BENEFACTS Newsletter

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Contents

A NEWSLETTER PUBLISHED BY THE

DCPAS

Your Door To Financial Literacy

As Federal employees we have many benefits and entitlements that allow us to properly prepare for financial security. But, how should you prepare for worst case financial scenarios; whether it's losing a job, having car troubles, needing an unexpected surgery, or the death of a family member? These can be weathered by properly preparing your financial resources and savings wisely. Looking at how you spend your money and deciding to take the first basic steps; will foster success. 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, round up to the nearest whole number on larger expenses. For example, if your car payment is $375, plan on spending $400 per month.

Build an Emergency Fund: It's recommended to have 6 months' salary that is easily accessible. Emergency funds are one of the easiest ways to prepare you for unexpected expenses. Starting an emergency fund is fairly easy. This money could be divided up, and held in different saving and investment accounts. You could consider regular bank or credit union savings, money market accounts or mutual Funds. Use accounts that you have confidence in. Your Thrift Saving Plan (TSP) should be a last resort, as it's considered a long range retirement savings plan.

Create a budget: Creating a budget is a simple way to determine how best to spend your money. Start by reconciling last year's expenditures and creating a list of necessary payments. Giving yourself a "cheat month," such as spending $100 a week, can help define your needs. In addition, working with your spouse or partner can help identify a realistic budget and prevent overspending.

Put yourself first: Spending too much on adult children, parents and other family members can jeopardize your long-term financial situation. Having children live within a budget will force more careful spending while teaching a valuable lesson. For adult dependents, spend carefully; you can't take care of others if you haven't taken care of yourself.

Attack Your Debt: The art of managing debt is a balancing act.

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By prioritizing ones needs and wants, controlling debt may be achieved. A good rule of thumb is small expenses on your credit cards; don't acquire debt, unless you have the savings to pay for it. This helps you establish a sound credit rating and reduce building debt on credit cards. Most people acquire debt to deal with large purchases like buying a home, car, or paying for an education.

To reduce current debt and dig out of the negative, try implementing these steps first. Pay down debt on credit cards with the highest interest first, resist the temptation to roll over that debt to another credit card, as this can impact your credit history. Some credit card providers offer an interest free period to roll over, if you are heading in that direction, it's a sign that debt is getting unmanageable.

Having an unhealthily debt balance may require getting a second job for a while, until things are manageable. Keep in mind this extra income is for debt reduction, not new purchases. Pay extra money down on your home mortgage each month will reduce the principle owed, this way you're not only paying the interests owed but reducing the overall balance on the loan.

Develop a Spending Plan: Take stock of what are truly expense necessities. Decide before hand what expenses you can cut and live with. By writing out a plan beforehand decisions may be undertaken easier and with quicker action. It helps to work together on these decisions within the family.

Maximize benefits: Take full advantage of your existing benefits package, such as your TSP or retirement plan. For your TSP, make sure to maximize your investment by matching your employer's contribution. Selecting the proper investment portfolio, linking your retirement timeline to the proper L-funds, or if you operate within individual funds, rebalance your TSP account periodically. Establish a dollar cost averaging arrangement – investing set amounts at regular intervals regardless of the financial climate.

The best money managers will follow these key steps in achieving financial security, by paying yourself first you build in a savings program; the magic number is 10%. As federal employees we have a built-in program just for this option, your Thrift saving program allows you to save up to $18,500 in a tax deferred account and an additional $6,000 for those over age 50. When setting up proper saving accounts it's very important to allocate or create compartmental savings. Developing a short term, mid-term and long term savings account will help manage your money and debt.

In the end, achieving financial success comes down to getting a few important things right: saving on a regular basis; building a diversified portfolio that's appropriate for the level of risk you're willing to take; resisting the temptation to make dramatic changes in your investing strategy just because the market is soaring or sinking; controlling debt, and being careful about whom you entrust with your money.

Note: Resources financial security mymoney.gov, and comments contributing to content article, from Consumer Financial Protection Bureau, LetsMakeaPlan.org, CFP Board Ambassadors – CFP®.

Are You Heading In The Right Direction, Financially?

