

U.S. Customs and Border Protection

*Customs and Border Protection Officer (CBPO)
Retirement Coverage*

April 2008



**U.S. Customs and
Border Protection**

Customs and Border Protection Officer (CBPO) Retirement Coverage

**PART I: Key Provisions Public Law 110-161, Division E,
Section 535**

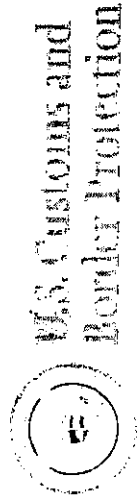
PART II: CBPOs Onboard December 26, 2007

PART III: Incumbent CBPOs (Enforcement)

PART IV: Retirement Calculations

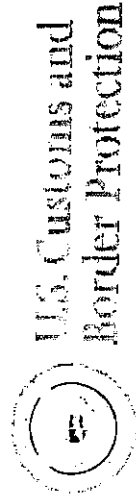
PART V: Movement from Primary to Secondary

PART VI: Available Resources



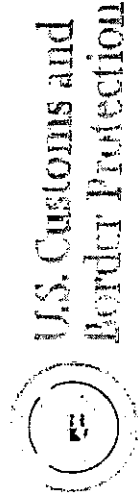
Part I: Key Provisions of Public Law 110-161, Division E, Section 535

- Was enacted on December 26, 2007, established special retirement provisions for Customs and Border Protection Officers (CBPOs)
- Becomes effective as of the pay period beginning July 6, 2008
- Provides CBPOs with retirement coverage that is similar to that of law enforcement officers (LEOs)
- Changes retirement deductions and the accrual of benefits
- Provides CBPOs employed in a covered position with an opportunity to “opt out” by making an election



The new law defines a CBP Officer as an employee

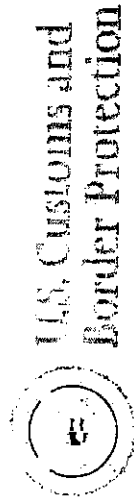
- Who holds a position within the GS-1895 job series and whose duties include activities relating to the arrival and departure of persons, conveyances, and merchandise at Ports of Entry.
 - **“Primary” 1895s include only**
 - CBP Officers
 - Customs Inspectors
 - Immigration Inspectors
 - Canine Enforcement Officers



Included in this definition

- are employees within DHS who transfer directly to secondary supervisory or administrative positions after performing the above CBPO duties for a period of at least 3 years
- 'Secondary' CBPO's include

Series	Job Titles
301	Operations Specialists
340	DFO's, Port Directors, Program Managers
1801	Supervisory Canine Enforcement Officers, Supply Chain Specialists, ACS Specialists, CBP Representatives, Senior Watch Officers
1895	Supervisory CBPOs CBPOs (Course Developer/Instructor)



Part II: CBPOs Onboard as of December 26, 2007

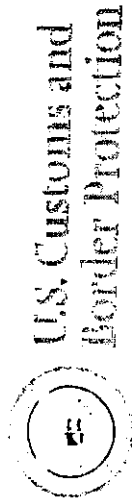
- If you choose not to respond to this retirement coverage notice and become subject to the new CBPO retirement coverage, you do not need to do anything (a.k.a. **Opt In**)
- If you choose to **opt out** of the CBPO retirement coverage and you **must complete and return the CBP Form 100, Election to Opt Out of CBPO Retirement, by June 22, 2008**

The following four charts will show you the effect of both of these options.



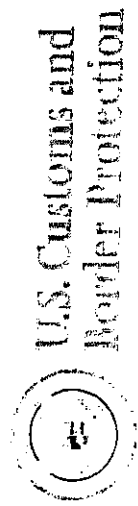
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Impact of Election	Opt In	Opt Out
Effective Date	Your CBPO special retirement coverage will become effective on July 6, 2008	Not applicable
Contribution Rate	Your employee retirement contribution rate will increase by ½ of 1% (.5%) .	Your retirement contribution will remain the same
Retirement Benefit	Your retirement benefit for all service up to 20 years performed as a CBPO beginning July 6, 2008, will be calculated based upon the special provisions rate for CBPO retirement coverage	The calculation of your retirement benefit will be based on your current retirement coverage.

