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Lowering Debt

With the holidays over, visiting family and friends have returned home, and you finally have your house to yourself, now what? Should you go through your mail to retrieve the bills you know are awaiting you? Yes, please do!



The first step to getting rid of debt is to know what you owe. Write down every debt you have. Next to each debt, write the total amount you owe, the interest rate you're paying, and the minimum monthly payment. What are you paying in interest each month? This information will help you create a game plan of how to deal with the debt. It may also motivate you to start finding productive ways to minimize debt.

Now that you know what you owe, it's time to organize those statements, bills, and balances on credit cards.

Get Organized:

- Update your e-mail address on all of your accounts. This way you're getting all of your notifications from credit cards, loan lenders, banks, and any other bills to the same account.
- Implement a system for paying bills. Create a document on your computer that can help you keep track of when you paid bills.
- Review your bills. Investigate your bills to see what the charges are so you can spot any errors early.
- Go through each bill to see if it can be reduced. For your cell phone bill, can you downgrade your current plan, switch providers for a cheaper plan, or go to prepay. You can go from \$98 for a plan to \$47 per month by utilizing prepay and if you setup payments for auto payment you may receive extra data for doing so.
- Do you have subscriptions that automatically renew that you never use? Do you need both Netflix *and* Hulu Plus? Even if you're only cutting \$10, that's \$10 more that will go towards your debt repayment, an extra \$120 a year!
- The cable bill is often on the chopping block when people talk about cutting bills. You can eliminate cable altogether by watching most of your TV shows online for free (after you pay an internet provider for service), borrowing movies and TV series on DVD from your local library, and signing up for Red

Box alerts for free movie rentals. If you just can't bear the idea of going without cable, can you at least cut your bill by downgrading to a lower package or eliminating an additional service?

- Annually compare car and home insurance to ensure you are not paying too much and that you have enough coverage.
- Snowball your debt. Once you pay something off, roll that money into the next debt you wish to pay off.

Cut Spending:

- With each purchase, first determine if it was a want or a need, with the possibility of eliminating some of those "wants" altogether in the future. For example, can you eliminate professional manicures, and luxuries such as electronics, clothing, and accessories?
- Cut down on or eliminate fast food and restaurants and eat at home more often. Sign up for grocery store loyalty cards, buy what's on sale and in season, and [clip coupons](#) for the items you'd buy anyway. Research recipes that require less expensive ingredients than what you've been using. Brew coffee at home and take it into work with you, instead of paying \$2.00 or more for a cup at the corner coffee shop every morning.

Additional resources: <http://www.daveramsey.com/baby-steps/?snid=start.steps>

Understanding Thrift Savings Plan (TSP) Contribution



Establishing your TSP account is the most important retirement planning step you will make; this is where you will receive your greatest retirement income. Ignoring this election option can be harmful to your financial wellbeing. Receive the most out of your TSP by starting early and contributing the most you can over your Federal career.

All Federal Employees Retirement System (FERS) civilian employees first enrolled in the TSP on or after September 5, 2015 (either through automatic enrollment or their own contribution election) will have 3% of their

TSP contributions invested in an age-appropriate L Fund until they make a contribution allocation with the TSP. The L Funds, or "Lifecycle" funds, exist to maximize risk and return using professional determined allocations that are tailored to meet different time horizons. These funds are automatically adjusted every quarter to take a little risk off until horizon is met.

Participants who were enrolled in the TSP prior to September 5, 2015 will retain their current contribution allocations. FERS participants that

Fund	Time horizon
L2020	2017 - 2024
L2030	2025-2034
2040	2035-2044
L 2050	2045 or later

Have not made a contribution allocation will retain their default investment of 1%. This is a good start, but contributing much more is needed to establish an optimum retirement savings account. CSRS employees and members of the uniformed services have to make a TSP contribution election through your agency or service to establish a TSP account and you do not receive agency contributions. FERS employees automatically have their accounts established and FERS employees will receive an automatic 1% contribution, whether you contribute or not, and receive up to 5% additional matching.

