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### 2017 Cost of Living Adjustments (COLAs)

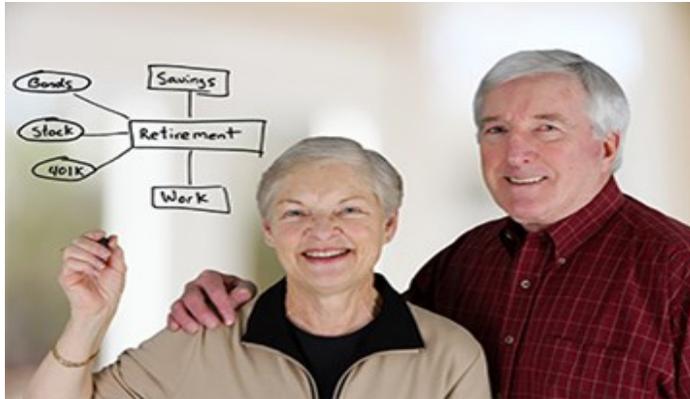
Federal annuitants of both Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS), Social Security recipients, and those receiving a survivor annuity received a cost-of-living adjustment (COLA) of .3 percent, which was reflected in their benefit payable on January 3, 2017. COLAs for FERS and FERS Specials Annuitants are not provided until age 62, except for disability, survivor benefits, and other special provision retirements. To get the full COLA, a retiree or survivor annuity must have begun no later than December 31st of the prior year. If not, the increase is prorated under both retirement plans. Prorated accounts receive one-twelfth of the increase for each month they received benefits.

Federal employees received an average 2.1 percent pay increase which began the first pay period on or after January 1, 2017. Executive Order 13756 authorized an across-the-board pay increase of 1 percent, with an additional increase of 1.1 percent in locality pay.

The 2017 salary tables are posted on the U.S. Office of Personnel Management’s (OPM’s) website at <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/>. Annuitant and recipients may obtain more information online by visiting: <https://www.serviceline.opm.gov/>.

### Happy Birthday!

The Thrift Savings Plan (TSP) is turning 30 this year! When the TSP received its first participant contributions in the spring of 1987, they could hardly foresee that they would grow to have over 5 million civilian and military participants. TSP is recognized as the largest defined contribution retirement plan in the world. You can spend as many as 30 years in retirement now, because people are living longer. So, it’s important to stay engaged, keep up to date and make the most of your TSP account for the next chapter of your life. Here are some tips to get you there: start now; get the full match; diversify; save more; and monitor your plan. Whether you have 3 or 30 years to go until retirement, review your account to make sure that you are on track.



As Federal employees, there are many benefits and entitlements that allow us to properly prepare for financial security. Yet many of us still fail to reach the level of financial security with which we feel comfortable. Before you attempt to achieve this elusive goal, take stock of the rules for playing the game. Consider these points.

**Know yourself:** Many people have chronic issues of overspending or mismanaging debt. Developing smart habits can improve your finances. If you fail to prudently spend with credit cards, cut them up. If you struggle to meet basic payments, overestimate your budget for larger expenses to build a safety net.

**Create a budget:** Creating a budget is a simple way to determine how to better spend your money. Start by reconciling last year's expenditures and create a list of necessary payments. With that information, identify real "needs" versus "wants." Work with your spouse or partner to develop a realistic budget that prevents overspending on "wants."

**Put yourself first:** Spending too much on adult children, parents and other family members can jeopardize your long-term financial situation. Show and expect your children to set and live within a budget; it will promote careful spending, while teaching a financial responsibility. You can't take care of others if you haven't taken care of yourself.

**Maximize benefits:** Take full advantage of your existing benefits package, such as your Thrift Savings Plan (TSP), health and life insurance, etc. Make sure to maximize your TSP investment by matching your employer's contribution. Selecting the proper investment portfolio, linking your retirement timeline to the proper TSP L-fund; if you operate within individual funds, rebalance your TSP account periodically. Use dollar cost averaging arrangement by investing set amounts at regular intervals regardless of the financial climate.

Great money managers save and make smart investment to achieve financial security. IRS allows Federal employees to save up to \$18,000 in a TSP traditional tax deferred and Roth after tax account.