Goal-setting is the key to success.
Right?
Well, not exactly.

Goal-setting can take a really ugly turn when your goal is not a good one, the plan to achieve your goal is unrealistic, and/or you don't take the time to consider the aftermath of accomplishing the goal. The goal often appears to be the event or the moment. But the challenge generally comes after the event.

As you set goals, make sure you are looking past the event. Here are some classic examples of focusing on the event, and not what comes afterward.

Buying a home

The payment will be roughly 55% of take-home pay, no down payment or savings. Don't do it. Sadly, this terrible goal will lead to financial disaster. There's a pretty big difference between being allowed to buy a home and being able to afford a home.

Retiring

Sure, you can retire at 62 and receive a monthly check from the Social Security Administration. By the mere fact that you stop going to work and begin drawing a retirement income, you will have technically accomplished your goal of retirement. Unfortunately, a successful retirement isn't based on your ability to retire. It's based on your ability to stay retired.

Buying a car

The average car payment is now greater than $500. If there is nothing wrong with the car you are currently driving, there is no need for a new car. Everyone hopes for a life without a car note. If there are minor issues with the car that you are driving, it may be cheaper to fix the problem, then to make a new 5-year financial deal.

You should set goals, but ensure your goals still make sense before they are accomplished. Not only can goals be bad, but so can plans to accomplish the goals.

Medicare In 2018: What's New?

Medicare is the federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).

The different parts of Medicare help cover specific services:

Medicare Part A (Hospital Insurance): Covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care.

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Medicare Part B (Medical Insurance): Covers certain doctors' services, outpatient care, medical supplies, and preventive services.

Medicare Part C (Medicare Advantage Plans): A type of Medicare health plan offered by a private company that contract with Medicare to provide you with all your Part A and Part B benefits. Most Medicare Advantage Plans offer prescription drug coverage. If enrolled in a Medicare Advantage Plan, most Medicare services are covered through the plan and aren't paid for under Original Medicare.

Medicare Part D (Prescription Drug Coverage): Part D adds prescription drug coverage to Original Medicare, some Medicare Cost Plans, some Medicare Private-Fee-for-Service Plans, and Medicare Medical Savings Account Plans. These plans are offered by insurance companies and other private companies approved by Medicare.

Medicare, in an initiative to prevent fraud, is removing Social Security numbers from Medicare cards to help combat identity theft, and safeguard taxpayer dollars. The new cards will use a unique, randomly-assigned number called a Medicare Beneficiary Identifier (MBI), to replace the Social Security-based Health Insurance Claim Number (HICN) currently used on the Medicare card. Medicare will begin mailing new cards in April 2018 in order to meet a congressional deadline for replacing all Medicare cards by April 2019.

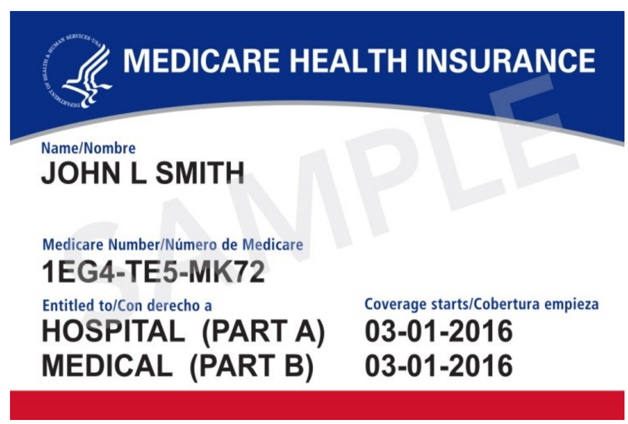
The MBI won't change Medicare benefits. People with Medicare may start using their new Medicare cards and MBIs as soon as they get them. The effective date of the new cards, like the old cards, is the date each beneficiary was or is eligible for Medicare. Once beneficiaries get their new Medicare cards with an MBI, they can use their new cards to enroll in a Medicare health (Medicare Advantage) or drug plan.

Those Medicare beneficiaries who do choose to enroll in Medicare health and/or drug plans will still also get an insurance card from their health and/or drug plans. While beneficiaries are enrolled in health and/or drug plans, they should use the cards from those plans when they get health care and/or prescriptions.

