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BENEFACTS NEWSLETTER

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TSP: Changes You Need to Know

Do you know about the upcoming changes to the Thrift Savings Plan (TSP) and the impact the changes will have on participants? Starting this year, there are a number of changes that will benefit account holders.

The TSP Modernization Act (P. L. 115-84), which takes effect on September 15, 2019, eliminates some of the previous TSP rules and guidelines. TSP is giving participants more options on how and when they can access their account funds. Currently, a participant is limited to one partial withdrawal in their lifetime: age based in-service, or a partial post-separation withdrawal. Under the TSP Modernization Act, participants have the ability to take up to four age-based in-service withdrawals per calendar year and there is no limit on partial withdrawals after the participant separates. (However, the separated participant will not be able to take more than one partial withdrawal every 30 calendar days.) TSP is also making the withdrawal process easier by improving their online tools. Here are a few important points from the TSP Fact Sheet 10 regarding the benefits of the TSP Modernization Act for participants. www.tsp.gov/PDF/formspubs/tspfs10.pdf)

- *You will no longer need to make a full withdrawal election after you turn 70½ and are separated from federal service. (You will still need to receive IRS required minimum distributions (RMDs).)*
- *If you are a separated participant, you will be able to take monthly, quarterly, or annual payments.*
- *You will be able to stop, start, or make changes to your installment payments at any time.*
- *You will be able to choose whether your withdrawal should come from your Roth balance, your traditional balance, a proportionate mix, or both.*

In addition to the TSP Modernization Act, the President signed the Bipartisan Budget Act of 2018, which permits TSP participants to contribute to their TSP account when taking a financial hardship in-service withdrawal. That means, on or after September 15, 2019, the six-month contribution suspension for participants experiencing financial hardship will be eliminated.

(continued on page 4)

Benefits Symposium 2019

Providing Professional Growth & Development to the HR Benefits Community

We would like to thank all of those who attended the 2019 Benefits Symposium, in particularly, our DCPAS staff and all of the presenters from the various agencies and organizations that assisted in making this year's symposium an outstanding event. We would also like to congratulate all individuals who passed credentialing examinations at the symposium.

On July 11th, the DoD Benefits Symposium concluded three days of professional growth and development for the Human Resources (HR) Benefits community. With almost 200 attendees, 45 breakout sessions, 5 workshops, 6 plenary sessions, networking and multiple federal agencies represented, the Symposium was a successful and productive event!

The Strategic Networking Session provided an opportunity to meet members of the HR community from across the DoD and the federal government. The Networking Session introduced attendees to "Credentialing Prep" which provided study tips and sample credentialing questions. In addition, time was allotted for attendees to ask specific questions of the DCPAS Instructor(s) and Supervisor(s) about Benefits and ICUC Programs. An update on the Defense Civilian HR Management System (DCHRMS) was also given.

In looking ahead, the next DoD Benefits Symposium will be held in 2021 at the Mark Center. To help in the improvement and planning of the symposium, we solicit any feedback and comments. Let us know about your experience. What topics or subjects would you like to see as a breakout session or a plenary session? Who would you like to see as a presenter or vendor? We want to hear from you.

Send all comments and suggestions to our Benefits email, dodhra.mc-alex.dcpas.mbx.benefits-contacts@mail.mil, with the subject line: "2019 Benefits Symposium Feedback".

Stay in contact with us for program oversight, as well as the latest policy and advisory guidance and information.

Until DoD Benefits Symposium 2021!

Benefits Email: dodhra.mc-alex.dcpas.mbx.benefits-contacts@mail.mil

Benefits Call Center: (703) 882-5197

Does the Tax Cuts and Jobs Act of 2017 and the Kiddie Tax Affect Your Family and Your Benefits?

The Tax Cuts and Jobs Act (TCJA) of 2017 changed the standard deductions for all filers placing many in higher brackets (up to 37%). It also changed child-related tax or "Kiddie Tax," which is tax that most children pay on unearned income. It also changed how the parent(s) and child/children in some cases, may elect to file their tax return. According to Tax Form 8615, *Tax for Certain Children Who Have Unearned Income*, unearned income includes but is not limited to interest, dividends, and benefits from retirement, life insurance, SSI, and beneficiary of trust.

