Study Guide for ChFEBC℠ Renewal Exam

The ChFEBC℠ Renewal Exam will be different from renewal exams in the past.

It will include not only updates but will also include questions from all sections of the ChFEBC℠ training materials. The exam will randomly draw from a pool of over 200 questions. This study guide was designed to assist you as you prepare for the exam. It is *strongly recommended* that you review all your ChFEBC℠ training materials to be prepared.

* ANY SECTION IN RED HAS 2019 UPDATES

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Health Reform Changes for Federal Benefits Programs Effective January 1, 2011

On March 23, 2010, President Obama signed the Affordable Care Act, (ACA), Public Law 111-148. Several provisions of the ACA will affect eligibility and benefits under the Federal Employees Health Benefits (FEHB) Program and the Federal Flexible Spending Account Program (FSAFEDS) beginning January 1, 2011. Please read the information below carefully.

Federal Employees Health Benefits (FEHB) Program

Please read the following section carefully as the actions you take will impact when your child's FEHB coverage begins under this new law.

What Are the Changes to FEHB Program Dependent Eligibility Rules Under the ACA?

All changes are effective on January 1, 2011.

Children	Effect of ACA
Between ages 22 and 26	Children between the ages of22 and 26 are covered under their parent's Self and Family enrollment up to age 26.
Married Children	Married children (but NOT their spouse or their own children) are covered up to age 26. This is true even if the child is currently under age 22.
Children with or eligible for employer-provided health insurance	Children who are eligible for or have their own employer-provided health insurance are eligible for coverage up to age 26.
Stepchildren	Stepchildren do not need to live with the enrollee in a parent-child relationship to be eligible for coverage up to age 26.
Children Incapable of Self-Support	Children who are incapable of self-support because of a mental or physical disability that began before age 26 are eligible to continue coverage. Contact your human resources office or retirement system for additional information.
Foster Children	Foster children are eligible for coverage up to age 26.

Children do not have to live with their parent, be financially dependent upon their parent or be students to be covered up to age 26. There is also no requirement that the child have prior or current insurance coverage. FEHB Program plans will send notice to all their enrollees of the coverage eligibility changes as a part of that plan's Open Season communications.

In cases where children have employer-provided health insurance and are covered under their parent's Self and Family enrollment, the children's employer-provided health insurance will be the primary payer. FEHB will be the secondary payer.

Effective Date of Coverage for Newly Eligible Children		
Enrollee	Change in Family Status (QLE Change):	Open Season Change:
Most Employees	January 1,2011	January 2, 2011
OWCP Recipients	January 1,2011	January 16,2011

For United States, Postal Service employees, CSRS/FERS annuitants, Temporary Continuation of Coverage (TCC) enrollees and fanner spouses, an enrollment or change in enrollment made either as a "change in family status" QLE or as an Open Season change will provide coverage of eligible children on January 1, 2011. This is also true for other agencies and other retirement systems with a pay period that begins on January 1, 2011.

If you have a Self Only enrollment and would like your newly eligible child to be covered, you must change to a Self and Family enrollment. If you do not change to a Self and Family enrollment as a "change in family status" QLE or an Open Season change then your child will not be covered.

How Does This Affect Eligibility for Temporary Continuation of Coverage (TCC)?

Children who lose coverage due to reaching age 26 are eligible for TCC for up to 36 months even if they previously had TCC.

What is a Grandfathered Health Plan Under ACA?

The Affordable Care Act requires that health plans include certain consumer protections and benefits coverage that affect some FEHB plan benefits for 20 II. All plans in the FEHB Program have complied with all required provisions. However, certain protections and coverage terms depend upon whether the plan is considered a "grandfathered health plan" under the Act.

A grandfathered health plan may preserve basic health coverage that was in effect when the law was enacted. If an FEHB plan indicates that it is a grandfathered plan that means certain benefit features including cost sharing, premium payments and covered services have not significantly changed from last year.

While grandfathered health plans must comply with certain benefit requirements under the ACA, being a grandfathered plan also means that plan may not have included all benefit protections and coverage terms that apply to other plans. Information on a plan's specific benefit changes under the ACA will be available in the plan's brochure.

How Does the ACA Affect Benefits for High Deductible Health Plans?

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from your Health Savings Account (HSA) or your Health Reimbursement Arrangement (HRA) - unless - you have a prescription for that item written by your physician. The only exception is insulin - you will not need a prescription from January 1, 2011 forward. Other currently eligible OTC items that are not medicines or drugs will not require a prescription.

Effective January 1, 2011, the 10% penalty for non-eligible medical expenses paid from an HSA will increase to 20%.

Federal Flexible Spending Account Program (FSAFEDS)

FSAs are limited to $ If you have a health plan through a job, you can use a Flexible Spending Account (FSA) to pay for copayments, deductibles, some drugs, and some other health care costs. Using an FSA can reduce your taxes.

