

BENEFACTS Newsletter

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USERRA TSP 1% and Matching Contributions

The Thrift Savings Plan (TSP) is one of the most important benefits afforded to Federal civilian employees as well as the brave men and women who wear our nation's uniform. As a result of the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994, FERS employees who separated or were placed into a non-pay status for military duty are eligible to receive retroactive payments of the agency automatic 1% contributions and earnings provided specific conditions are met. The employee must meet all of the following:

- Separated from Federal civilian service or placed in a nonpay status to perform military service;
- Released from military service, discharged from hospitalization or similar on or after August 2, 1990;

and

- Were subsequently reemployed in, or restored to a position covered by FERS or CSRS pursuant to 38 United States Code (USC) chapter 43.

Both FERS and CSRS employees will be able to make up any missed civilian TSP employee contributions, however only FERS employees receive Agency Matching Contributions.

Agencies are required to restore 1% automatic contributions (FERS employees only) for the separation or non-pay status period which occurred as a result of military duty. The basic pay an employee would have received as a civilian (if he or she had not been in a non-pay or separation status due to military duty) will determine



the necessary amount of contributions to be deposited by the Agency.

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

<http://www.cpms.osd.mil/forms/fas/trainings/trainings.aspx>

and choose your preferred course

Building a Healthy Retirement Case File

On August 2, 2012, The Office of Personnel Management (OPM) issued Benefits Administration Letter 12 to provide guidance on submitting "healthy" retirement application packages for adjudication. A "healthy" retirement package is a complete and accurate package that does not have to be developed for missing, inaccurate or discrepant information.

A major goal in OPM's strategic plan for Retirement Services is to eliminate backlog of retirement claims and ultimately, to process 90 percent of all new claims within 60 days of receipt. To facilitate this goal, two of four pillars of success were identified:

1) Productivity and Process Improvement

This improvement is a reengineered adjudication process to screen incoming retirement cases upfront in new Retirement Development Section (RDS). Healthy cases are sent to Annuity Processing Section (APS) for adjudication. Unhealthy cases are developed for



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and held in RDS until healthy.

2) Partnering with Agencies

OPM established a Retirement Application Process Working Group under the direction of the Chief Human Capital Officers (CHCO) Council to support the productivity and process improvement for the retirement application adjudication.

The audit process was modified to occur when OPM initially screens and develops incoming cases for more timely feedback.

FSA Changes for 2013-2014

This benefits season, in addition to considering increased costs for health premiums and in some locations, diminished services, employee’s now have the challenge of adjusting to new laws affecting Federal Flexible Spending Accounts (FSA). An FSA account allows employees to contribute pre-tax salary to cover healthcare expenses such as; deductibles, co-payments and dental or vision expenses. To highlight the significance of these accounts, a good example would be buying a car tax free, versus paying Federal and State tax on the same purchase. Depending on the amount selected and an individual’s tax bracket, certain employees can see tax savings of up to \$1,000. For a complete listing of eligible expenses, please see FSAFED’s Eligible Expense Juke Box.

Under new health care legislation, the 2013 plan year (January 1, 2013 - March 15, 2014), will have a new \$2,500 cap on healthcare FSA contributions, with a maximum of \$5,000 per household. In the

past this amount was capped at \$5,000, for a possible maximum contribution of \$10,000 per household. Individuals can circumvent the new \$2,500 cap in one of two ways. If an individual holds two or more jobs with unrelated employers, they can elect up to \$2,500 under each employer’s FSA plan. The second and most common way is through marriage. Each person in the marriage can elect up to \$2,500, for a total \$5,000, even if they share the same employer.

As always, employees are highly encouraged to review and understand the claims submission schedule and most importantly, the “Use-It-Or-Lose-It” rule. For the 2013 benefit year, any claims not submitted by April 30, 2014 will be forfeited. In layman’s terms, you lose the money that you have not submitted claims for. If you would like more information on this topic, please email us at, benefits@cpms.osd.mil. You can also research answers to the most frequently asked questions at:

Did You Know?