If you fall into these categories please read all new tax reform laws and consult with a tax professional for more information on how this could affect you and your child's benefits.

For more information, you can visit:

https://www.irs.gov/taxtopics/tc553

https://www.irs.gov/pub/irs-prior/p929--2018.pdf

https://www.irs.gov/pub/irs-pdf/i8615.pdf

Early Optional Retirement

"Federal employees can be eligible for multiple retirement provisions, depending on their age and the number of years of creditable service."

Federal employees can be eligible for multiple retirement provisions, depending on their age and the number of years of creditable service (as well as special requirements). The most popular form of retirement is the Optional (Immediate) Retirement. Under this retirement provision, employees are eligible for a voluntary immediate retirement benefit without any reduction. An immediate annuity is one that begins within 30 days after separation. For employees covered by the Federal Employees Retirement System (FERS), a secondary option available under the Optional Retirement is the MRA+10. Under this provision, employees can retire at their Minimum Retirement Age (MRA) if they have at least 10 years of service, but less than 30. However, this is a reduced annuity. The reduction is 5% per year (5/12 of a percent per month) for every year the employee is under 62.

A second type of "early" retirement under the Federal system is Discontinued Service Retirement (DSR). If an agency undergoes a major reorganization, reduction in force, or transfer of function, and a significant percentage of the employees will be separated, the head of an agency can ask the U.S. Office of Personnel Management (OPM) to permit early optional retirement for eligible employees. If the agency gets approval to permit early optional retirements, eligible employees will be notified. The term "involuntary separation" means any separation against the will and without the consent of the employee, other than "for cause" for misconduct or delinquency. Please be aware: employees who decline reasonable offers of other positions are not eligible for DSR annuities. The age and service requirements are age 50 with 20 years of service, or any age with 25 years of service. Payment of the FERS annuity supplement is delayed until an employee's minimum retirement age, even if you retire early.

For those under the Civil Service Retirement System (CSRS), if you retire before age 55 the annuity is reduced by one-sixth of 1 percent for each full month (2 percent a year) under age 55. Additional information can be found at https://www.opm.gov/retirement-services/.

DoD CRED

LEVEL I

LEVEL II

Be Recognized...Get Credentialed!

Are you interested in being recognized as an expert in the HR profession? If so, it's time for you to earn your Human Resources (HR) Credential, offered by the Department of Defense (DoD) for the HR community! You begin through the enrollment and completion of 3 Levels of HR Training and Testing: Basic Benefits Course (Level I), Benefits Intermediate Course (Level II), and Advanced Benefits Workshop (Level III). After the successful completion of each of the 4-day courses, your knowledge is validated through examination.

All training and testing will center around the introduction and enhancement of the knowledge of HR concepts, principles, and practices related to retirement, insurance, injury compensation, and other employee benefit's programs. Additionally, you get to practice reviewing, interpreting and applying federal laws, regulations, DoD policy and practices as it pertains to course work on topics such as Retirement Eligibility, FEHB, FEGLI, TSP, FLTCIP, FSA, Annuity Computations, Reemployed Annuitants, SCDs, Special Retirements and much more!

What are you waiting for? Visit https://www.apps.cpms.osd.mil/cpmstraining/app/training.aspx to begin your training courses today! If you have questions about the HR Credentials Program, please send an email to: dodhr.mc-alex.dcpas.mbx.benefits-contacts@mail.mil

Be sure to type "Credentialing Program" in the subject line. Last but not least, remember to follow us on Twitter @LOB#3!

#BeRecognizedGetCredentialed!

LEVEL III

TSP: Changes You Need to Know (continued)

TSP Bulletin 19-3 addresses key factors that will be implemented from this change:

Participants who have received a financial hardship in-service withdrawal and are suspended from contributing to the TSP, will be able to re-start TSP contributions effective September 15, 2019, even if the participant has not completed the six-month suspension period.