An additional \$6,000 is permitted if over age 50 and contributing the full amount to a regular TSP account. When setting up proper saving accounts, it's very important to allocate or create compartmental savings. Developing short term, mid-term, and long term saving accounts will help you better manage your money and debt.

<b>Selecting a Proper Saving Instrument</b>				
<b>Savings Goals</b>	<b>Savings vehicles</b>	<b>Intended usage</b>	<b>Earning Power</b>	<b>Savings Hint!</b>
1 year or less	Checking or Money Market account	Expected bills or future purchases	Basic interest rate, Money Market rate	Keep your savings in separate accounts to achieve the benefit of quick access, flexibility, and to derive the best saving return on your investments. By so doing you achieve control over your saving goals.
<b>Short Term</b> 1 - 5 years	Certificate of Deposits, Money Market, Mutual Fund accounts	Extended purchases, flexible savings	Declared earning rate, Share value increases	
<b>Long Term</b> 20 - 30 years	TSP	Intended for income used in retirement	Tax deferred growth, compounding interest, dollar cost averaging	
Retirement Pension funds CSRS or FERS	Long term	Only used when you retire	Pension formula	
<b>Key points to success:</b>				
<ul style="list-style-type: none"> <li>• How you handle your own finances is the biggest factor in achieving financial success.</li> <li>• Keep it simple, focus on the financial decisions, that makes most sense for your circumstances.</li> <li>• Use the benefits of tax deferred growth, compounding interest, dollar cost averaging when saving your money.</li> <li>• Use your basic L-Portfolios within your TSP, and a few great Mutual Fund accounts to achieve success.</li> </ul>				

Achieving financial success comes down to getting a few important things right: savings; building a diversified portfolio; and resisting the temptation. Be careful about whom you entrust with your money.

For more important information, visit [mymoney.gov](http://mymoney.gov).

A “healthy” retirement package is a complete and accurate retirement package that does not have to be redeveloped for missing, inaccurate or discrepant information by the Office of Personnel Management (OPM). It includes original forms signed by the applicant in ink and dated, all questions answered, all applicable boxes checked, and all areas requiring initials are completed in the proper spaces.



### **At Least 6 months Prior to Your Desired Retirement Date:**

- Verify the age and service requirements for retirement eligibility
- Know where to submit your application package
- Review your eOPF/OPF to make sure service history is inclusive
- Make decisions about unpaid civilian and military service deposits or redeposits
- Request a retirement estimate report from your human resource office
- Attend at least one pre-retirement session
- Know requirements to continue your health and life insurance benefits
  - SF 2818 Continuation of Life Insurance
- Select the best date of the month to retire
  - CSRS – 1<sup>st</sup> , 2<sup>nd</sup> or 3<sup>rd</sup> of the month
  - FERS – Last day of the month
- Know which retirement application forms you must complete
  - CSRS – SF 2801
  - FERS – SF 3108
- Submit your retirement package at least 60 days prior to your retirement date or earlier
- Consider TSP withdrawal options
- Review beneficiary forms on file to update or cancel

- TSP-3 for the Thrift Savings Plan
- SF 3102 for the Federal Employees Retirement System
- SF 2808 for the Civilian Service Retirement System
- SF 2823 for the Federal Employees Group Life Insurance (FEGLI)
- SF 1152 for the Unpaid Compensation Benefit

**Forms must be witnessed and free of any erasures, mark-outs, white-outs, or any changes.**

### **A Healthy Retirement Package Includes:**

- Original SF2801 or SF3108
- Original SF 2818, if applicable
- Original W-4P, Withholding Certificate for Annuity Payments, if applicable
- Copy of Marriage Certificate or License, if applicable
- Copy of DD214, if applicable
- Proof of Deposit/Redeposit Payments
- Proof of Military Deposit Payments

### **Things to Know About Your Separation Date:**

- Annuities commence the first of the month following separation
- If retiring at the end of the pay period, you accrue leave for that pay period
- First annuity payment: 2-3 months after separation and will equal approximately 85% of actual annuity
- You are prohibited from working beyond



### **Did You Know?**

The U.S. District Court for the District of Columbia issued a decision on November 30, 2016, affirming the principle that an employee who retires can carry Federal Employees Health Benefit (FEHB) into retirement only if they have either elected FEHB for the 5 years prior to retirement, or, if less than 5 years, the full period of service during which the employee could elect to be covered. The decision is unusual in at least one respect; it comes from the U.S. District Court for DC, not the Court of Appeals for the Federal Circuit, the usual reviewing court for Federal employee issues.