This chart shows an example for FERS employees contributing to the TSP program.

Agency Contributions to Your Account (FERS Employees Only) CSRS participants do not receive matching contributions.			
You put in:	Your Agency Puts in:		And the Total Contributions is:
	Automatic (1%) Contribution	Agency Matching Contribution	
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%
More than 5%	1%	4%	Your Contribution + 5%

Civilian Federal employees may contribute up to \$18,000 tax deferred contributions for 2017 in a traditional TSP account and for those reaching age 50 in the calendar year you may contribute an additional \$6,000 he Catch up .contributions.

To learn more on contributions to your TSP fund visit

<https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html>

What Happens to TSP account if I separate from Federal Service Early?



The vesting rule entitles you to keep your Agency Automatic (1%) Contributions (and their earnings) after you've completed a time-in-service requirement, 3 years for most FERS employees and 2 years for FERS Members of

Congress, Congressional employees, Schedule C positions and certain executives. All Federal civilian service counts toward vesting, not just service while you are a TSP participant. The date your vesting period begins is determined by your TSP Service Computation Date (TSP-SCD), which your agency reports to the TSP. Your Service Computation Date is either actual or constructed and shown along with other vesting information on your quarterly and annual TSP participant statements. The

date will never be earlier than January 1, 1984. If you leave Government service before you satisfy the vesting requirement, your Agency's Automatic (1%) Contributions and earnings must be forfeited. However, if you die before

separating from service, you are automatically considered vested. You are always vested in your own contributions, earnings, and your agency's matching contributions and earnings. For more information visit www.tsp.gov

11 Things to Consider Before Retirement

As you prepare to enter retirement, there are things you should consider to help make your transition into retirement a successful one.

The list below may help you better prepare for that big day.

1. Pay off your house and car before retirement. A mortgage and a car note are usually the largest expenses most people have. If you are able to have both taken care of before retirement that leaves more money for other interests such as traveling, visiting family, and hobbies.
2. Contribute as much as you can for as long as you can into your TSP or other investment accounts. The longer you save the more potential money you can earn.
3. Forecast now what you think you will need to live on comfortably during retirement. Taking the guess work out of savings will set you up for a comfortable future.
4. Set aside 3-6 months of salary in case there is a delay in receiving your first retirement check.
5. Do you think you will need long term care? If so, it's best to start paying for it now while you are younger. The longer you wait the more expensive it will be. Please visit <https://www.ltcfeds.com/> for more information.
6. Do you need a will? A will is a legally-binding document that lets you determine how you would like your estate to be handled upon your death. If you have minor children, it allows you to make an informed decision about who should take care of them. Absent a will, the court will choose among family members or a state-appointed guardian. You can disinherit individuals who would otherwise stand to inherit. Consult an attorney if you have questions.
7. Do you need a living trust? A living trust, when written properly and funded, can plan for the possibility of your own incapacity and prevent your financial affairs from becoming a matter of public record. A living trust can only control those assets that have been placed into it. If your assets have not been transferred or if you die without funding the trust, the trust will be of no benefit as your estate will still be subject to probate and there may be significant estate tax issues. Consult an attorney if you have questions.





8. Familiarizing yourself with Social Security is a decision you won't regret. Spending habits you have during your working years may not be necessary during your retirement years when you need your money to last as long as possible. Social Security was designed to replace about 40% of a worker's income during retirement; some retirees could be in for quite the income surprise if you aren't prepared and know the difference between working income and retirement income. You can

ease yourself into retirement. A smart move you can make, aside from formulating and sticking to a monthly budget, is to begin living on a lower expense budget months, or even years, in advance! By doing so, you'll likely make the transition into retirement seamlessly, rather than feeling like you hit a speed bump at 100 mph. Reference <https://www.ssa.gov/> for more information.