- 2,550 per year per employer. If you're married, your spouse can put up to $2,550 in an FSA with their employer too.
- You can use funds in your FSA to pay for certain medical and dental expenses for you, your spouse if you're married, and your dependents.
    - You can spend FSA funds to pay deductibles and copayments, but not for insurance premiums.
    - You can spend FSA funds on prescription medications, as well as over-the-counter medicines with a doctor's prescription. Reimbursements for insulin are allowed without a prescription.
    - FSAs may also be used to cover costs of medical equipment like crutches, supplies like bandages, and diagnostic devices like blood sugar test kits.

SHPS Human Resource Solutions, the third-party administrator of FSAFEDS, is now ADP Benefit Services KY, Inc. You may notice references to ADP Benefit Services KY, Inc. on www.FSAFEDS.com, as well as in program materials and communications over the next several months during the transition to the new name.

FSA limits, grace periods, and carry-overs

You generally must use the money in an FSA within the plan year. But your employer may offer one of 2 options:

- It can provide a "grace period" of up to 2 ½ extra months to use the money in your FSA.
- It can allow you to carry over up to $500 per year to use in the following year.

Your employer can offer either one of these options but not both. It's not required to offer either one.

At the end of the year or grace period, you lose any money left over in your FSA. So, it's important to plan carefully and not put more money in your FSA than you think you'll spend within a year on things like copayments, coinsurance, drugs, and other allowed health care costs.

How Does the ACA Affect FSAFEDS?

Coverage of Over-the-Counter Medicines or Drugs

Beginning January 1, 2011, currently eligible over-the-counter (OTC) products that are medicines or drugs will not be eligible for reimbursement from your Health Care FSA - unless - you have a prescription for that item written by your physician. The only exception is insulin - you will not need a prescription. Other currently eligible OTC items that are not medicines or drugs will not require a prescription

You will only be reimbursed for eligible OTC medicines and drugs purchased <u>before</u> January 1, 2011, and you must submit your claim on or before April 30, 2011.

Expanded Coverage for Your Child's Eligible Health Care Expenses

Beginning January 1, 2011, an employee enrolled in FSAFEDS may request reimbursement for eligible health care expenses incurred by a natural child, stepchild, adopted child, eligible foster child, or a child who is placed with the employee for legal adoption. The child does not need to reside with the employee or qualify as the employee's tax dependent. Prior to January 1, 2011, eligible children were limited to those who you could claim as dependent(s) on your Federal Tax return.

The ACA has also extended the age of a child who may incur eligible expenses under an employee's Health Care FSA. Expenses of an employee's child are covered through the taxable year prior to the taxable year in which the child turns age 27. This means the child's health care expenses are not eligible for reimbursement during the entire taxable year in which the child turns age 27. For example, enrollees cannot be reimbursed for expenses incurred by a child who turns 27 anytime in 2011.

The ACA does not affect Dependent Care FSAs.

Other Federal Benefits Programs

Other Federal benefits programs are not affected by the Affordable Care Act for 2011. The Act has made no changes to the Federal Employees Dental and Vision Insurance Program (FEDVIP), the Federal Employees' Group Life Insurance Program (FEGLI) or the Federal Long Term Care Insurance Program (FL TCIP). Health care reform does not extend coverage for children until age 26 or provide coverage for married dependent children under these programs.

Health FSAs

The 2016 limit on voluntary employee salary reductions for contributions to health FSAs is $2,550, unchanged from 2015.

In 2017, the individual limit for FSA contributions was $2,600, but the IRS slightly raising the limit for 2018 to be **$2,650**. Check the chart below for all the information you'll need to make an informed decision this Open Enrollment!

2019 FSA

There are two options for an employee with their remaining FSA funds: option 1 – Carryover up to $500.00 to the next calendar year & option 2 – They may receive a grace period for 2.5 months, if they do not they risk forfeiting the funds. Example (if the employee has remaining funds on 12/31/2018 they will have until 3/15/2019 to use them).

For more information please visit: https://thebenefitsguide.com/flexible-spending-account-limits-fsa-rules-changes-2018/

New Changes to FEGLI Plan

Revised FEGLI regulations went into effect October 1, 2010. These revised regulations change various aspects of the FEGLI Program. We have listed the key changes below. For more details and to see all the changes, refer to Federal Register Notice 75 No. 190 dated October I, 20 I 0.

60 Day Election Time Frame

The new regulations expand the time frame for making an initial election of Optional insurance from 31 calendar days to 60 calendar days after the employee becomes eligible for FEGLI coverage.

The time frame for electing coverage using the SF 2822 and providing satisfactory medical information is also changed from 31 calendar days to 60 calendar days after approval by the Office of Federal Employees' Group Life Insurance (OFEGLI).

FEGLI Life Events

The new regulations allow an employee who experiences a FEGLI qualifying life event 60 days to elect Basic, plus any or all Optional Insurance-Option A, Option B (up to the maximum of 5 multiples with no restrictions), and Option C (up to the maximum of 5 multiples with no restrictions). FEGLI qualifying life events include marriage, divorce, death of a spouse and birth or adoption of children.

The regulations now provide a belated election opportunity based on a life event. Within 6 months after an employee becomes eligible to make an election due to a change in family circumstances, an employing office may determine that the employee was unable, for reasons beyond his or her control, to elect or increase Basic/Optional insurance within the time limit. This decision is made by the employing agency; OPM is not involved in the determination.