The employee in question – Jon Cooper – worked for EPA from 1979 to 1983, where he waived FEHB, then left. Mr. Cooper became a Coast Guard civilian employee in 2011, elected FEHB, and retired in 2014. Although he had the necessary 5 years of service, he had only 3 years of continuous FEHB coverage because the previous period involved service where he had waived coverage. The Office of Personnel

Management (OPM) denied his request for FEHB coverage in retirement, and he appealed, invoking several authorities, including the Age Discrimination in Employment Act (ADEA) and the Administrative Procedures Act. The court ruled for OPM, granting OPM's motion for summary judgment; the employee may not carry FEHB into retirement.



On December 9, 2016, the Office of Personnel Management (OPM) Associate Director of Employee Services, Mark D. Reinhold, released an addendum to the existing Telework Guidance. The focus is on the use of telework as a flexibility that supports employees with caregiving responsibilities.

To enhance program success, agencies may want to review the full spectrum of available workplace flexibilities in conjunction with their telework program and develop policies that utilize all available human resource tools to support their workforce. Telework enhances employee work-life balance and supports agency continuity of operations which results in significant benefits to agencies in the areas of recruitment, retention and employee engagement. Although telework can be an efficient tool, employees need to understand that telework is not an employee right or entitlement. Agencies should communicate expectations to their employees in written policies and procedures, subject to any applicable collective bargaining agreements.



Telework is not meant to be a substitute for dependent care. It can be appropriate to use for unplanned or temporary circumstances (e.g., an unscheduled telework day in which schools are closed) for employees with caregiving responsibilities. In short-term temporary telework situations, there can be a dual benefit for both the agency and the employee. Open communication and good performance management are crucial to implementing an effective telework policy.

While the presence of dependents in the household should not be an absolute bar to teleworking, employees should not be engaging in dependent care activities when performing official duties. Employees may not telework for the sole purpose of meeting their dependent care responsibilities while performing official duties. An occasional, brief interruption may occur when a dependent is present in the home therefore; teleworkers must be careful to keep interruptions to a minimum to avoid disruptions in work accomplishment.

For additional guidance on the use of telework and other work life flexibilities, please refer to OPM's "Handbook on Workplace Flexibilities and Work-Life Programs for Elder Care", the "Handbook on Leave and Workplace Flexibilities for Childbirth, Adoption and Foster Care" and various OPM fact sheets on leave options, all located on [www.opm.gov](http://www.opm.gov).

Individuals who retire with a Civil Service Retirement System (CSRS) or Federal Employee Retirement (FERS) annuity can return to work when they possess unique or specialized skills necessary for completing a critical mission, to complete a specific project or initiative, to mentor less experienced employees, or to help provide continuity during an organizational transition.

In the past, reemployed annuitants returned as experts or consultants, but their salary would be reduced by the amount of their annuity. Following the terrorist attacks on September 11, 2001, OPM delegated the authority to the Heads of Departments and Agencies to waive the salary offset. In 2002, OPM terminated the delegated authority and Congress worked to create new laws to establish policy allowing additional options for reemployed annuitants.

On November 23, 2003, Public Law (P.L.) 108-136 was enacted and permitted the Department of Defense to hire reemployed annuitants without an annuity offset. The new law did not consider a reemployed annuitant as an employee for purposes of retirement coverage.

The provision, however, created unintended consequences for Discontinued Service Retirement (DSR) annuitants who may have had to take a reduction in their annuity because they did not meet the age and service requirements for an immediate

annuity at the time of their involuntary Separation. Since they were not considered covered employees upon reemployment, they were unable to pay into a retirement system to earn additional credit towards a voluntary retirement.