9. Talk to a trusted financial professional to discuss a short and long term goal.
10. Look for a savings account that has a higher interest rate. For example, for your emergency fund select a money market account with interest rate of 2%. The days of savings account of 4% are a thing of the past. 2% is better than .01 which a lot of banks are offering. Also, credit unions have a lot less fees than regular banks. If you are paying a ton of fees, perhaps it's time to change banks.
11. When you receive a promotion, try to live on the salary before the promotion. When you live well beneath your means, you are able to save a lot more money. Also, in a two family income home try to live off one salary, and use the other salary to pay off credit cards, student loans, cars the house, or save for retirement.

References: <https://www.mysavingsatwork.com/atwork/1104818723638/1104818723684/1115701245945.htm>

Understanding CSRS/FERS Retirement Calculations

The basic annuity calculation consists of 3 factors: length of service, high-3 average salary, and the Civil Service Retirement System (CSRS) or Federal Employees Retirement System (FERS) formula.

$$\begin{array}{c} \text{Length of Service} \\ \text{(Civilian + Unused Sick Leave)} \\ \times \\ \text{High-3 Average Salary} \\ \times \\ \text{General Formula} \\ = \\ \text{Annuity} \end{array}$$



Creditable service rules are applied to service not covered by retirement contributions. This includes military service, refunded service and nondeduction service (i.e. temporary, FICA only, or deposit service). In some circumstances, paying a deposit or redeposit will allow credit for length of service.

Whether covered by CSRS or FERS, unused sick leave is never used for eligibility for retirement. Office of Personnel Management will convert unused sick leave to years, months and days and add it to your length of service to enhance your annuity.

Length of service is based on whole months. To determine the total length of service for annuity computation purposes, add all creditable civilian and bought or paid military service and the period represented by unused sick leave. Any partial month of sick leave remaining is eliminated.

The high-3 average salary is determined by averaging your basic pay in effect over any period of 3 consecutive years of civilian service, with each rate weighted by the length of time it was in effect. Basic pay includes locality pay, environmental differential pay for certain employees, night differential pay for wage grade employees, premium pay for firefighters and law enforcement officers. It does not include bonuses, allowances, occasional overtime, military pay or cash awards.

The CSRS general formula:

1.5% x high-3 x 5 years of service, plus
 1.75% x high-3 x 5 years of service, plus
 2% x high-3 x all remaining years of service

(The basic annuity amount in most cases cannot exceed 80% of the average high-3 salary. Normally, the maximum annuity is reached with 41 years and 11 months of service.)

The FERS general formula:

1% x high-3 x all years of service

The enhanced FERS formula is applied for employees over age 62 with at least 20 years:

1.1% x high-3 x all years of service

FERS is a retirement system that includes Social Security, if you retire before age 62, you will be entitled to the special retirement supplement, closely equivalent to social security unless you are retiring under the MRA+10 provision.

Special Retirement Provisions:

Law enforcement officers (LEO) and firefighters (FF) are special category employees who receive an enhanced benefit for which they pay by contributing more to the retirement system.

The basic annuity as a CSRS employee eligible to retire under the special provisions is computed as follows:

2.5% X high-3 X up to 20 years of LEO/FF service, plus
 2% X high-3 X additional years of LEO/FF and non-LEO/FF service

The special retirement formula for FERS employees is:

1.7% x high-3 x 20 years of LEO/FF service, plus 1% x additional years of service

Reference: 5 U.S.C. 8339 and 5 U.S.C. 8415



Retirement is a major milestone in a person's life. It can score right up there with graduating from school, getting married, or having a child. It's something that most people look forward to, while

others can't imagine not going to work every day or giving up the social connections that they have on the job.

Then there are those employees who decide to dive into full retirement but realize after the deed is done that they're bored to tears or want to make some additional income. Full time retirees have a wide variety of options open to them. They're free to start that micro-brewery business that they've always dreamed about, or switch from 20 years as a contract specialist to being a yoga instructor, or sometimes there's a position opening and they can qualify and return to the Federal government as a reemployed annuitant.