Two important details about the new Medicare card and a picture:

1) The new card will automatically come to you. You do not need to do anything.
2) The new card is free – there's no charge for it.

Here is an example of the new Medicare card:



Medicare will never ask you to give personal or private information to get the new Medicare Number and card. Scam artists may try to get personal information (like your current Medicare Number) by contacting you about your new card. If someone asks you for your information, for money, or threatens to cancel your health benefits if you don't share your personal information, hang up and call 1-800-MEDICARE (1-800-633-4227).

I'm Retiring At Age 62, Can I Begin Receiving My Social Security Retirement Benefits?

Employee Benefit Advisors always receive the question, "What is the best age to apply for Social Security?" The answer provided is, there is no "best age" to begin receiving Social Security. You can start your Social Security benefits at any point from age 62 or as late as age 70. The longer you delay starting your benefits, the higher your benefit will be. There are several factors to consider when deciding to retire, such as your current financial needs, your current health, family longevity, working in retirement, and alternative sources of income.

Reduced benefits

Individuals who elect to receive retirement benefits at the minimum retirement age of 62 will be subject to a reduction. This reduction will be applied to the benefit for the lifetime of the individual and is not reduced when the individual attains full retirement age. Your full retirement age varies based on the year you were born. You can visit ***www.socialsecurity.gov/planners/retire/ageincrease.html*** to find your full retirement age. The amount of social security retirement benefits may be adjusted based on several factors, including the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP).

Under the WEP, employees receive a Federal pension and are also eligible for Social Security benefits based on their own employment record. Whereas under GPO, an employee's spousal Social Security benefit may be offset if the employee has a government pension from work not covered by Social Security.

As a general rule, early retirement will give an individual about the same total Social Security benefits as full retirement over a lifetime, but in smaller amounts to take into account the longer period a person will receive benefits.

Planning your retirement date

Generally, you should apply for retirement benefits three months before you want your benefits to begin. In deciding when to retire, remember that financial experts say you'll need 70 to 80 percent of your pre-retirement income to have a comfortable retirement. Since Social Security replaces only about 40 percent of pre-retirement income for the average worker, having pensions, savings, and investments are very important.

Get personalized retirement benefit estimates

The Social Security Administration provides retirement tools that can be used to assist you in retirement planning. You can receive an estimate of your benefits, and find more information to help you decide when to start receiving retirement benefits by using benefits planners at ***www.socialsecurity.gov/planners***. You can also use the *Retirement Estimator* at ***www.socialsecurity.gov/estimator***. You should make an informed decision about when to apply for benefits based on your individual and family circumstances.

2018 Benefits Symposium Website

The Benefits Symposium website will be available to you on March 26, 2018.

The website will provide the course description for all of the breakout sessions, summarize the plenary sessions, and provide the names and bios of our guest speakers during our "2018 Department of Defense Benefits Symposium". Remember, our symposium will be held from June 11-15, 2018 at the Mark Center in Alexandria, Virginia. Be sure to mark your calendars because you do not want to miss out on reserving a seat. You may register at the following link: https://dodhrinfo.cpms.osd.mil/Pages/Training-Center.aspx Registration will begin on March 26, 2018. Although you must be CAC-enabled to register using the link above, a manual registration form will be provided to Non-CAC holders upon request.

All requests, questions and inquiries about registration or breakout sessions must be directed to: dodhra.mc-alex.dcpas.mbx.benefitscontacts@mail.mil

Thank you and we look forward to your registration!

The Law Behind Prevailing Rate Systems

Public Law 92-392 established the requirements "to provide an equitable system for fixing and adjusting the rates of pay for prevailing rate employees of the Government." The law governing the Wage and Salary Division has had some minor amendments over the years, but maintains the original intent of the system. This can be found in subchapter IV of Chapter 53 of title 5, United States Code.

The policy outlines a governing framework: the Office of Personnel Management (OPM) provides oversight and designates the delegation of operations to a Department of Defense (DOD) agency for each wage area. The groups determine survey boundaries, maintain a job grading system, recommend survey specifications, and conduct and analyze wage data.