Participants whose TSP contributions were suspended due to a financial hardship in-service withdrawal will receive a TSP notice alerting them that they can resume contributing as of September 15, 2019. Restarting contributions is the participant's responsibility.

Agencies will still follow the current procedures to resume contributions by having the participant access their employer pay system, or by completing Form TSP-1, Election Form.

Report 5501 (Financial Hardship In-Service Withdrawal Report) will be generated through September 13, 2019.

TSP will publish guidance with more details for HR and payroll offices to implement the new changes that will coincide with the changes from the TSP Modernization Act of 2017, during third quarter 2019.

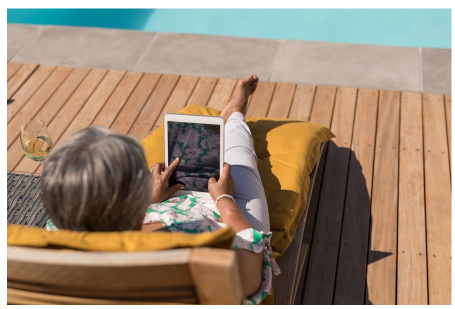
Visit the Thrift Savings Plan website at www.tsp.gov for more information.

What is an Insurable Interest Annuity?

"In order to elect an insurable interest annuity, the retiring employee must be in good health, and must prove this by submitting a physical to OPM."

For more information visit OPM.gov

A rarely discussed survivor annuity benefit is the insurable interest annuity. Retiring federal employees can elect to provide a survivor benefit to a person who would not otherwise be entitled to receive it. ("Insurable interest" is an insurance term that applies to a person who would benefit financially by the retiree's continued life.) Individuals presumed to have an insurable interest in a retiree include: a current spouse, a former spouse, an affianced person, a blood or adoptive relative closer than a first cousin, a same-sex domestic partner, and a common-law spouse (but only in jurisdictions where common law marriage is permitted). In order to elect an insurable interest annuity, the retiring employee must be in good health, and must prove this by submitting the results of a physical to OPM. (The cost of the physical is the responsibility of the retiring employee.) The cost of the insurable interest annuity depends on two factors: the difference between the ages of the retiring employee and their beneficiary, and the amount of the annuity to be used as the "base" for the insurable interest. While the former is fixed, the latter can vary depending on whether any other eligible individual is entitled to the survivor benefit (such as a current or former spouse), and how much the retiring employee intends to provide the beneficiary. Notwithstanding the reduction, the insurable interest will always be 55% of either: the entire net annuity (if the maximum benefit is selected) or the base amount (if a partial benefit is selected).



At first blush, an insurable interest annuity appears to be a better benefit than the spouse survivor annuity. However, there are caveats and conditions of which to be aware. As stated before, an insurable interest annuity requires good health. Thus, disability annuitants are prohibited from applying for it. Secondly, because the insurable interest survivor is not necessarily the retired employee's spouse, they may not be able to continue coverage in the Federal Employees' Health Benefit Program (unless the survivor was entitled to the benefit by being covered under the family option of the retired employee's FEHB plan). Also, if the insurable interest is a current spouse, he or she must consent to the insurable interest annuity in lieu of the (regular) survivor annuity.

Finally, an insurable interest annuity does not provide more money for the survivor annuitant; if anything, it is a more costly benefit than a survivor annuity because it is always based on the net annuity. (A survivor annuity is always based on the gross annuity.) An insurable interest annuity may come in handy when retiring or retired employees are trying to comply with the terms of court orders for former spouses, are attempting to provide for disabled children incapable of self-support, or provide a benefit for a domestic partner who would otherwise be ineligible to receive a regular survivor annuity.

The Federal Prevailing Rate Advisory Committee

The Federal Prevailing Rate Advisory Committee (FPRAC) is a statutory joint labor-management committee which studies the Federal Wage System (FWS) and other matters pertaining to prevailing rate determinations for Federal blue-collar employees. The FPRAC also makes recommendations to the Director of the U.S. Office of Personnel Management (OPM) on the Government-wide administration of the pay system, including definitions of FWS wage areas, coverage of local wage surveys (including the occupations, establishment

sizes, and industries to be surveyed and how surveys are conducted), and policies on basic and premium pay administration. The FPRAC was permanently established by Public Law (P.L.) 92-392 and its charter is renewed every two years under the Federal Advisory Committee Act (P.L. 92-463).