Before making any final decisions, employees need to be aware of any financial ramifications

that can come from working after retiring. For example, a FERS retiree taking social security benefits (including the FERS annuity supplement) before their full social security retirement age of 65-67 will have their social security benefits reduced if they earn more than \$16,920 (for 2017). Social Security will take \$1 from every \$2 earned over the yearly earnings maximum. And, if a FERS employee qualifies for Phased Retirement and is under 62 years old, they won't receive their annuity supplement until they fully retire. Both situations can be a startling discovery.

Retirement can sound ideal, but the reality can be different than expected. Boredom, a lack of interaction with people or less money than planned can drive a retiree back into the job market. A new world of opportunities can be exciting and the financial rewards can be a huge incentive. However, retirees need to research the facts covering their own retirement situation and plan for any financial problems that could impact their goals.

Please refer to: <http://www.schwab.com/public/schwab/nn/articles/Retired-but-Thinking-of-Going-Back-to-Work>

Workers' Compensation Pharmacy Benefits Management Program (PBM)

The Federal Employees' Compensation Act (FECA) provides workers' compensation coverage to over three million federal and postal workers around the world for employment-related injuries and occupational diseases. The Department of Labor's (DOL) Office of Workers' Compensation Programs (OWCP), the administrator of FECA, adjudicates new claims for benefits and manages ongoing cases, pays medical expenses and compensation benefits to injured workers and survivors, and helps injured employees return to work when they are medically able to do so.

In FY 2015, DOL paid \$1.071B in medical costs for all Federal agencies under FECA. Of that amount, \$154.7M was DoD' portion





of medical costs. DOL has tasked agencies to develop and undertake new strategies focused on innovation, evaluation, and improved implementation. A strategy DoD has determined will assist with better control of medical cost is establishing a Pharmacy Benefits Management Program (PBM).

So, what is a PBM? Historically, a pharmacy benefit manager (PBM) is a third-party administrator of prescription drug programs. PBMs are primarily responsible for developing and maintaining the formulary, contracting with pharmacies, negotiating discounts and rebates with drug manufacturers, and processing and paying prescription drug claims. For the most part, they work with self-insured companies and government programs striving to maintain or reduce the pharmacy expenditures of the plan while concurrently trying to improve health care outcomes. They have been proven to significantly reduce pharmacy costs.

How are they able to reduce pharmacy costs? PBMs typically offer a combination of remedies. With the aggregate volume of its health-plan clients, a PBM can negotiate discounts from drug makers and pharmacies. It steers plan members from brand drugs to generics and from retail stores to mail order. Even though FECA employs a fee schedule for billable charges, through the PBM contract, DoD's negotiated agreement for charges on its claims is less than the DOL fee schedule amount. The DoD savings is the difference between the fee schedule cost for the prescription and the billed cost from the PBM. The PBM bills DOL directly under FECA.

The goal of DoD with the PBM is to reduce the medical portion of its chargeback bill and at the same time provide an incentive for its employees to participate. (The term "chargeback" refers to the process by which OWCP bills employing agencies for their compensation costs, which are calculated on the basis of payments made from the Compensation Fund.) Participation in the PBM is 100% voluntary. Two employee benefits are First Fill prescription coverage for their new traumatic injury claim. Currently, an employee has to pay out of pocket pending adjudication by DOL, then seek reimbursement IF the claim is accepted). Under First Fill coverage, the PBM covers the prescription cost and does not seek payment from the employee even if the traumatic injury claim is ultimately denied by DOL. Secondly, the participating employee meeting mail order eligibility criteria can receive prescription(s) via the USPS vs having to travel to their pharmacy store. Those in remote areas or have difficulty getting to a pharmacy due to a work related disability will benefit the most.

Overall, use of a PBM will benefit the DoD employee and the agency with new benefits and provide a medical cost savings opportunity for the Federal government.