If the agency determines that the employee can make the election, the employee has 60 days from the agency determination to make the election. Any insurance elected is retroactive to the first day of the first pay period beginning after the date the employee became eligible if the employee was in pay and duty status that day. If the employee was not in pay and duty status that day, the coverage becomes effective the first day after that date the employee returned to pay and duty status.

FEGLI Coverage for 24 month, for Federal Employees Called to Active Duty

Public Law 110·181. the Department of Homeland Security Appropriations Act, enacted January 28. 2008 authorizes the continuation of FEGLI coverage for an additional 12 months for Federal employees called to active duty whose coverage terminated after the law's enactment

The law allows employees who enter on active duty or active duty for training in one of the uniformed services for more than 30 days to continue then FEGLI for up to 24 months. FEGLI coverage is free for the first 12 months. However, employees must pay both the employee and agency share of the premiums for their Basic coverage, and pay the entire cost (there is no agency share) for any Optional Insurance they may have for the additional 12 months of coverage See more details 1ll BAL OS-203m.

Civilian Employees Deployed in Support of a Contingency Operations Emergency Essential Department of Defense Employees

Public Law 110-417, effective October 14, 2008, the Duncan Hunter National Defense Authorization Act, allows new opportunities for certain employees to elect FEGLI coverage the election applies to civilian employees eligible for FEGLI who are deployed ID support of a contingency operation as defined by section 101 (al (13) of Title 10. The election also applies to civilian employees in the Department of Defense eligible for FEGLI who are designated as "emergency essential" under section 1580 of Title 10. The employee may elect Basic, Option A and Option B (up to the maximum of 5 multiples). The employee must make the election within 60 days after the date of notification of deployment 1ll support of a contingency operation or within 60 days of the date of the notification of the designation as an emergency essential employee.
See more details m BAL 08-204.

What Can Eligible Employees Elect?

Under the law, affected civilian employees who have previously waived some or all FEGLI coverage may elect the following FEGLI coverage outside an open season, without experiencing a qualifying life event, and without providing medical information:

- Basic coverage,

And if they already have or elect Basic, they also may elect:

- Option A (Standard) coverage, and/or
- Option B (Additional) coverage.

The new law does not authorize an opportunity to elect Option C (Family) coverage.

What is the Time Limit for Making an Election?

Elections must be made within 60 days after the date of notification of deployment in support of a contingency operation or within 60 days of the date of notification of the designation as an emergency-essential employee.

Are Retroactive Elections Permitted?

No. The law does not provide for retroactive coverage, and only applies to eligible civilian employees who make their elections I) within 60 days after notification of the date of deployment or designation, and 2) on or after October 14, 2008.

Can Employees Already Deployed or Designated Make These Elections?

It depends. If 60 days after the date of notification of deployment or designation have not yet elapsed, the eligible employees may make the election(s). If 60 days have already elapsed, they cannot.

When Are Elections Effective?

Coverage is effective the first day on or after the day the employing office receives a qualifying election.

Option B and Option C Elections at Retirement and Compensationers

The new regulations state that there will be only one election opportunity to choose how an enrollee's Option B and Option C coverage may reduce beginning at age 65. The election will be made at the time of retirement. In this election, the employee can choose No Reduction for some multiples and Full Reduction for other multiples. '"Mixed elections" will be allowed. For example, if the employee has three multiples, the employee can elect to have two with Full Reduction and one with No Reduction There will no longer be a second election at age 65. Annuitants and compensationers who retired since this statutory provision became effective are under age 65 and have Option B and or Option C will be given the opportunity to make their «final" election This information will be forthcoming from the OPM Retirement Office.

OHRM:

Notice National Defense Authorization Act of 2010 Retirement Changes

October 29, 2009

On October 28, 2009, President Obama signed the National Defense Authorization Act of 2010. The Act contains several important retirement changes including:

- Credit for sick leave in the computation of FERS annuities is effective at 50% **immediately** and 100% in 2014. **(For those employees that are retiring very soon, HR offices should provide the sick leave balance in the retirement package. OPM will make the final calculations.)**

- Provision allowing former federal employees under the FERS who withdrew their contributions to the retirement trust fund, thereby waiving retirement credit for those years of service, to redeposit their earlier contributions, plus interest, upon reemployment with the federal government is **effective immediately.**

- A change in CSRS part-time computation (going to a single deemed high-3) is **effective immediately.**

- A change of the ending date for periods of service under CSRS that can be redeposited by actuarial reduction (instead of for separations prior to 10/1/90 it will be for separations prior to 3/1/91) is **effective immediately.**

- The provisions allowing certain previously non-creditable D.C. Government employment to be creditable for title, but not annuity computation, are **effective immediately.**

Thrift Savings Plan Updates

With the introduction of Roth, you will potentially have two types of balances in your TSP account: A traditional (non-Roth) TSP balance and a Roth TSP balance. Any agency contributions you receive will always be a part of your traditional (non-Roth) balance. However, you may designate your own contributions any way you like depending on your individual tax circumstances. (**Note**: Money already in your account when you begin making Roth contributions will remain part of your traditional balance. You will not be able to convert it to Roth.)

