



# BENEFACTS

A NEWSLETTER PUBLISHED BY THE BENEFITS AND ENTITLEMENTS BRANCH,  
HUMAN RESOURCES OPERATIONAL PROGRAMS AND ADVISORY SERVICES  
DIRECTORATE

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USERRA Act and the 5 Year Limit	1
Incomplete Deposits and Deceased Employees	2
What's New in Benefits and Retirements?	2
Benefits & Entitlements Branch will launch its first end year report	2
Verifying Creditable Military Service	3
Reemployed Annuitants	3
Did You Know	4
New Year's Resolution-Financial Fitness all year long	5
Annual Administrative Checklist	6
Interesting Questions	6
What's Going On In Your Neighborhood?	7
Attachment 1: Annual Administrative Checklist	8

## USERRA Act and the 5 Year Limit

Over the past couple of months, the Benefits and Entitlements Branch received several inquiries regarding the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994. The primary intent of this Act is to prohibit employment discrimination against persons because of their military service in the Armed Forces and National Guard, or other uniformed services.

This Act also protects the rights of veterans, reservists, National Guard members, and certain other members of the uniformed services, to reclaim their civilian employment after being absent due to military service or training. Along with protecting reemployment rights, the Act was also designed to protect the benefits associated with that employment, specifically with regard to health and life insurance, as well as the Thrift Savings Plan. The essence of USERRA however, is to afford civilian employees returning from uniformed service reemployment when:

- The employee gave written or verbal notice prior to leaving for military training or service (except when giving notice was precluded by military necessity);
- His or her cumulative service did not exceed 5 years;
- He or she was released from service under conditions other than dishonorable; and
- He or she reports back to civilian position in a timely manner, or submits a timely application for reemployment.

\*There are certain types of service that do not count towards the 5 year limit. To obtain a complete list of such service please see title 38 U.S.C. 4312(c).

Over the past couple weeks, several questions were posed to our office regarding the 5 year time limit. One specific inquiry dealt with the 5 year term limit for those that have employment with multiple agencies. In general it states that, if the service member resigns that position and starts with a new employer, there is a new 5 year limit.

Employer means any person, institution, organization, or other entity that pays salary or wages for work performed, or that has control over employment opportunities, including—

- (i) A person, institution, organization, or other entity to whom the employer has delegated the performance of employment-related responsibilities,
- (ii) The Federal Government;
- (iii) A State;
- (iv) Any successor in interest to a person, institution, organization, or other entity referred to in this definition;
- and, (v) An entity that has denied initial employment in violation of 38 U.S.C. 4311.

If you would like more information on this topic please email us at, [benefits@cpms.osd.mil](mailto:benefits@cpms.osd.mil). Information on USERRA can be found at <http://www.esgr.mil/site/>.

## Incomplete Deposits and Deceased Employees

Benefits Advisors occasionally encounter situations in which employees had not completed paying for military deposits prior to death. In this article, we will review the options available to surviving family in these situations.

Some of the common questions are” Will the deceased employee receive full credit for their deposit? Will the deceased employee receive partial credit? Are the payments received refunded to the survivor?

If a deceased employee started making payments, but did completed the deposit, the survivor has two options:

- 1. Make up the balance of the deposit**  
If survivor elects to make the deposit, he or she must pay the balance in one lump sum. Payment must be made prior to final adjudication by the Office of Personnel Management.

**Continued on p. 2, col. 1**

*Do you have  
comments,*

*questions or  
suggestions?*

*Please contact the*

*Benefits and  
Entitlements*

*Branch at*

[benefits@cpms.osd](mailto:benefits@cpms.osd)

*.mil or you may*

*call us at DSN*

*426-6301, or*

*703-696-6301 and*

*press "1" for*

*Benefits.*



**Continued from p.1, col. 2**

**2. Elect not to make the deposit**

Any partial payments will be refunded to the survivor.

For more information on the procedures for either option as well as agency responsibilities, refer to the CSRS/FERS Handbook, Section 70A4.4-1.

The above article was written at the suggestion of a subscriber. We encourage your suggestions, as well. Special thanks to Denise C. from the Defense Financial and Accounting Services (DFAS).

**What's New in Benefits and Retirements?**

The U.S. Office of Personnel Management (OPM) has Government wide responsibility and oversight for Federal benefits program and occasionally releases Benefits Administration letters to provide guidance to agency benefits advisors.

