



BENEFACTS

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NEW LOOK FOR NEW LOCATION

IN THIS ISSUE

The dust has settled...

The Defense Civilian Personnel Advisory Service (DCPAS), Benefits and Entitlements (B&E) Branch completed its relocation to the Mark Center in Alexandria, VA. Our staff and phones are up and running. Our new address is: Benefits and Entitlement Branch, 4800 Mark Center Dr., Suite 05G21 Alexandria, VA 22350-1100. You may reach us for your Benefits & Entitlement inquires at: benefits@cpms.osd.mil.



With our relocation to the Mark Center, we have modern training rooms to accommodate our training programs. Human Resources staff may attend courses ranging from basic benefits to advanced benefits training, Federal Erroneous Retirement Coverage Correction Act (FERCCA), and employees Mid-Career and Pre-Retirement briefings.

With the myriad of changes to the Benefits and Entitlements subject matter, our staff has prepared information relating to current changes in law affecting Retirement and Entitlements for Federal employees. Some highlighted topics listed are ROTH Thrift Savings Plan (TSP), Phased Retirement, Retirement Errors, Discontinued Service Retirement (DSR)-Reemployed Annuitants, and The Mistake of a Life Time- Avoiding Retirement & Investment Fraud.

Enjoy reviewing the subjects listed.

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UPCOMING TRAINING COURSES

Advanced Benefits Workshop
September 11 – 14

Benefits for Staffers
September 25 – 28

Retirement Coverage Determination and Federal Erroneous Coverage Correction Act (RCD & FERCCA)
October 16 - 19

Basic Benefits
October 30 – November 2

Benefits Intermediate Course
November 27 – 30

Advanced Benefits Workshop
December 11 - 14

Phased Retirement

The Transportation authorization bill HR 4348 that contains a Phased Retirement option for most Federal employees, was approved by Congress on June 27, 2012. President Obama signed the bill on July 6, 2012, changing it to Public Law 112-557. The Phased Retirement option of the law is a significant change in how Federal employees and agencies plan for retirement. Currently employees move directly from full employment to full retirement. Phased Retirement will allow employees to ease into retirement over a period of several months or even a few years. This change could be a win-win situation in that it will allow employees with decades of experience more time to pass on their experience and to complete projects while easing into the retirement lifestyle.

Those employees that choose to phase into retirement will be **required** to spend at least 20 percent of their work hours mentoring younger employees. This bill allows eligible employees to work one to four days a week and retire for the

remainder. Employees choosing a phased retirement will receive an annuity that is reduced proportionally by the amount of time they work. In addition to being able to continue TSP contributions, the phased retiree would also continue to receive step increases and the annuity would be increased by the annual cost of living adjustment (COLA). Once the employee fully retires, the retiree will no longer be eligible to continue TSP contributions, and their FERS/CSRS annuity would be recalculated.

Example: For an employee under phased retirement



that works half-time, they would receive half of their pension; if they work one-fifth of the time, they would get four-fifths of their pension. Upon full retirement

the annuity is recalculated.

The Mistake of a Life Time - Avoiding Retirement Scams

As many Federal Employees reach retirement age or having retired, face the uncertain future of volatile retirement income. They may become desperate and vulnerable to retirement scams. Having suffered from a market downturn and losing funds in their Thrift Savings Plan can result in panic and the search for help and a way out of declining income streams.

This opens the door to the possibility of financial scams regarding investment and rollovers of your hard earned money. How does one spot a scam and unscrupulous offers? A recent article, published by the Financial Industry Regulatory Authority (FINRA) outlines the key points to spotting a retirement scam.

In Scams Psychology 101, FINRA outlines key points to consider. Some early retirement and investment pitches are outright scams. The common thread that binds investment fraud is the psychology behind the pitch.

We have all heard the timeless admonition "If it sounds too good to be true, it probably is" – which is great advice, but the trick is figuring out when "good" becomes "too good." There is no bright line. Investment fraudsters make their living by making sure the deals they tout appear both good and true. To read about the most common tactics and red flags of fraud you may access this article on Office of Personnel Management web-site under Benefits Administrator Letters, BAL dated 11-106, 8/2011.