The table below compares the treatment of the two different types of contributions.

The Treatment of…	Traditional TSP	Roth TSP
Contributions	***Pre-tax***	***After-tax***[1]
Your Paycheck	***Taxes are deferred***, so less money is taken out of your paycheck.	***Taxes are paid up front***, so more money comes out of your paycheck.
Transfers In	***Transfers*** allowed from eligible employer plans and traditional IRAs	***Transfers*** allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
Transfers Out	***Transfers*** allowed to eligible employer plans, traditional IRAs, and Roth IRAs[2]	***Transfers*** allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs[3]
Withdrawals	***Taxable*** when withdrawn	***Tax-free*** earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased

[1] Roth contributions are subject to Federal (and, where applicable, state and local) income taxes, while traditional contributions are not taxed until withdrawn. However, both Roth contributions and traditional contributions are included in the amount of wages used to calculate payroll taxes (e.g., Social Security taxes).
[2] You would have to pay taxes on any pre-tax amount transferred to a Roth IRA.
[3] Transfers to a Roth IRA from a Roth TSP are not subject to the income restrictions that apply to Roth IRA contributions.

The first contribution to the TSP establishes your account. If you are a FERS employee hired (or a CSRS employee rehired) after July 31, 2010, your agency has automatically enrolled you in the TSP, and 3% of your basic pay is deducted from your paycheck each pay period and deposited in your TSP account, unless you make a contribution election (page 3) to stop or change your contributions. If FERS, you also get contributions from your agency so that a total of 7% of basic pay goes into your TSP account each pay period.

If you are a FERS employee hired before August 1, 2010, you already have a TSP account with accruing Agency Automatic (1%) Contributions. You must make a contribution election (page 3) to start contributing your own money to your account and to receive Agency Matching Contributions.

The L 2010 Fund will close on December 31, 2010, and the new Lifecycle fund, the L 2050 Fund, will be launched on January 31, 2011. When one of the L Funds reaches its time horizon (or final asset allocation), it is retired, the investments in the fund are rolled into the L Income Fund, and a new fund with a more distant time horizon is introduced. The L 2010 Fund reached its final asset allocation this past July, and will be retired on December 31, 2010, making way for the introduction of the new L 2050 Fund. The L 2050 Fund. As the L Fund with the most distant time horizon, the L 2050 Fund will focus more on growth than on the preservation of assets. It will therefore have the most aggressive investment mix of all the L Funds, with higher percentages in domestic and foreign stocks (the C, S, and I Funds), and lower percentages in Government securities and bonds (the G and F Funds). Like all the L Funds, as the L 2050 Fund ages, its investment mix will gradually shift to more conservative investments. The initial share price for the L 2050 Fund will be $10. Who should invest in the L 2050 Fund? You should invest in the L 2050 Fund if you are looking for broad diversification of your investments and you expect to need your money in 2045 or later. The L Funds are designed so that 100% of your TSP account can be invested in the single L Fund that most closely matches your time horizon. Some participants who are currently invested in the L 2040 Fund may want to consider moving to the L 2050 Fund if that time horizon is more appropriate to their target retirement date. Getting in: Beginning at 12 noon Eastern time on January 28, 2011, participants will be able to begin making contribution allocations and interfund transfers into the L 2050 Fund through the My Account section of the TSP website, or by calling the ThriftLine. These elections will become effective on January 31, 2011, the opening date of the Fund.

Contribution Limits 2015 & 2016

Don't miss out on matching contributions.

If you are a FERS employee and your contributions reach the IRS elective deferral limit before the last pay date of the year, you will not receive all the matching contributions to which you would otherwise be entitled. Use the calculator, How much can I contribute? to ensure that you don't leave any money on the table.

The Internal Revenue Code (IRC) places limits on the dollar amount of contributions you can make to the TSP. The Internal Revenue Service (IRS) calculates them every year and they can change annually. The TSP announces the limits on the TSP website and the ThriftLine as well as through its various publications when the limits become available.

Contribution Limits for 2015 and 2016			
Elective Deferral Limit	$18,000	IRC §402(g)	Applies to combined total of traditional and Roth contributions. For members of the uniformed services, it includes all traditional and Roth contributions from taxable basic pay, incentive pay, special pay, and bonus pay, but does not apply to traditional contributions made from tax-exempt pay earned in a combat zone.
Annual Addition Limit	$53,000	IRC §415(c)	An additional limit imposed on the total amount of all contributions made on behalf of an employee in a calendar year. This limit is per employer and includes employee contributions (tax-deferred, after-tax, and tax-exempt), Agency Automatic (1%) Contributions, and Matching Contributions. For 415(c) purposes, working for multiple Federal agencies or services in the same year is considered having one employer.
Catch-up Contribution Limit	$6,000	IRC §414(v)	The maximum amount of catch-up contributions that can be contributed in a given year by participants age 50 and older. It is separate from the elective deferral and annual addition limit imposed on regular employee contributions.