The Federal Retirement Thrift Investment Board bulletins provide guidance to Thrift Savings Plan (TSP) Agency representatives on implementing the provisions of law, regulations, and procedures relating to the TSP. TSP publishes information and changes for agency benefits advisors in the for TSP Bulletins. Below are brief synopses of the changes that these agencies have recently published.

The Federal Retirement Thrift Investment Board revised the TSP-1 and TSP-1-C forms. These changes are reflected in TSP Bulletin 12-2 dated January 10, 2012.

On January 10, 2012, TSP announced that The Federal Retirement Thrift Investment Board had made a number of changes to the TSP financial hardship in-service withdrawal process. These changes may be found in TSP Bulletin 12-3.

On January 18, 2012 OPM announced the revision of Present Value Factors and Discount Factors, in BAL 11-111.

OPM also announced that 3.6% Cost-of-Living Adjustment (COLA) effective December 1, 2011, will be reflected in annuity payments dated January 3, 2012, and January 18, 2012 in BAL 11-112

On January 24, 2012, OPM announced that the present value factors and the discount factors used in a variety of civil service retirement computations have been revised as of October 1, 2011 in Benefits Administration Letters (BAL) 11-111.

On January 26, 2012, OPM announced that the New Requirement for Agencies' Payments to the Civil Service Retirement and Disability Fund for FY 2012 for Voluntary Separation Incentive Pay and Voluntary Early Retirement Authority processing costs under P.L. 112-74, the 'Consolidated Appropriations Act, 2012', in BAL 12-302.

On January 28, 2012 OPM announced the Federal Employees Health Benefits Program cost factor for the Second Quarter of FY 2012 which may be found in BAL 12-301.

On February 8, TSP Bulletin 12-5 provided information about TSP states and a new TSP Brochure announcing the implementation of the ROTH IRA.

**Benefits & Entitlements Branch will Launch its First End of Year Report**

It's hard to believe that we are in 2012. A lot of exciting things happened in the world of benefits in 2011. Well, are hoping for more great things to happen for go Federal employees in 2012 and we surely keep you informed! In looking back across the course of 2011, we began to chronicle the many benefit changes. We are consolidating this information and will be providing you with 2011 end of year report. This year's report will highlight an array of insurance and retirement information. The report also illuminates a wide range of the benefits community's achievements and goals. We hope that you will find this information both useful and helpful.

Continued from p. 2, col. 2

**Acceptable Documents for Verifying Creditable Military Service**

Most uniformed service is verified using a DD 214 - Certificate of Release or Discharge and or Standard Form-813 Verification of a Military Retiree's Service In Non-wartime, Campaigns or Expeditions. However, when these documents are not available, here are numerous source documents that Human Resources Offices or Staffing Specialist can use to verify an employee's creditable military service. Here is a list of acceptable documents:

- DD 214 (long version) - Certificate of Release or Discharge from Active Duty
- DD 215- Correction to DD 214, Certificate of Release or Discharge from Active Duty
- Letter from the military academy
- Sealed copy of transcript from military academy
- Copy of Retirement Credit Record
- NAVMC 798- Reserve Retirement Credit Report
- Copy (ies) of Active Duty Training Orders (must contain: employee's name, "From to Date" and legible
- DA 1569- (Transcript of Military Record)
- SF 813 -Verification of a Military Retiree's Service in Non-Wartime Campaigns or Expeditions)

The documents mentioned above will vary depending on the branch of service, type of service and basis for performing a particular type of service.

The general rules for crediting uniformed service are that the service must have: (1) ended honorably, to include an honorable discharge or a discharge under honorable conditions (general) or transfer to an inactive reserves under honorable conditions and (2) been active duty in a uniformed service: Army, Navy, Air Force, Marine Corps, Coast Guard) and Commissioned Officer Corps of

the Public Health Service and the National Oceanic and Atmospheric Administration.

**Reemployed Annuitants**

One way that retirees can insure against uncertainty in retirement is to reenter the work force after retiring. Reentry can come about in two ways. First, it can be planned, as a way to move out of career employment gradually by taking a break from paid work for a certain length of time before moving to another job. Planned reentry is one way to extend the work life of those who would have otherwise remained out of the labor force.

When reentry is not planned, the option to rejoin the workforce provides a form of insurance against unforeseen contingencies. Workers initially may leave the labor force and adjust their consumption to match their retirement income. Although this approach has the disadvantage of potentially reducing one's living standard, the retiree may still be better off if the reduction in consumption is offset by the additional leisure. Reentry into the Federal government or private sector can then serve as a backup plan in the event that an individual's standard of living in retirement falls short of expectations.