Retirement Errors

While many Federal employees will be eligible to retire in the next few years, unfortunately, some of them will discover they will be unable to retire at the time they intend to because important tasks that should have been performed during their Federal service, were not completed. In other words, incomplete or inaccurate information from agencies can significantly delay processing and ultimately, a retirees check. The retirement claim will take longer to process if OPM needs additional information from the employee or the employee's former employing agency. Additional time will also be needed if OPM needs to contact the employee to make a benefit election, such as a decision to make a service credit deposit, or if OPM needs to contact an external agency, such as the Social Security Administration for an offset calculation.

The employee is relying on the Human Resource Specialist to look out for him or her by making them aware of missing information that may prevent him or her from facing a delay in their retirement processing. Below are some items to review and to discuss with the employee regarding their Federal benefits that will assist employees - especially those employees in mid-career or those who are relatively new to the federal government -- to not overlook these tasks and therefore be able to achieve their goal of a timely retirement.

Review and make sure that the information contained in the Official Personnel Folder (OPF) is correct and current. Take note of the following items that can affect employee's eligibility and the computation of their benefits:

- Verify that all civilian and military service is documented in the OPF. If there are any missing documents, begin the process of getting the proper documentation
- Type of retirement coverage---CSRS, FERS, FICA, or none
- Type of appointment---temporary, intermittent, WAE, part time, career, or career conditional
- Verify accuracy of Service Computation Date

Remember that an employee's "leave and earnings" service computation date and their "retirement" service

Computation dates may differ. The SCD for retirement is one of the two determining factors that will decide when an employee can retire and how much of a CSRS or FERS annuity the retiring employee will receive.

Verify whether or not the employee has any deposits or redeposits due, including Post-56 military service. Prepare a retirement estimate to determine whether the employee will owe and what effect nonpayment will have on employee's annuity.

Ensure that employee is covered under the Federal Employees' Health Benefits Program (FEHB). Employee must be covered by FEHB for the 5 years immediately preceding retirement in order to carry the coverage over into retirement. The employee may wish to enroll during the next open season if he or she is not covered either as an employee or family member.

Ensure that employee is covered under the Federal Employees' Group Life Insurance Program (FEGLI). Employee must be covered by FEGLI for the 5 years immediately preceding retirement in order to carry the coverage over into retirement. Open seasons in FEGLI are few and far between, so there may be little an employee can do if he or she is not covered.

Benefits Trivia

Can a surviving child of a deceased Federal employee or annuitant be eligible for a monthly survivor annuity benefit? Yes, until age 18 or up to age 22 if they are a full-time student at a recognized educational institution. OPM website:

www.opm.gov/retire/post/survivor/index.asp

DSR REEMPLOYED ANNUITANTS



Once an employee retires from the Federal Government and is then reemployed by the Federal Government while still receiving an annuity that person is considered a reemployed annuitant. Under most circumstances, an annuitant who is reemployed is not considered an employee for purposes of subchapter II of chapter 83 or chapter 84 of the CSRS/FERS Handbook. The exception to this rule is employees were separated on a Discontinued Service Retirement (DSR) prior to becoming a reemployed annuitant. A Discontinued Service Retirement (DSR) annuitant receives an annuity based on an involuntary separation for reasons other than for cause based on misconduct or delinquency. Examples of involuntary separation are job abolishment, reassignment outside of commuting area or a reduction in force (RIF). DSR annuitants who are appointed to the Department of Defense on or after November 25, 2003 may elect retirement coverage.

If an annuitant is reemployed in a position that is not excluded from CSRS coverage, the annuitant may elect between:

- full annuity and salary with no retirement deductions
- termination of annuity and automatic retirement deductions.