If you are a member of the uniformed services, you should know that Roth contributions are subject to the elective deferral limit ($18,000 for 2015 and 2016) even if they are contributed from tax-exempt pay. If you want to contribute tax-exempt pay toward the annual additions limit, you must elect traditional contributions for any amount over the elective deferral limit.

In addition, if you are eligible to make catch-up contributions and you are deployed to a designated combat zone, you will not be able to make any traditional catch-up contributions from your tax-exempt pay. However, Roth catch-up contributions from tax-exempt pay are allowed.

If you are a member of the Ready Reserve and you are contributing to both a uniformed service and a civilian TSP account as a FERS employee, the elective deferral and catch-up contribution limits apply to the total amount of employee contributions you make in a calendar year to both accounts.

If you are called to active duty and make tax-exempt contributions to the TSP while deployed in a designated combat zone, the sum of the employee and agency contributions to your civilian account as well as the tax-exempt contributions made to your uniformed services account cannot exceed the annual addition limit.

2016 and 2017 401k, 403b Contribution Limits and Catch-up Amounts

[Updated with 2016 and 2017 contribution limits] The IRS has released updated employer sponsored retirement plan limits, which covers **401(k), 403(b), and Government Thrift Savings (TSP) plans**. The annual contribution limit, which is indexed to inflation, remained unchanged over the last 2 years. So, like 2015, the maximum amount employees will be able to contribute on a pre-tax basis in 2016 will be $18,000. The catch-up pre-tax contribution limit available to employees over 50 remained unchanged at $6,000. Details are in the table below.

The maximum limit for defined contribution plan deferrals from all sources (employer and employee combined) is $53,000 for 2016 vs $54,000 in 2017, per participant. Employers who contribute to these plans (e.g via matching contributions) also saw no increase in annual contribution limits for 2016 vs a $1000 rise in 2017. See details and additional explanations below the table.

Year	Contribution Limit	Maximum Employer Contribution	Max. for ALL Contributions (excl. Catch-up)	Additional Catch-up Amount (age > 50)
Year	**Contribution Limit**	**Maximum Employer Contribution**	**Max. for ALL Contributions (excl. Catch-up)**	**Additional Catch-up Amount (age > 50)**
2017	$18,000	$36,500	$54,000	$6,000
2016	$18,000	$35,500	$53,500	$6,000
2015	$18,000	$35,000	$53,000	$6,000
2014	$17,500	$34,500	$52,000	$5,500
2013	$17,500	$33,500	$51,000	$5,500
2012	$17,000	$33,000	$50,000	$5,500
2011	$16,500	$32,500	$49,000	$5,500

Your **401k maximum contribution limit is** the combined total maximum contribution that you can make each year to ALL 401k plans in which you participate, including standard 401k plans and Roth 401k plans— and is the lower of: (1) the maximum percentage contribution limit allowed under each of your employers' plans, or (2) the dollar limits shown in the table above. For example, if your employer's 401k plan allows you to contribute up to a maximum of 10% of your salary, and you earn $50,000, your maximum contribution limit is $5,000, not the annual contribution limit (e.g $18,000 in 2016) that applies only to higher-paid employees.

Maximum Employer Contributions. Matching 401K or 403b contributions made by your employer are **NOT** counted toward your own annual 401k contribution limits (elective deferrals). Even if you contribute the maximum amount each year, your employer's matching contributions are in addition to these 401k limits. Your employer's 401K maximum contribution limit is shown in the table above (e.g in 2014 is $**34,500** ($52,000 – $17,500) or 100% of your salary, whichever is the smaller amount. Though most employers rarely give anywhere near the maximum, with most generally matching 3% to 6% of employee contributions.

Additional total limits. In addition to the limit on elective deferrals shown in the table above, annual contributions to all of your accounts may not exceed 100% of your compensation. Further, the compensation limitation that can be considered when determining employer and employee contributions is shown in the table below.

Year	Annual Comp Limit	Highly Compensated Employee Threshold
2017	$270,000	$120,000
2016	$265,000	$120,000
2015	$265,000	
2014	$260,000	

Catch-up contributions. If you are age 50 or over at the end of the calendar year, you are permitted to make additional, "catch-up", elective deferral contributions. These catch-up contributions are **not** subject to the annual general limits that apply to 401k plans. The catch-up contribution you can make for a year cannot exceed the lesser of the annual catch-up contribution limit, or the excess of your compensation over the elective deferrals that are not catch-up contributions.

[Updated for 2013 contribution limits] The IRS has released 2013 employee sponsored retirement plan – **401k, 403b, and Government Thrift Savings Plans –** limits and employees will be able to contribute an additional $500 per year, up to $17,500, on a pre-tax basis next year. This was the second consecutive year of increases to contribution limits. The catch-up contribution limit available to employees over 50, remained unchanged at $5,500.

The maximum limit for defined contribution plan deferrals from all sources (employer and employee combined) increased to $51,000 per participant from $50,000 in 2012.

[Updated for 2012 contribution limits] The IRS has now released the official 2012 401k, 403b and other retirement plan contribution limits, which reflect a $500 increase over the 2011 standard contribution limit. This is a result of higher inflation and the latest cost of living adjustment (COLA) figures. The 2012 contribution limit is the first increase in three years. Each year in October these limits are adjusted per a formula based on the inflation rate (linked to COLA) in the third quarter vs. the previous year's quarter.