The FPRAC is composed of five representatives from Federal agencies, known as "management members", five representatives from labor unions holding exclusive bargaining rights for FWS employees, known as "labor members," and one independent Chairman appointed by the OPM Director. The Chairman of the Committee typically serves for a four-year term. The management members of the Committee are represented by the Department of Defense, two of the military departments (Army, Navy, and Air Force rotate through two seats annually), the Department of Veterans Affairs, and OPM staff. The labor members of the committee are represented by the Metal Trades Department/AFL-CIO, the American Federation of Government Employees (two seats), the National Association of Government Employees, and the Association of Civilian Technicians. Labor membership is reviewed every two years to determine appropriate representation on the Committee.

The FPRAC meetings are held on a monthly basis and are open to the public to attend and submit material on blue-collar pay matters felt to be deserving of the FPRAC's attention. During the meetings and prior to voting, either labor and/or management members may caucus separately to devise strategies, develop positions, and formulate official consensus.

Through the FPRAC, the successful partnership of both labor and management continues to be the hallmark of the FWS.

For additional information, such as meeting transcripts or dates, please visit OPM's website located at: https://www.opm.gov/policy-data-oversight/pay-leave/pay-systems/federal-wage-system/#url=FPRAC.

Death Benefits After Retirement

"If there are no designated beneficiaries on file, money will be distributed according to the order of precedence:"

People often put more thought in preparing for the family vacation than thinking about what will happen if they die. It is not something employees probably want to think about, but they can make it a lot easier on their family if they plan ahead. Here are some benefit facts that employees need to know once they retire in the event of their death and information for their beneficiaries.

If an employee is married when he or she retires, their spouse has a right to receive a survivor annuity in the event of their death. The employee's spouse can waive that right during the application process. If no survivor annuity is payable based on the employee's death, their retirement contributions plus interest are payable to the beneficiary designated. If they get married after retirement, they can elect to provide a reduced annuity to provide a survivor annuity for their new spouse. (This is a post retirement marriage, please contact OPM for more information.)

If the employee's spouse will receive a survivor annuity and is enrolled in the Federal Employees Health Benefits program, and elected the self plus one or self and family option, the employee's spouse and any eligible dependents will continue to be covered.

If the employee has Federal Employees' Group Life Insurance (FEGLI) coverage, the payout will go to those individuals designated. If the employee has a Thrift Savings Plan (TSP) account, the funds will go to those designated.

Social Security survivor benefits may also be payable as determined by Social Security. (Check SSA.gov for more information.)

If there are no designated beneficiaries on file, funds will be distributed according to the order of precedence:

- to the widow or widower; or, if none
- to the child or children with the share of any deceased child being distributed among descendants of that child; or, if none
- to the parents in equal shares or the entire amount to the surviving parent; or, if none
- to the executor or administrator of the estate; or, if none
- to other next of kin as determined under the laws of the state where the employee lived.

If the employee does not have any beneficiary forms on file and they are satisfied with having their death benefits paid in the order listed above, then they do not have to file any designations of beneficiary. There have been documented cases where beneficiary forms were not updated for life changes, and the results were shocking for the immediate family. The employee has the option to change their beneficiaries at any time. It is best to review beneficiary forms and keep them up to date. (See beneficiary forms on next page.)

Nonappropriated Fund Health Benefits Program: NEW for 2020 – High Deductible Health Plan

For the 2020 plan year, there is a new plan option being offered to eligible Nonappropriated Fund (NAF) employees and retirees called the High Deductible Health Plan or HDHP. This type of medical plan combines quality medical coverage with a tax-favored savings account that helps employees with health care expenses. The HDHP works much like plans employees are already familiar with where employees meet a deductible each year, then share in the cost of their care. However, with this plan the deductible is higher in exchange for a 15-20% lower employee cost (premium) than the Aetna Choice POS II plan.