There are some opportunities for retirees to return to Federal service under the reemployed annuitant program. It is also +important to note that Federal retirees can go back to work in the private sector without any impact on their federal annuity.

The National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2004 (November 24, 2003), changed the procedures for reemployed annuitants who are rehired by the Department of Defense (DoD). Under this Act, reemployed annuitants within DoD are not considered employees for purposes of title 5 U.S.C., Chapters 83 (Civil Service Retirement System (CSRS)) or 84 (Federal Employees Retirement System (FERS)) resulting into two categories of reemployed annuitants in DoD: **1)** those rehired before November 24, 2003, and **2)** those rehired after November 23, 2003.

**Continued on p.4, col. 7**

**BE**  
Knowledgeable

**BE**  
Informed

**BE**  
Reliable

**B**enefits

&

**E**ntitlements

*Working to*

*Serve*

*You!*



*Did you know a will or court order (i.e., divorce decree) is not valid for TSP disposition of your account. It's important to make a proper and valid designation of your intended beneficiaries on a TSP-3 form to have your current intended beneficiaries receive your account distribution.*

*Making a valid designation. To name specific beneficiaries to receive your TSP account after you die, you must complete this form, and it must be received by the TSP on or before the date of your death. Only a Form TSP-3 is valid for designating beneficiaries to your TSP account(s); a will or court order (i.e., divorce decree) is not valid for the disposition of a TSP account. You may, however, designate your estate or a trust as a beneficiary on Form TSP-3. Remember to review designation of beneficiaries on a regular basis to keep them current.*

### Continued from p. 3, col. 6

Section 1101 of Public Law (P.L.) 108-136, NDAA for Fiscal Year (FY) 2004, enacted the National Security Personnel System (NSPS). Given the global war on terrorism, the role of DoD's civilian workforce has expanded to include more significant participation in combat support functions that allowed military personnel to focus on war fighting duties. Section 1101 granted the Secretary of Defense the authority to reemploy annuitants receiving an annuity from the Civil Service Retirement and Disability Fund without a reduction in pay or of the annuity. This authority was codified in what was at the time section 9902(j) of Title 5, United States Code (U.S.C.). It allowed reemployed annuitants to receive full salary and annuity; however, it did not allow them eligibility for retirement deductions, participation in the Thrift Savings Plan, or a redetermined annuity or supplemental annuity based on the reemployment period. This had unintended consequences upon DSR annuitants who may have to take a reduction in their annuity at the time of the involuntary separation. These DSR annuitants were not able to earn retirement credit for their reemployment service with the Department of Defense pursuant to P.L. 108-136.

As a result, Section 1106 of P.L. 110-181, NDAA for Fiscal Year 2008, January 28, 2008, amended DoD reemployed annuitant authority to allow DSR reemployed annuitants the opportunity to elect retirement contributions and earn further retirement credit, as appropriate, in lieu of receiving full salary and annuity.

Annuitants are given an election opportunity to submit to the authorized official within 90 days. Elections not received within the 90 days; receive full annuity and salary and will be unable to receive credit for future retirement benefits. This authority is currently codified in section 9902(h) of Title 5, U.S.C.

Annuitants appointed *prior to November 25, 2003*, who are receiving full salary and annuity based on an exception approved by OPM, or by the Department of Defense

through OPM-delegated authority pursuant to Subparts B and G of Part 330 and Part 553 of title 5, Code of Federal Regulations Civilian Personnel Service Manual shall continue to receive full salary and annuity for the period specified in the waiver.

Annuitants other than DSR annuitants hired **on or after November 25, 2003**, shall not have their salary offset by the amount of the annuity received for the period of reemployment in accordance with section 9902(h) of Reference (b) of DoDI 1400.25, V300. These individuals shall receive full salary and annuity during the period of reemployment; they shall not be considered employees for the purposes of Subchapter III of Chapter 83 or Chapter 84 of Reference (b) (e.g., ineligible for retirement deductions, ineligible to participate in the Thrift Savings Plan); and their period of reemployment shall not be creditable for a supplemental or re-determined annuity.

According to section 9902(h) of Reference (b) of DoDI 1400.25, V300, supporting human resources offices shall give DSR annuitants who are reemployed in the Department of Defense **on or after November 25, 2003**, the opportunity to elect coverage pursuant to section 8344 or 8468 of Reference (b), as appropriate, in lieu of receiving full salary and annuity.