What this means for your 401k, 403b and other retirement plans: The maximum amount an employee can contribute to a 401k in 2012 will increase to $17,000 and for individuals over the age of 50, their catch-up contribution will remain unchanged at $5,500 (see table). The Federal Government's Thrift Savings Plan and other retirement-savings plans – like 403(b) and 457(b) plans – are subject to the same limits.

Per a recent survey of more than 550,000 401k accounts, very few Americans are saving the maximum allowable per year. Only 7% of workers with a 401(k) plan came within $500 of contributing the maximum allowed by the IRS or their plan limit and that on average, retirement plan participants contribute 6.8% percent of their salaries on a pre-tax basis.

Year	Employee Contribution Limit	Maximum Employer Contribution	Annual Maximum For all Contributions	Catch-up Contribution Limit (age > 50)
2013	*Indexed to Inflation - Released Oct 2012*			
2012	**$17,000**	**$33,000**	**$50,000**	$5,500
2011	$16,500	**$32,500**	$49,000	$5,500

Contribution deadlines: Remember, unlike IRA plans where you have until April 15th (tax filing deadline) of the subsequent year to make contributions, you must make all your 401K or 403b contributions within the calendar year. Some employers do offer extensions, but rarely is this the case.

[**Previous Update – Oct 2009]** Many workers have failed to take advantage of higher limits in 401K plans over the last few years. Not surprising given the stock market crash of the year past, which meant that the last thing people probably wanted to look at and deal with was their 401K retirement accounts. However, investing via your employer sponsored 401K or Individual retirement plan (IRA) is still your best form of automatic long term investing thanks to the tax deductions, employer matches and the benefits of compounding. Even fractionally increasing your 401K contributions can lead to significantly higher retirement savings down the road.

More on the 401K limits and contribution rules

The 401k contribution limit jumped up to $16,500 as of January 1st, 2009 (which is unchanged in 2010). That's a $1000 (6.5%) jump from the $15,500 limit in 2008.

Catch up Contribution Limits for those 50+ has also increased

If you are age 50 or older and your employer allows it, you are also being eligible to make "catch-up 401k contributions" in addition to your regular 401k limits. These catch-up contribution limits have also increased to a total of $5,500 which brings the 2009/2010 maximum 401K contribution limit to $22,000 for those over 50. For all those people who feel that they do not have enough of a retirement nest egg, this higher contribution gives them a great tax free opportunity to catch up.

Next Steps

With the stock market in recovery, investing now could be the best decision for many to restart investing in their retirement accounts, or to increase your contribution you normally need to contact your payroll/benefits department or your 401K administrator (like Vanguard, Fidelity etc), and make sure you have the right asset allocation for your age. If you cannot afford to contribute up to the maximum, then try to at least contribute up to your available employer match.
What 2011 401K limits could look like
After no change in 2010 401K , thanks to near zero real inflation, it is likely that in 2011 we will only see marginal increase again. However some new retirement legislation like 401K/IRA to Roth IRA rollovers are still available in 2011 and could be beneficial for many looking to implement smart tax strategies in a rising tax environment and possible expiration of bush tax cuts.Based on the most recent CPI data, inflation is running at about 2%. Given a sluggish economic environment and various forecasts it is likely that inflation will stay around this level. So extrapolating from this we can expect between a 0% (current levels) and 2% rise in the retirement account limits.

Contribution Limits for 2018

Elective Deferral Limit	$18,500	IRC §402(g)	Applies to combined total of traditional and Roth contributions. For members of the uniformed services, it includes all traditional and Roth contributions from taxable basic pay, incentive pay, special pay, and bonus pay, but does not apply to traditional contributions made from tax-exempt pay earned in a combat zone.
Annual Addition Limit	$55,000	IRC §415(c)	An additional limit imposed on the total amount of all contributions made on behalf of an employee in a calendar year. This limit is per employer and includes employee contributions (tax-deferred, after-tax, and tax-exempt), Agency Automatic (1%) Contributions, and Matching Contributions. For 415(c) purposes, working for multiple Federal agencies or services in the same year is considered having one employer.
Catch-up Contribution Limit	$6,000	IRC §414(v)	The maximum amount of catch-up contributions that can be contributed in a given year by participants age 50 and older. It is separate from the elective deferral and annual addition limit imposed on regular employee contributions.

Contribution limits for 2019

Elective Deferral Limit: $19,000.00

Annual Addition Limit: $56,000.00

Catch-up Contribution Limit: $6,000.00

Catch-up Contribution Limit for simple IRA if you are over 50 years or older: $3,000.00

For more information please visit: https://thefinancebuff.com/401k-403b-ira-contribution-limits.html

Special Provisions

"Vision 100-Century of Aviation Reauthorization Act"

Section 226 of Public Law 108-176, "Vision 100-Century of Aviation Reauthorization Act", adopted February 10, 2004, will have an impact on the retirement calculation, and broadens the language of specific sections of current provisions.