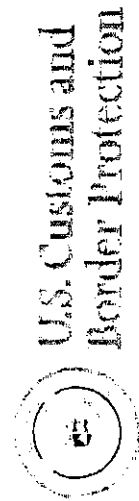


Impact of Election	Opt In	Opt Out
Basic Pay	Your basic rate of pay will not be affected	Your basic rate of pay will not be affected.
Maximum Entry Age	Maximum entry ages does not apply to CBPOs who are onboard on or before July 5, 2008.	Not applicable
Mandatory Retirement	Mandatory retirement does not apply to CBPOs who are onboard on or before July 5, 2008.	Not applicable

Impact of Election	Opt In	Opt Out
<p>Early Optional Retirement Eligibility</p>	<p>FERS CBPO: may retire at age 50 with a minimum of 20 years or at any age with 25 years of service in a covered position after July 6, 2008.</p> <p>CSRS CBPO: may retire at age 50 with a minimum of 20 years of service in a covered position after July 6, 2008;</p> <p>Under both CSRS or FERS, covered CBPO service after July 6, 2008, may be combined with service performed in law enforcement officer,</p>	<p>Not applicable</p>

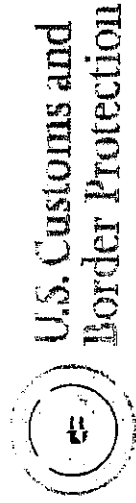


Impact of Election	Opt In	Opt Out
Other Benefits	The new CBPO retirement coverage has no effect on your other benefits.	No effect
Overtime and Premium Pay	The new CBPO retirement coverage has no effect on your overtime pay or premium pay.	No effect



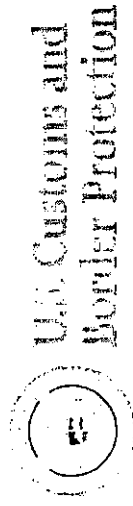
Part III: Incumbents of Customs and Border Protection Officer (Enforcement) Law Enforcement Covered Positions

- Because you are currently eligible for law enforcement officer (LEO) coverage, the new CBPO retirement coverage does not apply to you.
- Therefore, your retirement coverage and all related conditions associated with that coverage, such as deductions, annuity benefit accrual rates, and mandatory age retirement, will remain unchanged.



Part IV: Retirement Calculations

- Before we begin the FERS and CSRS retirement calculations, we would like to define some terms for those of you who are not familiar with the them
 - **FERS** – Federal Employee Retirement System, anyone hired from January 1984 to present
 - **CSRS** - Civil Service Retirement System, those hired **prior to** January 1984
 - **“high 3”** - means your average salary based on the highest 3 years of base pay you earned in an consecutive 3-year period (usually your last 3 years)



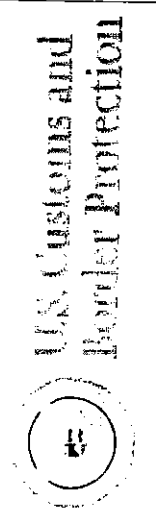
FERS Retirement Calculations

The retirement formula for a FERS employee who opts out of the CBPO retirement coverage is as follows:

$$1.00\% \times \text{high three} \times 30 \text{ years of service}$$

Onboard on 12/26/07, 30 Years of Service, FERS
Opted Out of CBPO Retirement Coverage

Percentage	of High 3	Times years of Service	Equals Total Benefit
1.0%	\$100,000	30	\$30,000.00
Estimated Annual Annuity			\$30,000.00



FERS Retirement Calculations

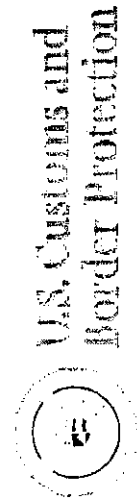
The retirement formula for a FERS employee who opts in to the CBPO retirement coverage is as follows:

$$1.70\% \times \text{high three} \times 10 \text{ years of service plus} \\ 1.00\% \times \text{high three} \times 20 \text{ years of service}$$

Onboard on 12/26/07, 30 Years of Service, FERS

Ten Years of CBPO Retirement Coverage

Percentage	of High 3	Times years of Service	Equals Total Benefit
1.7%	\$100,000	10	\$ 17,000
1.0%	\$100,000	20	20,000
Estimated Annual Annuity			\$37,000



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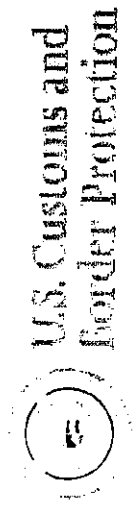
FERS Retirement Calculations

As the comparison below indicates, the more years you work under the FERS CBPO retirement coverage, the greater your annuity.