If an annuitant is reemployed in a position that is not excluded from FERS coverage, the annuitant may elect between:

- full annuity and salary with no retirement deductions
- full annuity with salary offset and automatic retirement deductions

If an election is not made within 90 days the annuitant will receive full annuity and salary and will be unable to receive credit for future retirement benefits. Once the period of reemployment ends, the annuity can potentially be increased. If an employee works full time (or the part time equivalent) for at least one year, he or she may be entitled to a supplemental annuity which will be added to the original annuity. If an employee works full time (or the part time equivalent) for at least five years, he or she may be eligible for a redetermined annuity which will take the place of the annuity that the employee was originally eligible for. Once an employee separates, a new retirement application must be filed for a supplemental or redetermined annuity. OPM will send election letters in order to notify the employees with 5 or more years of service of the choice between a supplemental annuity or a redetermined annuity. Employees who are reemployed after a DSR must work closely with their local employing office to determine what impact reemployment would have on future benefits and entitlements.

Did You Know?

Did you know that medical alert bracelets/necklaces/USB data cards are eligible expenses for your Flexible Spending Account (FSA)? (Code 104)

Eligible expenses can be found on the Eligible Expense Juke Box on the FSA website:

<https://www.fsafeds.com/fsafeds/EligibleExpenses.asp#M>

Roth TSP

KEY FEATURES & TERMS

NAME	OVERVIEW
Tax-Free Distributions (Withdrawals)	Earnings made from a Roth TSP account are only tax-free if they have met the 5-year rule and are a part of a “qualified distributions
The 5-Year Rule	5 years have passed since January 1 of the calendar year in which the your first Roth contribution has been made
Qualified Distributions	You have reached age 59 ½ or have a permanent disability or in the case of your death
The Roth Initiation Date	The date the 5-year rule waiting period begins
The Pro-Rata Rule	<p>Money is proportionally disbursed from a TSP account from both traditional and Roth balances. This applies to:</p> <ul style="list-style-type: none"> • Loans • Withdrawals (in-service and post-service) • Court-ordered payments • Taxable distributions declared on outstanding loan balances • Required Minimum Distributions • Death Benefits <p><i>Note: TSP will reject court orders requesting only Roth TSP or Traditional TSP monies only</i></p>

Now that DoD employees are able to make Roth TSP elections, are there any questions that you may have as an Human Resource (HR) Specialist?

The Benefits and Entitlements branch solicits your HR-related questions. Please send them to benefits@cpms.osd.mil.

3 Interesting Questions

Question 1: An employee that had previously assigned their life insurance is retiring. The employee has indicated on his SF 2818 that he wishes to choose the Basic 75% reduction and also eliminate Option A and reducing the amount of coverage he has in Option C. Since the employee has assigned their life insurance, do they have the option for choosing the reduced coverage offered with retirement?

Answer: No, an assignment means giving ownership and control of life insurance coverage for the Basic coverage as well as Options A and B (Option C is not included in assignment). An assignment is irrevocable and cannot be changed or canceled. Only the assignee may reduce the coverage; not the employee.

OPM Link:

www.opm.gov/insure/archive/life/handbook/assign2.asp

Question 2: If an employee worked, went out on a Disability Retirement for several years, to later come off the Disability Retirement and return to work; would the time the employee was on the Disability Retirement count for eligibility or computation towards a Voluntary Retirement?

Answer: No, the time off on Disability Retirement would not be included as it does not meet the requirements for creditable service

- Retirement deductions weren't withheld from the employee's Disability Retirement pay.
- There is not a specific statute allowing credit for the service.
- A Deposit cannot be paid for Disability Retirement.

The following are links to lists of more detailed criteria for creditable civilian service:

CSRS Creditable Civilian Service:

www.opm.gov/retire/pre/csrs/creditable.asp#CSRSciv

FERS Creditable Civilian Service:

www.opm.gov/retire/pre/fers/creditable.asp

Question 3: Is there a timeframe that a retiring CSRS employee has to rollover their Voluntary Retirement Contributions to a Roth IRA, and should the completed Form (Form RI 38-124) be sent with the retirement package?

Answer: Yes, the RI 38-124 indicating the employee's election should be submitted to OPM at least 60 days before the retirement date. The form can be included with the retirement package. If OPM does not receive the RI 38-124, the refund will be delayed by 31 days.

Link for detailed information:

www.opm.gov/retire/pubs/pamphlets/forms/RI37-22.pdf