References:

https://www.ncci.com/Articles/Documents/II_ResearchBrief_WC_Prescription_Drugs.pdf or
<https://www.dol.gov/owcp/dfec/regs/compliance/dfecfolio/feca-pt5/#501007>

Most federal employees understand they are covered for injuries that occur while they are in the performance of duty. How much do these workers' compensation benefits cost the Department every year? How is DoD doing compared to the rest of government? The answer may surprise you. While DoD is always looking for ways to improve its workers



compensation program, the Department has done a good job of controlling costs, especially when compared to the performance of the rest of the government. In 2016, the Department's workers' compensation costs were \$529 million. The workers' compensation costs for the rest of government less DoD were \$2.47 billion. Looking at it another way, the Department makes up approximately 35% of the Federal workforce while accounting for approximately 18% of the workers' compensation costs.

How does DoD compare to the rest of the government when it comes to cost trends? Let's look at the last 10 years of compensation costs (2007 – 2016). During that time frame, DoD's average yearly workers' compensation cost change was -1.489%. During that same

time period, the average yearly cost change for the rest of government less DoD was +3.123%. Over that period, the Department's year over year performance shows that costs decreased in 7 of the 10 years with a cost decrease in the last four consecutive years. The rest of government less DoD shows a decrease in 2 of the last 10 years with the last cost

decrease in 2014. The end result is that DoD's costs decreased by almost 15% over this time period while the rest of government increased by almost 32%.

What do we take away from these numbers? It means that the Department is heading in the right direction when it comes to workers' compensation cost containment. The efforts and actions taken at the component and agency level coupled with Department-wide initiatives have the cost trends moving in the right direction. In future articles we will look at these efforts and initiatives to spotlight how DoD is working to further improve its management of the workers' compensation program.

Information received from DOL's Office of Chief Financial Officer.

Retire in Good Health

For many people, retirement is a key reward for decades of daily work. It is a time to relax, explore, and have fun; unburdened by the daily grind. For others, though, retirement is a frustrating period marked by declining health and increasing limitations.

Retirement changes things. Whether you are one year, five years or ten years from your retirement date, there are several things you can do NOW to ensure a healthier retirement lifestyle. Retirement is a process, not an event. There are key elements to consider TODAY for an enjoyable, healthy and rewarding retirement:



Exercise – Become a ‘Healthy Ager’

Exercise among older adults helps ward off depression, dementia, and other health problems such as heart disease, cancer and diabetes.

Exercise increases the odds of healthy aging. Even better news, it's never too late to start. The benefits of exercise include improved bone, muscle, cardiovascular, and organ health as well as better circulation and brain benefits. Exercise may also slow the brain tissue loss associated with aging and mental decline.

The Centers for Disease Control and Prevention (CDC) recommends 2 hours and 30 minutes of moderately

intense exercise a week, or 1 hour and 15 minutes of vigorously intense exercise, along with two or more days of muscle strength training. If you're not already following these guidelines, this may be a great New Year's Resolution (*hint* hint*).

Medical health

People who retire because they don't feel well, or have had a heart attack or stroke, or have been diagnosed with cancer, diabetes or another chronic condition, may not enjoy retirement as much as someone who enters it in the pink of health. Talk with your medical provider and develop a plan for your health NOW, as well as one that will carry into retirement.

Mind and Mood

Your mood and your mental health affect every aspect of your life from how you feel about yourself to your relationships with others and your physical health. There's a strong link between good mental health and good physical health, and vice versa. In the other direction, depression and other mental health issues can contribute to digestive disorders, trouble sleeping, lack of energy, heart disease, and other health issues.

Exercise, healthy eating, and stress reduction techniques like meditation or mindfulness can keep your brain and your body in tip-top shape. When mood and mental health slip, doing something about it as early as possible can keep the change from getting worse or becoming permanent. Treating conditions like depression and anxiety improve quality of life. Reach out to a professional mental health provider if you feel you need the support.

Social Activities

Forge a new social network. You don't just retire from a job, you retire from daily contact with friends and colleagues. Establishing a new social network is good for both mental and physical health. Volunteer, find a part-time job, develop a new hobby, reconnect with family and find an activity that interests and fulfills you. Learn something new!