Section 226 now includes second level managers to the previous class of individuals eligible for special ATC retirement benefits. In addition, this calculation would apply to service as a second-level supervisor of ATC's employed in-flight service station.

The terms applicable to ATC mandatory retirement under CSRS and FERS were amended. The newly added second-level supervisor will not be subject to mandatory retirement. Currently active ATC's with a date of birth on or after January 1, 1965 cannot qualify for the higher retirement annuity, because their age would exceed mandatory retirement at age 56.

New provisions were added that apply only to ATC's and former ATC's who retire and meet the following criteria. Under 5 U.S.C. 8412 (a) retirement is permitted at minimum retirement age, MRA **(MRA is between 55 and 57, depending on your date of birth)** with 30 years of service. If an individual meets the provisions as stated or has a least 5 years of service as an ATC, as defined by 5 U.S.C. (a) (1) (A) (i), actively engaged in the separation and control of air traffic, the retiree's annuity ***will be computed at a rate of 1.7% for all years of service in lieu of the 1 % after 20 that would normally apply.*** This provision includes some, but not all flight service station ATC's. Your current contribution percentage deposited to your FERS annuity can be used as a determining factor

Second-level supervisors under FERS will be required to make an additional deposit into the retirement fund for all service performed prior to the effective date of Section ~26. Individuals must make a deposit of 0.5% of basic pay, the difference between 1.3^{v}/o, ATC .and .8% supervisor, Active ATC's do not owe any additional deposits (result as they currently contribute the full 1.3%."

Military service will be credited in your retirement annuity. Military service, however, will only be calculated at one percent not one point seven percent. Example, an ATC employee has 27 years of FAA service and 5 years' military service; your annuity would be computed at 27 x 1.7% plus 5 years' times 1.0%. Under the FERS you must buy back your military service for any of the service time to count.

U. S. Customs and Border Protection Customs and Border Protection Officer (CBPO) Retirement Coverage April 2008

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 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 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 G8-1895 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

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

Included in 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.

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 options.

Impact of Election	Opt In	Opt Out
Effective Date Contribution Rate	Your CBPO special retirement coverage will become effective on July 6, 2008 Your employee retirement contribution rate will increase by % of 1% (.5%).	Not applicable 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 do 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
Early Optional Retirement Eligibility	**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 poison after July 6, 2008. **CSRS CBPO**: may retire at age 50 with a minimum of 20 years of service in a covered poison after July 6, 2008. Under **both CRSR or FERS,** covered CBPO service after July 6, 2008, may be combined with service performed in law enforcement	Not applicable

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

FERS Retirement Calculations
The retirement formula for a FERS employee who opts out of the CBPO retirement coverage is as follows:
1.00% x high three x 30 years of service

Example:
Onboard on 12/26/07
30 Years of Service as a FERS
Opted Out of CBPO Retirement Coverage

Percentage	High 3 average	Times years of Service	Equals Total Benefit

Percentage	High 3 average	Times years of Service	Equals total Benefit	Times years of Service	Equals total Benefit	Times years of Service	Equals total Benefit
1.70%	$100,000	1	$ 1,700	10	$17,000	20	$34,000
1.00%	$100,000	29	$29,000	20	$20,000	10	$10,000

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% x high three x 10 years of service plus
1.00% x high three x 20 years of service

Example:
Onboard on 12/26/07
30 Years of Service as a FERS
Ten Years of CBPO Retirement Coverage

Percentage	High 3 average	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

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 as a FERS

One, Ten, and Twenty Years of CBPO Retirement Coverage

Estimated Annual Annuity		1 year CBPO	$30,700	10 year CBPO	$37,000	20 Years CBPO	$34,000

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

30 Years of Service as a FERS

Opt In		Opt Out Annuity	% Increase
Years after 7/6/08	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

<u>Example:</u>
Onboard on 12/26/07
30 Years of Service as a CSRS
Opted Out of CBPO Retirement Coverage

Percentage	High 3 Average	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 Annuity		30	$28,125

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

Percentage	High Average	Times years of Service	Equal Total Benefits
2.50%	$50,000	1	$1,250
1.50%	$50,000	4	$3,000
1.75%	$50,000	5	$4,375
2.00%	$50,000	20	$20,000
Estimate Annuity		30	$28,625

CSRS Retirement Calculations:

As the comparison below indicates, the more years you work under the CSRSS CBPO retirement coverage, the greater your annuity.
30 Years of Service as a CSRS

One, Ten, and Twenty Years of CBPO Retirement Coverage

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

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

Opt In		Opt Out	
Years after 7/6/08	Annuity	Annuity	% Increase
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.

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

Part VI:

Available Resources

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.

Cost of Living Adjustment (COLA)

2013 COLA UPDATE

October 16, 2012

Federal retirees will receive a cost-of-living adjustment (COLA) to their civil service annuities beginning in January 2013. Retirees in the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS) will receive a 1.7 percent increase to their annuities next year, the same increase given to Social Security recipients.

To trigger a COLA for 2013, the average CPI-W for the months of July, August and September of 2012 needed to rise above the 2011 average for those same months. It did, by 1.66 percent, which results in a 1.7 percent COLA for federal annuitants covered by both CSRS and FERS.

