian – Forms and Publications)
Calculators

Social Security Benefits: www.ssa.gov

Resources:
- Your Social Security Statement
- Publications

Post Course Assignment

Take the on-line evaluation at

- www.nps.gov/training/tel
- Click on the DOI Learn tab
- Go to the link under Class Evaluations for *Retirement Planning*
- Please complete the evaluation within 2 weeks of the course.

Thank you for participating today! We hope you'll join us for other TELNPS courses.