As of November 21, 2012, TSP is temporarily allowing participants affected by Hurricane Sandy or who had a family member affected to take financial a hardship withdrawal without suffering from the rule which prohibits employee contributions for 6 months after taking a hardship withdrawal, provided certain criteria is met.

Please view the TSP website below for requirements and for more specific information:

<https://www.tsp.gov/whatsnew/plan/planNews.shtml>



FERS-RAE

Over the past year, Federal employees have seen numerous changes with regard to the administration and funding of Federal benefits. Employees saw decreases in Flexible Spending Account contributions, but also, increases in the opportunities for family coverage under the Federal Employees Health Benefits Program. The passing of HR 3630, Public Law 112-96, Section 5001, of the Middle Class Tax Relief and Job Creation Act of 2012, ushers in two significant changes to the Federal Employees Retirement System (FERS). As is the current case today, Federal employees contribute a small portion of their paychecks into the FERS pension plan. The current contribution rate for a Regular FERS employee is 0.8%. With the passing of the recent legislation, that amount increases to 2.3%, for certain groups of employees. The change to the contribution rate applies to a new subsection of FERS known as Revised Annuity Employees or RAE. In general, Federal employees or members of Congress will fall into this new category if they meet the following criteria:

- ◆ **The individual becomes employed as a federal employee or member of Congress after December 31, 2012**

Or

- ◆ **The individual has less than five years of creditable civilian service work and is being reemployed after December 31, 2012**

This means that new hires and new members of Congress starting in 2013 or later, and those rehired employees with less than five total years of creditable civilian service will be placed under the new contribution rate. "Regular" Federal employees under the RAE will pay 3.1% out of each paycheck.

Another major change, specifically for members of Congress and their staff, is with regard to the computation of their FERS annuity. Members of Congress and their staff employees, who do not qualify for the exclusion from being a FERS-RAE employee, are subject to a change in their future annuity computation. Currently, Lawmakers and their staff have their pensions calculated at 1.7% of their high three salaries, whereas a regular FERS employee's benefits are calculated at either 1% or 1.1% depending on age and length of service.

For those employees hired or rehired after December 30, 2012 and fitting the criteria described above, the new contribution rates and adjusted formula will apply.

If you would like more information on this topic please email us at, benefits@cpms.osd.mil or obtain the Benefits Administration Letter (BAL) # 12-104 posted by the Office of Personnel Management at: www.opm.gov/retire/pubs/bals/index.asp

A listing of the increased contribution rates for each subsection of employees can be found below

	FERS Employees		FERS RAE Employees	
	Employee Contribution	Agency Contribution	Employee Contribution	Agency Contribution
"Regular"	0.8%	11.9%	3.1%	9.6%
Law Enforcement	1.3%	26.3%	3.6%	24%
Air Traffic Controller	1.3%	26%	3.6%	23.7%
Military Reserve Technicians	0.8%	14.9%	3.1%	12.6%
CIA Special Overseas	1.3%	16.7%	3.6%	14.4%
Members of Congress	1.3%	18.3%	3.1%	16.5%
Congressional Staff	1.3%	16.7%	3.1%	14.9%

DOD Retirement Errors

One of the Office of Personnel Management's (OPMs) high priority processing goals is to meet the strategic goal of reducing the number of retirement records received that are incomplete which result in delaying the processing of retirement claims. Retirement claims submitted continue to be reviewed by OPM for completeness and accuracy and results are documented; whereby, after error findings are documented and communicated to DOD and their component agencies. The timeline below is what has transpired since the beginning of 2012.

In January 2012, OPM had a Retirement Backlog of 61,108 cases; on February 1, 2012, a Congressional hearing with OPM Director John Berry was held to explain the retirement backlog. At the conclusion of the hearing, it was determined that the retirement backlog was due to an outdated paper processing system; Decrease in OPM Staff, (particularly retirement processing), and incomplete paperwork from federal agencies and employees.