30 Years of Service, FERS

One, Ten, and Twenty Years of CBPO Retirement Coverage

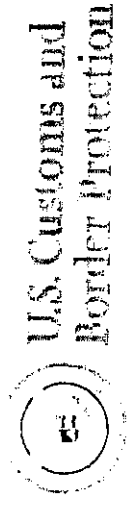
Percentage	of High 3	Times years of Service	Equals Total Benefit	Times years of Service	Equals Total Benefit	Times years of Service	Equals Total Benefit
1.7%	\$100,000	1	\$ 1,700	10	\$17,000	20	\$34,000
1.0%	\$100,000	29	\$29,000	20	20,000	10	10,000
Estimated Annual Annuity		1 year CBPO Retirement Coverage	\$30,700	10 years CBPO Retirement Coverage	\$37,000	20 years CBPO Retirement Coverage	\$44,000



Comparison of FERS Annuities for CBPOs Who Opt In and Opt Out

30 Years of Service, FERS

Years after 7/6/08	Opt In		Opt Out Annuity	% Increase
		Annuity		
1		\$30,700	\$30,000	2.3%
10		\$37,000	\$30,000	23.3%
20		\$44,000	\$30,000	46.7%



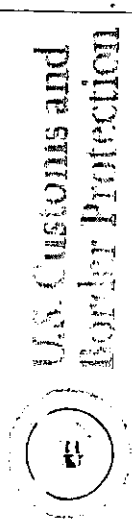
CSRS Retirement Calculations

The retirement formula for CBPO employee who opts out of the CBPO retirement coverage is as follows:

- 1.50% x high three x 5 years of service plus
- 1.75% x high three x 5 years of service plus
- 2.00% x high three x all years over 10

Onboard on 12/26/07, 30 Years of Service, CSRS Opted Out of CBPO Retirement Coverage

Percentage	of High 3	Times years of Service	Equals Total Benefit
1.50%	\$50,000	5	\$ 3,750
1.75%	\$50,000	5	4,375
2.00%	\$50,000	20	20,000
Estimated Annual Annuity			\$28,125

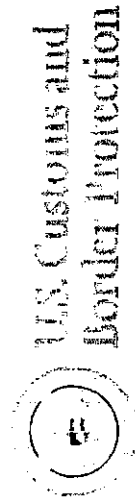


CSRS Retirement Calculations

30 Years of Service, CSRS

One, Ten, and Twenty Years of CBPO Retirement Coverage

Percentage	of High 3	Times years of Service	Times years of Service	Times years of Service	Times years of Service	Equals Total Benefit	Times years of Service	Equals Total Benefit
2.50%	\$50,000	1	10	20	20	\$ 1,250	20	\$12,500
1.50%	50,000	4	0	0	0	3,000	0	0
1.75%	50,000	5	0	0	0	4,375	0	0
2.00%	50,000	20	20	20	10	20,000	10	20,000
Estimated Annual Annuity		1 year CBPO Retirement Coverage	10 years CBPO Retirement Coverage	20 years CBPO Retirement Coverage	20 years CBPO Retirement Coverage	\$28,625		\$32,500
								\$25,000
								\$35,000



CSRS Retirement Calculations

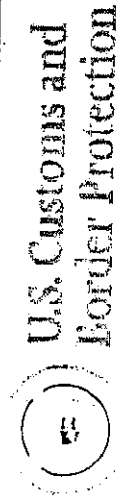
The retirement formula for a CSRS employee who opts in by CBPO retirement coverage is as follows:

2.50%	x	high three	x	1 year of service plus
1.50%	x	high three	x	4 years of service plus
1.75%	x	high three	x	5 years of service plus
2.00%	x	high three	x	all years of service over 10