Congress enacted P.L. 110-181 on January 28, 2008. This new law allowed DSR reemployed annuitants the opportunity to elect to make retirement contributions to earn further retirement credit in lieu of receiving a full salary and annuity.

Reemployed annuitants help bridge a gap in the federal workforce when there is a lack of specialized skills or when critical projects need experienced oversight. Appointments are generally time-limited, but may be extended if deemed necessary. Reemployed annuitants serve at the will of the authorizing agency and must be removed in the event of a reduction in force or the restructuring of an organization.

More information can be found in DoD Instruction 1400.25 Volume 300 located at <http://dtic.mil/whs/directives/corres/pdf/1400.25-V300.pdf>



May is both Mental Health and Older Americans Month, and healthy aging is something to look forward to and celebrate! However, when poor mental health collides with the potential vulnerabilities of older age, the effect can be devastating.

A recent study from the *American Journal of Geriatric Psychiatry* found, “27% of older adults assessed by aging service providers met the criteria for a diagnosis of major depression, and 31% had symptoms of depression that didn’t qualify as a diagnosable disorder, but significantly impacted their lives.”

Depression is not just occasionally feeling blue; it is an ever-present feeling of sadness over an extended period of time that may be coupled with loss of pleasure in everyday activities, poor sleep, or feelings of worthlessness or guilt. In fact, life may slow to a painful emotional crawl. While older adults are at increased risk for depression, depression is a treatable medical condition and not part of normal aging, according to the Center for Disease Control (CDC).

“Eighty percent of older adults have at least one chronic health condition, and 50% have two or more. Depression is more common in people who also have other illnesses (such as heart disease or cancer) or whose function becomes limited,” sites the CDC website. Other studies suggest that loss, life satisfaction, social support, and financial status are independent factors that can influence mental health in later years.

Despite the significant negative impact on quality of life and its treatability, depression often goes undiagnosed and untreated. To the point of themed monthly observances, awareness is the first step to meaningful change.

Working employees and their household members have access to worksite Employee Assistance Programs (EAP). Many EAPs provide one-on-one problem assessment and short-term counseling with a licensed mental health professional, referrals to community resources, and crisis intervention. All EAP services are confidential and free of charge. DoD employees, retirees and family members can also access mental health services through their Federal Employees Health Benefits (FEHB) plans. FEHB insurance carriers cover in-patient and out-patient mental health care.

Additional information can be found at National Institutes of Mental Health: Older Adults and Mental Health <https://www.nimh.nih.gov/health/topics/older-adults-and-mental-health/index.shtml>;

Center for Disease Control: Managing Depression with Self-Management Education <https://www.cdc.gov/learnmorefeelbetter/programs/depression.htm>;

Medicare and Your Mental Health Benefits <https://www.medicare.gov/pubs/pdf/10184-Medicare-Mental-Health-Bene.pdf>

Medicare and Your Mental Health Benefits, <https://www.medicare.gov/pubs/pdf/10184-Medicare-Mental-Health-Bene.pdf>;

National Council on Aging: Aging Mastery Program®, <https://www.ncoa.org/healthy-aging/aging-mastery-program/>

**References Consulted:**

Mental Health America: Depression in Older Adults, <http://www.nmha.org/depression-older-adults>

CDC: Depression is Not a Normal Part of Growing Older, <https://www.cdc.gov/aging/>

**Benefit Administration Letters (BALs) of Significance**

During the 2016 Calendar Year, the Office of Personnel Management (OPM) issued several Benefit Administration Letters (BALs) that have impacted how Federal Agencies administer the benefits programs. Below are BALs of 2016 that have significance in 2017.

BAL Number	Subject	Date Issued	Description
17-101	Additional Guidance on Military Deposits	January 27, 2017	A general discussion of what constitutes an administrative error related to a military service credit deposit.
16-306	2017 FEHB Withholdings and Contributions	October 2016	Official FEHB withholdings and contribution rates for 2017.
16-307	Calendar Year 2017 Interest Rate	November 2016	Calendar Year 2017 Interest Rate for “post-1956” military service credit accounts.
16-102	OPM No Longer Accepting Corrections on Certain Benefits Election Forms	November 14, 2016	Information regarding corrected retirement and life insurance forms being received by OPM.
16-802	FSAFEDS Increasing Health Care Account Maximum by \$50 to \$2,600	November 18, 2016	Notifies Agencies and participants about the Federal Flexible Spending Account Program’s maximum contribution changes.