Senators Mark Warner, D-VA., Ben Cardin, D-MD., and

Barbara Mikulski, D-MD requested OPM submit a report to Congress on all Federal agencies that have filed inaccurate or incomplete information about retirees. In May 2012, OPM began tracking retirement cases for completeness in accordance with the healthy case assembly checklist. An OPM Summary of Retirement Accuracy Report provided monthly includes the number of cases processed by Component/ Agency; total retirement cases with errors; total number of retirement errors; human resource errors; payroll errors and a list of each retirement case with error and type of error.

A Benefits Administration Letter (BAL), Subject: Submitting "Healthy" Retirement Application Packages was published August 2, 2012. The purpose of the BAL is to provide guidance on submitting "healthy" retirement application packages to OPM for adjudication.

Beginning September 2012, the Retirement Accuracy Report was made available to the public via OPM Retirement Information web site ... minutes later OPM received

first calls from Capitol Hill.

To date, DOD has met OPM's 2012 objective for an 81% accuracy rate. The DOD accuracy rates were identified before and after validation. June's report (before error validation) is 80%; 82-86% of accuracy rate after DOD Components validated errors; approximately 39 errors OPM identified were invalid. OPM was notified of invalid errors. In July's report the accuracy rate was identified at 88% (pre-validation); In August's report the accuracy rate was identified at 95%(post validation); In September's report, the accuracy rate was identified at 91% (pre/post validation).

June 2012 report will be used as a reference point for future monthly reports. DCPAS will assist the Components in developing a strategy to reduce the number of errors. A word of caution is to prepare for upcoming increase in the retirement application workload. Benefits & Work Life Program will continue to reach out to the Components to validate errors.

***"In January
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***Note: Currently
OPM has a
backlog of
approximately
30,000***

TSP Raises Contribution Limits for 2013

Employees electing to contribute to their Thrift Savings Plan (TSP) for 2013 may increase their contributions to \$17,500. Employees age 50 or older may start additional catch-up contributions of \$5,500 as long as they are contributing the maximum allowable contribution.

Employees turning age 50 during the calendar year may contribute no matter what time of the year they become age 50. For calendar year 2013, this means that employees born on or before Dec. 31, 1963, are eligible to make catch-up

contributions throughout 2013.

The pay periods for contributing to TSP for 2013 start on December 16, 2012 and continue through December 14, 2013; to maximize the full \$17,500 TSP contribution for 26 pay periods employees should use a dollar amount of \$673.00 per pay period. For the catch-up maximum contribution of \$5,500 use a dollar amount of \$211.00 per pay period.

If you decide to contribute to both traditional and Roth TSP options remember the elective deferral limits set for the

year must not exceed \$17,500 for employees under age 50 and \$23,000 for those over age 50.

Under Internal Revenue Codes (IRC) you may not exceed the contributions limits in any calendar year within the Federal government TSP program or any outside contributions to an Individual Retirement Account (IRA).

Pending Legislation

As part of our new look, we will be adding a section to our newsletter that provides information on legislation that if passed, will affect various aspects of the Federal Benefits and Retirement programs. In addition, we will let you know where the pending legislation is within the legislative approval process and the steps necessary to obtain approval. However, it is important to emphasize that the information in this section only concerns pending legislation, and that means it still has to be passed by Congress and or signed into law by the President.

National Defense Authorization Act (NDAA) FY2013, Section 1104: Maximum Entry Age Limit for Special Retirement Positions Subject to FERS Section 1104 of NDAA FY2013 would allow the maximum

entry age for an original appointment to a position as a Law Enforcement Officer (LEO -as defined in 5 U.S.C. section 8401) to be 47 years of age. This is for individuals who, on the effective date of an appointment to a LEO position are eligible to receive retired pay or retainer pay for military service, or pension or compensation from the Department of Veterans Affairs instead of retired or retainer pay for military service (qualified preference eligible). The provision would also include original appointments to a position as a member of the Capitol Police or Supreme Court Police, nuclear materials courier (as defined under section 8401(33) of such title), or customs and border protection officer (as defined in section 8401(36). After becoming 57 years of age

and completing 10 years of service, the employee officer eligible for retirement shall be separated from the service on the last day of the month in which that employee becomes 57 years of age.