### **New Year's Resolution-Financial Fitness all year long**

*This article first appeared in the Retirement Readiness NOW Tips email by Ray Kirk, Retirement Services, Office of Personnel Management (OPM), January 3, 2012*

When you're tempted to say I can't

Try saying I'll try

You will be surprised how often you say, "Look at what I did!"

How do you get started?

Consider the following suggestions from Clemson Cooperative

**Continued on p. 5, col. 1**



Knowledgeable



Informed



Reliable



&



Working

to

Serve

You

**Continued from p. 4, col. 2**

Extension in South Carolina:

**January:** Get on the financial scales and create an overview of your financial situation. What do you own and what do you owe (your net worth)? How much income comes in and where does it go?

**February:** Keep an expense log for several months. Compare expenses with income. Income should exceed expenses or you are headed for financial trouble.

**March:** Reduce clutter in your financial life. Keep only important receipts, records, and papers. Instead of using the "stash and pile" method of organization, use the "file It, find It" approach.

**April:** Trim your taxes. Track all deductions, contribute the maximum to tax-deferred retirement plans (e.g., TSP) and evaluate potential tax credits. Meet the April 15th deadline or file for an extension to avoid penalties.

**May:** Reduce expenses and debt. Curb the temptation to spend more than necessary and avoid the overuse of credit. Get in the habit of "smart spending." Before making spending decisions, ask yourself, "Is what I am getting today worth the money I lose for future goals?" And remember, using credit does not extend your income, it only adds to your debt.

**June:** To ensure steady, healthy growth of your net worth, use the savings strategy, "pay yourself first." Establish a regular savings plan and consider it one of a major bill to pay monthly.

**July:** Exercise the best insurance options. Review all coverage. It is a good idea to compare your company's coverage with that of two other companies to be sure you are getting the best protection for your money.

**August:** Now that you have a good understanding of your resource base, you are ready to begin working on establishing long-term financial goals.

Identify your long-term goals, attach a dollar value to them, and develop a plan to achieve them.

**September:** Choose a savings or investment plan to help you reach long-term goals. Explore options available through your employer and financial institutions.

**October:** Make dinnertime a special time. Share money management skills with your children and encourage them to save and invest for their financial future.

**November:** Keep your financial health in good order, even if you become physically ill or incapacitated. Execute a living will, health care power of attorney, general durable power of attorney, and will.

**December:** Distribute good will to family and friends and share your bounty with others. Give wisely to charities. Be sure the charity is reputable and know what they do with the money collected.

Retirement Readiness NOW is not just about saving money and not just something you do just before retiring. Money is very important, but that's not all. There is a lot more to planning for your future than putting aside income out of each paycheck for retirement.

What else is there?

Happiness, both today and in your future years, is based on your total well-being. So, when planning for your future, you also need to consider your total retirement well-being that encompasses the following:

Networking. What are you doing today that will allow you to be engaged, challenged and fulfilled in retirement?

Overall Health. What are you doing to stay healthy so that you can enjoy your retirement years?

Wealth. How well are you managing your income and investing for your future so that you will be able to support your desired lifestyle in retirement?

Continued from p. 5, col. 2

### Interesting Questions

- 1) What happens if an employee separates from Federal service before their TSP loan is paid in full?

If an employee does not repay their loan when he or she separates from Federal service TSP will report the unpaid amount as a taxable distribution to the IRS and the employee will owe income taxes on the outstanding balance of the loan. However, the employee can roll the distribution into a traditional IRA or eligible employer plan within 60 days to avoid taxes and penalties.

If the employee is under age 59½ when the taxable distribution is declared, he or she may also have to pay a 10% early withdrawal penalty.

Reference: 5 C.F.R. 1655.15(a)(2)

- 2) Can an employee continue FEHB coverage beyond the 24-month period of Military active duty?

There is no provision of law that allows for coverage to continue beyond 24 months during an employee's military duty. However, at the end of the 24 months, he or she has a 31-day extension of coverage and the right to convert to an individual policy offered by the carrier of their plan. Employees are not required to provide evidence of insurability for this private coverage. There is no provision in FEHB law that allows for Temporary Continuation of Coverage (TCC) after the 24 months of coverage.

Reference: Public Law 108-375

- 3) When an employee is completing a retirement application, can a copy of their Court Order be sent to OPM without certification from the court house?