The law mandates surveys to be conducted annually on a two-year cycle, a full-scale visit to establishments within the survey area and an interim phone survey to update data collected. The survey schedules are effective no later than 45 working days after the order date. The recommended pay line determines the wage grade (WG) step 2 with the other steps and levels (i.e. wage lead and supervisor) mathematically related to the prevailing rate.

The Wage Survey is designed as a model of labor – management relations, as evident by labor's right under public law to participate in the collection and review of data prior to its use in determining a wage line. In addition, labor participation is guaranteed at all levels of the pay setting process. Both labor and management are represented on data collection teams and on each of the reviewing levels.

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The Law Behind Prevailing Rate Systems (continued)

While actual determinations of policy and wages rest with management, labor collaborates by pointing out concerns and recommending solutions.

For additional information on Wage and Salary, visit our public website at https://www.cpms.osd.mil/Subpage/Wage or http://www.opm.gov/oca/wage/index.asp.

Teladoc Or Emergency Room for NAF Employee Emergencies

When something unexpected comes up, there may not be time to make an appointment with your primary care physician (PCP). Teladoc is an affordable, convenient alternative instead of going to an urgent care clinic or emergency room.

Teladoc gives you access 24 hours, 7 days a week to a U.S. board-certified doctor through the convenience of phone, video, or mobile app visits. You can call anytime to discuss medical conditions such as cold and flu symptoms, allergies, pink eye, skin problems, ear & respiratory infections and more. The cost is only $10. And as of Jan 1, 2018, NAF Health Benefits Program retiree members who are post 65 are now eligible for these services. You can learn more about Teladoc services by going to: Caution-https://www.nafhealthplans.com/health-benefits/where-go-care/.

Each year, DoD NAF employees, retirees and their covered spouses have the opportunity to earn Health Incentive Credits for taking healthy actions. After completing a health assessment, employees with individual coverage can earn up to $250 and those who cover dependents can earn up to $600. Learn more about this program by going to Caution-https://www.nafhealthplans.com/wellness/health-incentive-program/.

For the first time in 17 years, 2018 NAF health benefit medical and dental premiums did not increase. To learn more about how your 2018 health benefits work, go to Caution-https://www.nafhealthplans.com, click on video library to watch an informative video.

Tracking Pending Legislation

Identifying new Benefits legislation today is much easier than it used to be. If you are trying to follow a piece of legislation, to see how far along in the process it is, you can go online and visit the Library of Congress' website at Congress.gov. Once you access the website, you can track legislation in any number of ways:

- By typing in a bill's number on the search box
- By using keywords in the bill (i.e. civilian pay, TSP, etc.)
- By searching the name of the sponsor who championed the bill
- By searching the Current Legislative Activities of each of the two Chambers
- By reviewing the most-viewed bills or the most Recent bills on the home page

Once a specific bill is selected, you will be able to review a summary and the status of the bill, all actions taken on the bill and when it was introduced; the latest major action taken on the bill; whether it was passed by the Senate and the House of Representatives; or presented, passed or vetoed by the President; and if there any related bills. Selecting to view the details of a bill also allow you to see its Constitutional

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Authority or how Congress has the power to enact the new legislation.

Dual Benefits And The Federal Employees' Compensation Act

Appropriated Fund employees who are injured in the performance of their duties are generally entitled to benefits under the Federal Employees' Compensation Act (FECA). These benefits include both medical and compensation benefits. That is fairly straightforward; get hurt on the job and receive FECA benefits. What happens if you are entitled to collect an OPM annuity or Social Security benefits? Would you be allowed to collect benefits from more than one program? This article will hopefully clarify when it is permissible to collect FECA compensation benefits and benefits from other programs.

Salary and FECA compensation benefits
There are circumstances when an employee can receive both a salary and compensation benefits. If the employee is receiving a lower salary as a result of an accepted FECA claim, that employee will receive compensation to make up for their Loss of Wage Earning Capacity (LWEC). This is a reduced amount of compensation and usually results when an employee cannot work their date of injury job and is receiving a lower rate of pay. In that case the employee can receive compensation paid for their LWEC and salary.