30 Years of Service, CSRS

One year of CBPO Retirement Coverage

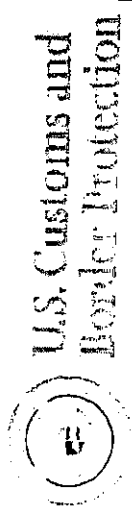
Percentage of High #	Times years of Service	Equal Total Benefits
2.50%	1	\$ 1,250
1.50%	4	3,000
1.75%	5	4,375
2.00%	20	20,000
Estimated Annual Annuity		\$28,625



Comparison of CSRS Annuities for CBPOS Who Opt In and Opt Out

30 Years of Service, CSRS

Years after 7/6/08	Opt In		Opt Out Annuity	% Increase
		Annuity		
1		\$28,625	\$28,125	1.78%
10		\$32,500	\$28,125	15.56%
20		\$35,000	\$28,125	24.44%



Part V: Movement Between Positions & CBPO Retirement Coverage

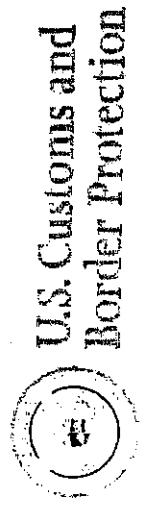
- **Primary CBPO** – frontline at ports of entry
 - Only CBPO, Customs Inspector, Immigration Inspector, and CEO
- **Primary LEO** – frontline rigorous
 - For example: BPA in Blaine Sector
- **Secondary CBPO** –
 - Administrative in DHS (**Supervisors, managers, technical and professional**)
 - **3 years** of primary frontline experience is a mandatory prerequisite



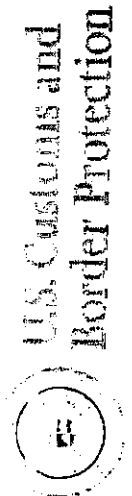
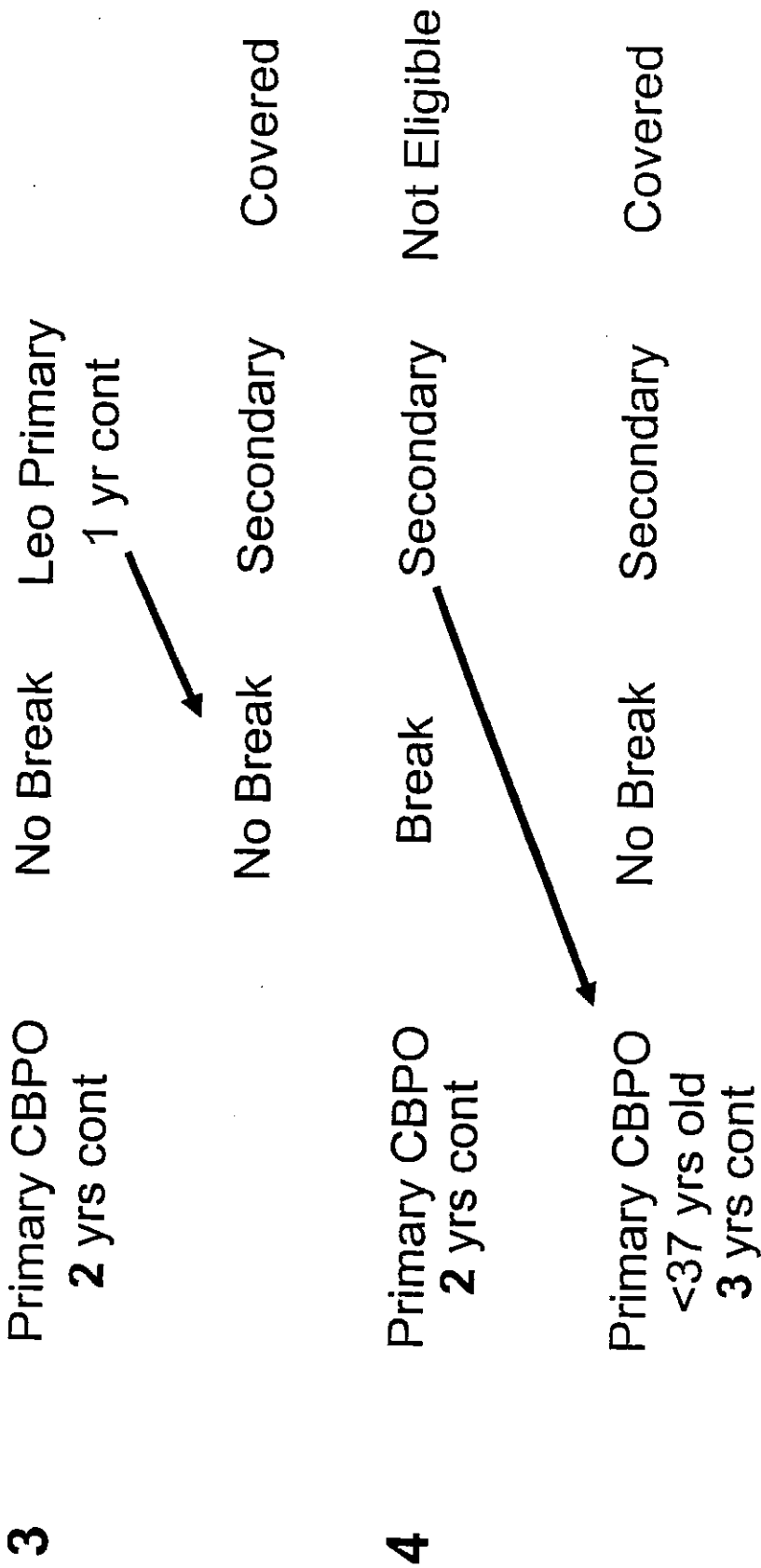
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Movement from Primary to Secondary