The requirements and procedures for submitting a court order to OPM is that a certified copy of the order is signed and certified by an official of the court that issued the order, verifying that it is a true copy of the original--usually by means of a seal or raised stamp and the official's signature or initials. A photocopy of a certified copy is not acceptable.

Reference: CSRS/FERS Handbook, Chapter 5 (Court Orders), Section 5A4.1-4

The Interesting Questions segment is an opportunity to share with the DoD HR Community answers to HR question that are rare, unusual or difficult. If you have answered HR questions that are rare, unusual or difficult, send them to [benefit@cpms.osd.mil](mailto:benefit@cpms.osd.mil) with "Interesting Questions" in the subject line.

### Annual Administrative Checklist

The Annual Checklist is provided as a reminder to some, and a new idea to others. In many instances, employees forget to update their benefits paperwork and discover that they had not reviewed or updated their information since they first came on board with their employing agency. In an effort to keep employees up to date, we ask that you request your service population to check their administrative paperwork. For your convenience, we have attached an administrative checklist to this edition of BENEFACTS newsletter..

**What's Going On In Your Neighborhood?**



*To register for  
Upcoming  
Courses Offered  
at our Arlington,  
VA Location,  
visit our FAS  
Training page*

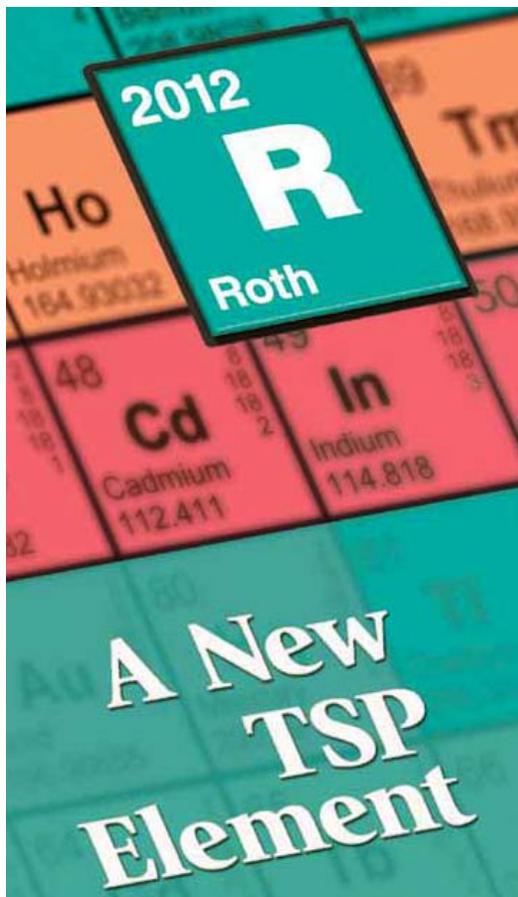
[http://www.cpms  
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s/trainings/traini  
ngs.aspx](http://www.cpms.osd.mil/forms/fas/trainings/trainings.aspx)

*and*

*choose your  
preferred course*



**BASIC Benefits  
January 31-February 3, 2012  
Arlington, VA**



**TSP Returns**

End of January 2012		
FUND	CLOSE	YTD
G	<b>13.8373</b>	<b>0.13%</b>
F	<b>15.4872</b>	<b>8.70%</b>
C	<b>16.2289</b>	<b>4.50%</b>
S	<b>22.0832</b>	<b>7.59%</b>
I	<b>18.5911</b>	<b>5.36%</b>
L 2050	<b>10.0878</b>	<b>4.87%</b>
L 2040	<b>18.4022</b>	<b>4.34%</b>
L 2030	<b>17.9901</b>	<b>3.77%</b>
L 2020	<b>17.5273</b>	<b>3.03%</b>
L Income	<b>15.1810</b>	<b>1.18%</b>



**In the next edition  
of the  
BENEFACTS newsletter!**

- **Changes to FERS**
- **OPM Retirement Processing**
- **Extended Subsidized TCC**

## **Annual Administrative Paperwork Checklist**

The Annual Checklist is provided as a reminder to some, and a new idea to others. In many instances, employees forget to update their benefits paperwork and discover that they had not reviewed or updated their information since they first came on board with their employing agency. In an effort to keep employees up to date, we ask that you request your service population to check their administrative paperwork.