OPM Annuity and FECA compensation benefits – Generally, an employee must make an election between FECA compensation benefits and an OPM annuity and cannot collect both at the same time. This election, however, is not irrevocable and can be changed when it is to the advantage of the employee and can be made retroactively. For example, an employee files a claim for an occupational disease that renders them unable to work. In order to preserve their benefits and income stream they file for a disability retirement in addition to their FECA claim. The disability retirement is approved and the employee collects an annuity. Several months later, the employee's FECA claim is approved and compensation benefits are authorized to be paid. The employee can elect to receive FECA benefits back to the effective date of the disability retirement. The amount of FECA benefits for the period will be calculated and OPM will be reimbursed for the annuity payments made. Any FECA compensation in excess of the total OPM payments will be sent to the employee and they will receive FECA benefits from that time moving forward.

There is an exception where an employee can collect an OPM annuity and FECA compensation benefits concurrently. If the employee is collecting FECA death benefits due to the death of a family member and an OPM annuity based upon their Federal service they will not have to make an election between the two benefits.

Social Security (SSA) benefits and FECA compensation benefits – The interaction between SSA benefits and FECA benefits is a little more complex. Employees can collect both benefits but offsets will be made. Which

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benefit will be offset is dependent upon the type of SSA benefit the employee is receiving and whether the SSA benefits are the result of Federal service. If the employee is receiving SSA benefits for disability based upon their Federal service and FECA benefits concurrently, the SSA benefits are offset based upon the amount of FECA compensation received. If the employee is receiving SSA old age benefits based upon their Federal service and FECA benefits concurrently then the FECA benefits will be offset based upon the amount of SSA old age benefits being paid. There is no election to be made by the employee. If they are receiving both benefits and the SSA benefits are being paid based upon their Federal service an offset will be put into place. Employees receiving SSA benefits not based upon their Federal service will not be subject to the offset and employees having SSA coverage due to both Federal and non-Federal service will only have an offset based upon the SSA benefits being paid due to their Federal service.

The next article will discuss the relationship between benefits paid by the Department of Veterans Affairs and FECA as well as the impact.

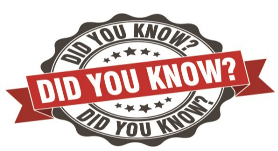
Form 1095-C and 1095-B

The Affordable Care Act requires employers to provide and offer employer sponsored healthcare coverage to most full-time employees. IRS Form 1095-C provides information about the health coverage offered by the employer. It **does not** provide details about an employee's actual insurance coverage or any family members who are covered. Form 1095 – C is either mailed to the employee or is available to the employee using the MyPay website.

Form 1095-B documents the health insurance coverage an individual actually had. It is used to determine whether the employed and covered members had health coverage that satisfied the individual shared responsibility provision. Form 1095-B is mailed from the insurance carrier.

While you do not have to provide these forms or proof of coverage at the time you file your tax return, the IRS suggests you keep these documents and show them to your tax return preparer if asked.

Did You Know?



When we think of health insurance companies, we think about our medical and prescription coverage, hospital fees, paying for dental and vision services and many more services that are covered under the Federal Employee Health Benefits Program (FEHB). But have you looked deeper into your benefits? Most Health Insurance companies offer exclusive rewards and discount programs to ensure that their members obtain the most out of their benefits as well as providing members incentives toward improving and monitoring their health. Benefits through discount and reward programs cover beyond the norm in allowing members to save on gym memberships, hearing tests/screenings, weight management programs like Weight Watchers and investing in online diet food planning. To add, one health care insurance

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Did You Know? (continued)

company has given out free Fitbits in the past and others have offered serious discounts on Apple Watches. Another insurance company has set up their website in the form of a one-stop shop mall where you can buy everything from shoes, clothes and other accessories only on their website through their discount program! Now you know! What are you waiting for? Check out your FEHB plan's website to see the latest incentives in store for you!

2018 Training Schedule For Mark Center

During the 2018 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
Benefits Intermediate Course	April 3-6	March 5
Advance Benefits Workshop	May 8-11	April 8
2018 Benefits Symposium	June 11-15	capacity