Reference - *'Retire from work, but not from life. M.K. Soni*



Workplace wellness challenges can be a positive tool to promote healthy lifestyles and encourage employee camaraderie. Discover U.S. Department of Agriculture's (USDA) MyPlate SuperTracker and kick start 2017 through a little friendly office competition.

Most people are trying to achieve a healthier lifestyle. According to the International Food Information Council Foundation's 2015 Food & Health Survey, 91% of Americans think about the healthfulness of foods and beverages they choose and 94% think about their physical activity level. But knowing how to get started can be hard. With a simple, five-food group system, USDA's [MyPlate](#) offers a variety of tips and tools to help you start small and work toward a healthier eating style. And now MyPlate offers a new online challenge tool to motivate you with a little friendly competition. Part of the free [SuperTracker](#) food and activity tracking tool, MyPlate Challenges help you make healthier food and physical activity choices while having fun with your coworkers, family and friends.

Further, workplace wellness challenges require little or no investment, and the result may be an involved workforce with improved productivity as a benefit. Challenges can be

any length, but usually shorter is better (one week to one month) to encourage participation. Challenges should be something that everyone can do, so more employees are willing to be a part of the event. SuperTracker is the ideal resource for creating your own group challenge at work.

Why use SuperTracker?

USDA's MyPlate [SuperTracker](#) is a free food, physical activity and weight tracking tool. You can use it to get a personalized eating plan and see how your choices stack up. SuperTracker offers detailed and trustworthy nutrition information for 8,000 foods from a gold standard USDA foods database. Save time entering foods by saving favorites, building combos, customizing foods, and copying meals. You can also use SuperTracker to track your physical activities, set personal goals, manage your weight, analyze recipes, and much more. Plus, the SuperTracker website is mobile-friendly, so you can use it on your phone or tablet.

SuperTracker Groups & Challenges

SuperTracker's new [groups & challenges](#) let you use SuperTracker together with other people. Anyone with a SuperTracker account can [create a group](#) and invite others to join. If you don't have an account, you can [make one for free](#). The group leader (the person who creates the group) can set up a healthy eating and physical activity challenge for group members. Choose from ready-made challenges like the five-week MyPlate Challenge or design your own custom challenge, for example, a one-week fruit and vegetable challenge or a two-day physical activity challenge. You can also choose between a group challenge (where members of your group compete against one another) or a group-versus-group challenge (where you choose a different group to compete against in a team-style competition).



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BE

Knowledgeable

BE

Informed

BE

Reliable



How Do Challenges Work?

Participating in a challenge is easy! You earn points and compete against others by eating healthy foods and being physically active. Everything you need to participate can be found on your group page. After logging into SuperTracker, look for the Groups menu in the upper right to get to your group page.

Quick Tracker: Use the Challenge Quick Tracker on your group page to quickly record your foods and physical activities. This is how you earn points.

Bonus Points: Look for pop-up quiz questions to earn extra points and move ahead of the competition!

Leaderboard: Check the leaderboard on your group page to keep track of your progress and see who is winning.

MyPlate Challenge NEW!

Ends in 35 days
6/27/2016 - 8/1/2016

Show 'em what you're made of in this 5-week food group and physical activity challenge! To earn points, use Quick Tracker to log the foods you eat and physical activities you do each day. Each week a new food group will be introduced.

1st Kealani
630 Challenge Points

2nd Julianna
540 Challenge Points

3rd Marco
540 Challenge Points

Standings		My Points	
1. Kealani	630 pts	06/24	Same Day Entry Bonus 10 pts
2. Julianna	540 pts	06/24	Added Cereal, whole grain 10 pts
3. Marco	540 pts	06/24	Added Milk, skim 10 pts
4. Joe	530 pts	06/24	Added Cherries 10 pts
5. Cynthia	530 pts	06/24	Added Avocado 10 pts
6. Daniel	500 pts	06/24	Added Popcorn 10 pts

For more information about SuperTracker and other nutrition resources available through USDA, be sure to visit ChooseMyPlate.gov, [@MyPlate](https://twitter.com/MyPlate) on Twitter, or the [MyPlate Facebook](#) page.