1	Primary CBPO 3 yrs cont	No Break	Secondary	Covered
2	Primary CBPO 2 yrs cont	Break Import Specialist	Secondary	Not Covered
	Must return to Primary & < 37 yrs old			
	3 yrs cont	No Break	Secondary	Covered



More Movement



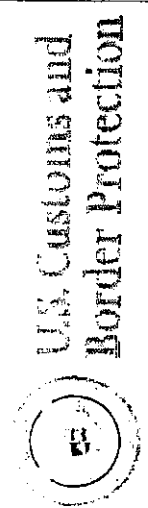
More Movement

5 CBPO Break Secondary Ineligible
10 yrs service DHS due to break
Age 48

Wants to return to Ineligible
CBP Primary > 37
after 7/6/08

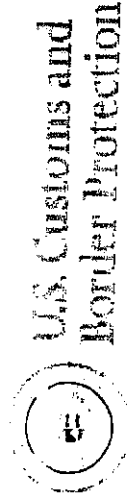
6 Primary CBPO No Break Secondary Not covered
3 yrs cont after 7/6/08

Break



Part VI: Available Resources

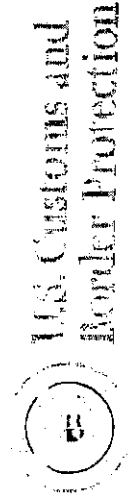
- HRM Retirement Counselors will be available telephonically and on-site.
- For assistance, call our CBPO Retirement Coverage Toll Free Hotline at 1-866-469-7359, 0800 to 2000, Monday thru Saturday
- You may also e-mail us with your questions at ecbpo.coverage@dhs.gov
- Frequently Asked Questions (FAQ's) on the CBPO Retirement Coverage will be updated periodically on the CBP Intranet (CBPnet), and TECs Daily News. As needed, they will also be disseminated by the Mission Support staff in the Ports of Entry.



In Summary

Today, we have discussed

- Key Provisions Section 535 of Division E, Public Law 110-161
- CBPOs onboard as of December 26, 2007
- Incumbent CBPOs (Enforcement)
- Retirement Calculations
- Movement from Primary to Secondary
- Available Resources



In Conclusion

- We will also be distributing to you today a worksheet to assist those CBPOs who were onboard as of December 26, 2007, in determining whether or not to choose to opt in or opt **out** of the new CBPO retirement system.
- If you do decide to opt in, you do not need to do anything. You will be covered, and an SF-50 with a July 6, 2008 effective date will be available for viewing in your e-OPF no later than July 31, 2008.
- However, if you decide to opt out of the new CBPO retirement coverage, you must either mail or fax the CBP Form 100, Election to Opt Out of the CBPO Retirement Coverage before June 22, 2008, to the address or fax number shown on the form.