**Pending Legislation**

In this edition of Pending Legislation, we spotlight the following bills that would effect Federal benefits and entitlements for civilian employees. These bills are being reviewed by a Congressional Committee and have to be voted on by the committee in order for them to reach the floor of the body of Congress in which they originated. The subcommittee may request reports from government agencies or departments, hold hearings, mark up the bill (adopt revisions), and report the legislation to the full committee. Below are a few pending bills of legislation that were recently introduced.

Legislation	Date Bill Introduced	Status	Description
S.Res.51 - recognizing the contributions of Federal employees and pledging to oppose efforts to reduce Federal workforce pay and benefits, eliminate civil service employment protections, undermine collective bargaining, and increase the use of non-Federal contractors for inherently governmental activities.	2/6/2017	Referred to the Committee of Homeland Security and Governmental Affairs	A resolution recognizing the contributions of Federal employees and pledging to oppose efforts to reduce Federal workforce pay and benefits, eliminate civil service employment protections, undermine collective bargaining, and increase the use of non-Federal contractors for inherently governmental activities.
S.362—Federal Employees Paid Parental Leave Act of 2017	2/13/2017	Referred to the Committee on Homeland Security and Governmental Affairs	To provide that 6 of the 12 weeks of parental leave made available to a Federal employee shall be paid leave, and for other purposes.
S.424-bill to amend title 5, United States Code, to include certain Federal positions within the definition of law enforcement officer for retirement purposes, and for other purposes.	2/16/2017	Referred to the Committee on Homeland Security and Governmental Affairs	To include certain Federal positions within the definition of law enforcement officer for retirement purposes, and for other purposes.
S.29 - Fair RETIRE Act	1/23/2017	Referred to the Committee on Homeland Security and Governmental Affairs	To permit disabled law enforcement officers, customs and border protection officers, firefighters, air traffic controllers, nuclear materials couriers, members of the Capitol Police, members of the Supreme Court Police, employees of the Central Intelligence Agency performing intelligence activities abroad or having specialized security requirements, and diplomatic security special agents of the Department of State to receive retirement benefits in the same manner as if they had not been disabled.

**Federal Rules and Regulations**

The U.S. Office of Personnel Management issued a final rule on creditable service for career tenure in the Federal Register, Volume 81, Number 216, on November 8, 2016. This rule was effective as of December 8, 2016. The regulation removed the requirement for creditable service for career tenure to be *substantially continuous* and instead allows an individual to attain career tenure after completing at least 3-years of total creditable service. The current regulation, 5 CFR §315, states that, with certain exceptions, a career-conditional employee who separates from Federal service is to restart the 3-year period if there is a break in serve of more than 30-days.

The final rule removes “*substantially continuous*” from the requirement for career tenure. The individual may attain career tenure after completing at least 3-years of total creditable service. Each period of creditable service would stand alone. Once the individual completes 3-years, they are then considered career tenure. The change also removes the 30-day break in service rule. Because each period of creditable service would stand alone, breaks in service are now irrelevant.

To review this or any other Federal Register visit <https://www.federalregister.gov/> for more information.

The BENEFACTS Newsletters have taken on a new look and publication schedule for 2017. Instead of sending an edition every two months, we are now sending out prevalent information regarding Federal Benefits and Entitlement, as well as Injury and Unemployment Compensation updates and information quarterly.

**Class Picture**



Class: Basic Benefits Date: March 21-24, 2017 Location: Alexandria, VA

**2017 Training Schedule for Mark Center**

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

Course	Dates	End of Open Enrollment
<b>Benefits Intermediate Course (BIC)</b>	April 18-21	April 7
<b>Basic Benefits Course</b>	June 6-9	May 26
<b>Advance Benefits Workshop (ABW)</b>	June 12-16	June 2

4800 Mark Center Drive  
Alexandria, VA 22350  
(703) 882-5197

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