The Federal Employees Group Life Insurance offers optional life insurance and deductions increase with age. The age increase occurs in 5-year increments. Increases in amounts of coverage are not permitted without obtaining a qualifying life event, such as birth of a child, adoption, marriage, and divorce. However, decreases in coverage are permitted at any time. Employees may wish to review this information prior to the incremental change to reconsider their needs and the needs of their family and make appropriate changes.

An annual checklist is included in this newsletter as a reminder for employees to review and possibly increase their TSP contributions to ensure employees are taking advantage of the annual elective deferral limits. Electing changes earlier in the year offers employees the option to spread deductions over a longer period.

The checklist will remind employees to verify all the benefit documents and benefits information that should be checked or considered as part of their annual review of applicable forms, and benefits that may be affected by an increase in age, annual contributions or life style changes. The checklist may be retained by the employee for their personal records, and shared with their spouse or persons who have an insurable interest.

Using this checklist to review and make the necessary modifications will help to ensure that employees are aware of and in control of his or her benefit options, and that current benefit elections are what he or she intends.

# ANNUAL ADMINISTRATIVE PAPERWORK CHECKLIST

## LEAVE and EARNING STATEMENTS

1. \_\_\_\_ Leave and Earning Statement (LES) for the following deductions to ensure they are accurate and the affect that any open season or salary changes may have on benefit deductions.

- Federal Employees Health Benefit (FEHB)
- Federal Employees Group Life Insurance (FEGLI) (rates increase automatically based on age in 5-year increments & salary)
- Flexible Spending Account (FSA)
- Federal Employee Dental and Vision Insurance Program (FEDVIP)
- Thrift Savings Plan (TSP). Increasing TSP based on the maximum annual allowance is easier financially if made during the 1<sup>st</sup> few pay periods of the year rather than later in the year because the deductions are spread out over a longer period of time.
- Sick and Annual Leave balances (to ensure accurate account balances transfer properly)

## STANDARD FORM 50

2. \_\_\_\_ SF50 (Notification of Personnel Action) to ensure the following data is accurate. The value of these data elements may affect your leave accrual, retention standing, retirement deductions, wages, and premiums for benefits. In most cases SF50's from your Electronic Official Personnel Folder. For assistance in locating your most recent SF50, contact your servicing HR office.

- FEGLI Code (Block 27)\*
- Service Computation Date (block 31)\*
- Veterans Preference ((block 26)
- Retirement Code (block 30)\*
- Duty station location (block 39)
- Pay Plan or Pay Band (block 16-19)\*
- Grade and Step or level (block 16-19)\*
- Basic, Locality, and Total Adjusted Salary (block 20, 20A-20D)\*

**\*Notates that this information can also be found on LES**

## **CURRENT ADDRESS**

3. \_\_\_\_ Ensure your servicing human resources office and payroll office have the most current mailing and Email address so that W2 forms, Wage and Tax Statements, insurance carrier and TSP information can be received at the proper address.
  
4. \_\_\_\_ W4, Employee's Allowance Certificate and applicable state tax forms. Does your tax withholding need to be adjusted due to salary increases? If so, use the IRS Withholding Calculator to determine the necessary adjustments then complete and submit a new W-4 to your servicing Human Resource Office. The calculator can be found at <http://www.irs.gov/individuals/article/Oid=96196,00.html>

## **BENEFICIARY FORMS**

5. \_\_\_\_ Beneficiary Forms. The Federal government recognizes most recently dated beneficiary forms, assignments or valid court orders. Wills or power of attorney documents do not override these forms. If you want to ensure that your survivors receive the timely notification of benefits and payments, it is important that you complete the appropriate designation of beneficiary form in the manner in which you want those payments distributed. If beneficiary forms are not completed, the order of precedence applies at the time of death. Most beneficiary forms can be found on the [www.opm.gov/forms](http://www.opm.gov/forms) and [www.tsp.gov](http://www.tsp.gov) websites.

- SF2808, CSRS or SF3102 FERS (Use the appropriate form depending upon which retirement system you are under. The Office of Personnel Management will pay retirement funds to survivors and eligible dependents.)
- SF2823, Federal Employees Group Life Insurance (includes payment upon death for all life insurance coverage options. Payments are made by the Office of FEGLI)
- SF1152, Unpaid Compensation (includes payment for monies due employee, i.e., salary, annual leave balance, and travel reimbursements)
- TSP-3, Thrift Savings Plans (used by the TSP Board to pay TSP account balance)

Your Benefit Office is \_\_\_\_\_

Non-Electronic Forms should be sent to \_\_\_\_\_