Currently, the maximum entry age for an original appointment by qualified preference eligible is 37 years old (see Robert P. Isabella v. Department of State and Office of Personnel Management, 2008 M.S.P.B. 146).

On December 21, 2012, the House of Representatives passed the NDAA FY2013. The bill only requires signature of the President before it becomes law.

Social Security Changes

Effective January 1, 2013, the limit set for Social Security's Old age, Survivors, and Disability Insurance (OASDI) changes to \$113,700. A potential change Pending could occur in the amount we pay into the Social Security payroll tax (from 4.2 % back to 6.2%) unless the Federal government extends the current rate or alters the contribution amount. The cost of living adjustment or (COLA) benefits paid to retired workers are expected to increase 1.7% and will take effect in January 2013. The 1.7% increase is not as much as the 3.6% cost of living adjustment that was received in 2012, but since Social Security

recipients did not receive any cost of living increase in either 2010 or 2011, it is still a welcome increase.

Another change will affect people who are retired and collecting Social Security benefits but who are younger than their full retirement age (approximately about age 66). This change will allow retirees who are still working and while collecting their reduced Social Security benefits to earn an additional \$480 more before their Social Security benefits are reduced. In other words, they can earn \$15,120 rather than the previous amount of \$14,640 before their benefits are reduced. Once retirees

reach full retirement age, they can work, earn as much money as they want, and receive their full benefits without a penalty.

There will be additional changes in the Medicare's Hospital Insurance Tax (HI) as well in 2013. The previous tax withheld was at the rate of 1.45% from all employees. However, beginning in 2013, an additional 0.9% will be added to income in excess of the 2013 threshold amount of for \$200,000 for single filers and \$250,000 for joint filers. As a result, the tax rate will be 1.45% for wages up to the threshold amount and 2.35% for wages above the threshold amount.

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BENEFITS
&
ENTITLEMENTS
BRANCH



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Benefits & Entitlements Training

The Benefits & Entitlements Branch (B&E) Training for 2012 has brought about many challenges and changes due to training budget constraints overall and the logistics of the recent DCPAS move to the Mark Center. The B&E Training for the remaining year includes the following training at the Mark Center.

We encourage all DoD Common Access Card (CAC) employees to register using the CAC registration option. The CAC registration requires setting up a profile which will be available for easy access to future training registrations. If you do not have a CAC select the highlighted course date below the course description. Once this option is selected a new screen will appear to complete an online application.

All registrants will be notified by email with a confirmation notice and instructions to access the building, hotel information and points of contact. The registration website is located at <http://www.cpms.osd.mil/forms/fas/trainings/trainings.aspx>

The B&E Branch anticipates a full schedule for the 2013 training season. Hosting the training at your agency is easy. Just send us an email at bene-fits@cpms.osd.mil or call the main number at (703) 882-5197. We ask that you provide two potential dates for our trainers to come to your location. Once the dates are reviewed and coordinated with the existing schedule an agreement will be forwarded to your agency representative and training will be provided soon thereafter.

As part of the Benefits Training package agencies will receive for most courses, four days of benefits training along with extensive reference materials, weblinks, hands on exercises, case studies and scenarios to apply the learning for your participants. Courses are taught by two Subject Matter Expert, Human Resource Specialist who have prior experience with the day to day benefits operations concerns and processes. The cost to have two SME's train at your location is a cost savings by comparison to sending 25+ staff members to offsite training out of town.

We look forward to working with you to provide a training experience in the areas of Benefits & Retirement at your location or ours!

Class Pictures



ADVANCED BENEFITS WORKSHOP
Department of Navy- Portsmouth, VA
September 4-6



BASIC BENEFITS COURSE
Mark Center
November 6 - 9th



ADVANCED BENEFITS WORKSHOP
Randolph, AFB
September 10 - 14th