Here's how the HDHP works:

Employees pay 100% of your health care expenses, including covered prescription drugs, until you meet the in-network deductible.

Once the deductible is met, employees pay a percentage of the covered expenses and Aetna pays their portion up to the plan's out-of-pocket maximum.

Once employees meet the out-of-pocket maximum, in-network covered services are fully paid at 100% for the rest of the year.

Drugs on the Preventive Medicine List are covered in full; no deductible applies.

This plan uses the same provider network (doctors, hospitals, pharmacies) as the Choice POS II plan. Because of this, employees will not need to change their doctors.

This plan has the same services covered as the Choice POS II plan. This includes:
- Preventive care covered at 100% when employees use in-network providers
- Prescription drugs (both what is covered and what is not)

The plan covers the same program features as the Choice POS II plan including:
- Teladoc
- Health Incentive Credits
- Healthy Lifestyle Coaching
- Disease Management support
- 24-Hour Nurse Line
- Aetna discounts

This plan has the same $150 vision hardware reimbursement benefit as the Choice POS II plan.

Once employees are enrolled in the HDHP, they will have access to a tax-favored savings account. This account help's them save and plan for future health care expenses. Visit www.NAFHeatlhplans.com for more information.

Designation of Beneficiary Forms

The following forms can be found at this OPM link: https://www.opm.gov/forms/standard-forms/

SF1152 Unpaid Compensation of Deceased Civilian

SF2823 Federal Employees' Group Life Insurance

SF3102 Federal Employees' Retirement System

SF2808 Civil Service Retirement System

TSP-3 Thrift Savings Plan Designation of Beneficiary form can be found at https://www.tsp.gov/forms/beneficiaryParticipants.html#tsp03

Employees Returning to Work: Declining a Job Offer

"If valid reasons for declining the offer are provided with supporting documentation, then the employee will not be required to accept the offered position."

One of the most complex and time consuming processes in Workers' Compensation is returning an employee back to work after collecting wage loss benefits. This process requires coordination between various HR and payroll personnel within the agency, in addition to the Department of Labor (DOL). This article will examine the part of the process when the employee declines a job offer.

When an employee is deemed ready to work and a job offer is made, the employee can take one of two actions: decline the offer, or accept the offer. If the employee declines the offer, they have 30 days to provide their reason for declining the offer and also give any additional information to support their declination. This will be reviewed by a DOL Claims Examiner.

If valid reasons for declining the offer are provided with supporting documentation, then the employee will not be required to accept the offered position. An acceptable reason for declining an offered position could be that a medical condition of the employee or their immediate family (spouse or dependent child) would be worsened by moving to the geographic area of the offered position. An unacceptable reason for declining a position would be that the employee would have to take their child or children out of school and move them to the new location.

If the employee does not provide a valid reason for declining the offered position and the position is still available, the employee is notified via letter and given an additional 15 days to accept the offered position and return to work. If the employee does not return to work, then sanctions specified in the 15 day letter will be put in place. Generally, failure to accept suitable employment when offered results in termination of workers' compensation benefits.

The agency needs to understand that through this entire process the position offered must stay available to the employee. If the agency withdraws the offer, or the position is no longer available, this process stops and the employee continues receiving workers' compensation benefits. The agency must stay committed to the return to work process once the offer is made.

Benefits, Wage, and NAF Policy Line of Business

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2019 Mark Center Training Schedule

The Benefits and Work Life Program Division will hold training on Federal Employee benefits at the Mark Center in Alexandria, VA. Each course is four days long and space is limited to 25 participants.

Registration opens 60 days prior to the start date of each course and will remain open for 30 days, or until the class is full.

Registration is available online, however a DoD CAC is required: https://www.apps.cpms.osd.mil/cpmstraining/app/training.aspx

BASIC	INTERMEDIATE	ADVANCED
July 30—Aug 2	Aug 13-16	Sept 17-20
Sept 3-6	Sept 9-13