Under current law, COLAs for federal retirement annuities, as well as for military retiree annuities and Social Security payments, are determined in reference to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is calculated by economists and statisticians with the Bureau of Labor Statistics. The CPI-W is the current index used for measuring increases in the prices of consumer goods throughout the economy. It includes prices on all consumer goods, including food and beverages, housing, clothing, transportation, medical care, recreation, education, communication, and more.

The new CPI-W figure for September 2012 was 228.184. The average CPI-W for the third-quarter of 2012 was 226.936. This is the new reference figure for determining the 2014 COLA.

2012 COLA UPDATE

October 19, 2011

Federal retirees will receive a cost-of-living adjustment (COLA) to their civil service annuities beginning in January 2012. Retirees in the Civil Service Retirement System (CSRS) will receive a 3.6 percent increase to their annuities, while retirees in the Federal Employee Retirement System (FERS) will receive a 2.6 percent increase to their annuities.

To trigger a COLA for 2012, the average CPI-W for the months of July, August, and September of 2011 needed to rise above the 2008 average for those same months, the last measurement to trigger a COLA (for 2009). It did, by 3.6 percent. While CSRS retirees receive the full amount of the CPI-W increase as a COLA, current law reduces the FERS COLA by 1 percentage point for increases above 3 percent.

Because the CPI-W showed declining prices from 2008 to 2009, and while it showed prices increasing between 2009 and 2010, it did not show prices increasing back to 2008 levels, there has not been a COLA for the last two years. But finally, we have some good news for 2012!

Under current law, COLAs for federal retirement annuities, as well as for military retiree annuities and Social Security payments, are determined in reference to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is calculated by economists and statisticians with the

Bureau of Labor Statistics. The CPI-W is the current index used for measuring increases in the prices of consumer goods throughout the economy. It includes prices on all consumer goods, including food and beverages, housing, clothing, transportation, medical care, recreation, education and communication, and more.

The new CPI-W figure for September 2011 was 223.688. The average CPI-W for the third quarter of 2011 was 223.233. This is the new reference figure for determining the 2013 COLA.

RETIREE COLAs		
Year	**CSRS Rate**	FERS Rate
2017	0.3	0.3
2016	0	0
2015	1.7	1.7
2014	1.5	1.5
2013	1.7	1.7
2012	3.6	2.6
2011	0 *	0 *
2010	0 *	0 *
2009	5.8	4.8
2008	2.3	2.0
2007	3.3	2.3
2006	4.1	3.1
2005	2.7	2.0
2004	2.1	2.0
2003	1.4	1.4
2002	2.6	2.0
2001	3.5	2.5
2000	2.4	2.0
1999	1.3	1.3

2019 COLA Increase

The increase will be 2.8%, this is the largest increase in 7 years

For more information please visit: https://www.aarp.org/retirement/social-security/info-2018/new-cola-benefit-2019.html

Office of Personal Management (OPM)

2013 OPM UPDATES

CSRS & FERS Survivor Benefits

Basic Death Benefit = $31,316.45
Children's Survivor Benefit:

If one parent living = (lesser of)

$494 per month per child or
$1,485 per month divided by the number of children.

If no living parent = (lesser of)

$594 per month per child or
$1,782 per month divided by the number of children.

Thrift Savings Plan

Maximum contribution = $17,500

No increase in catch-up provision

Social Security

Primary Insurance Amount (PIA) Formula:

90% of AIME up to $791
32% of AIME from $791-$4,768
15% of AIME over $4,768

Maximum Social Security Taxable Earnings = $113,700

Maximum Windfall Elimination Provision Amount = $383.50 (as of 2012)

Social Security Earnings Credit = $1,160 per quarter, $4,640 per year

Insurable Interest

Effective July 20, 2012 Same Sex Domestic Partners are considered Insurable Interest

<u>2012 OPM UPDATES</u>

CSRS & FERS Survivor Benefits

Basic Death Benefit = $30,792.97
Children's Survivor Benefit:

If one parent living = (lesser of)
$486 per month per child or
$1,460 per month divided by the number of children.

If no living parent = (lesser of)
$584 per month per child or
$1,752 per month divided by the number of children.

Thrift Savings Plan

Maximum contribution = $17,000
No increase in catch-up provision

Social Security

Primary Insurance Amount (PIA) Formula:

90% of AIME up to $767
32% of AIME from $767-$4,624
15% of AIME over $4,624

Maximum Social Security Taxable Earnings = $110,000
Maximum Windfall Elimination Provision Amount = $383.50

Social Security Earnings Credit = $1,130 per quarter, $4,520 per year

Medicare:

Federal Employees Health Benefits (FEHB)Program

Coverage for Certain Firefighters Effective July 17, 2012

The Office of Personnel Management (OPM) has published an interim final rule which authorizes eligibility to enroll for coverage under the Federal Employees Health Benefits Program (FEHBP) for employees who are in positions identified by OPM as providing emergency response services for wildland fire protection. Agencies may enroll these employees immediately upon the effective date of the interim final rule, July 17, 2012. ***Agencies are requested to make every effort to provide for a simple process for firefighters to enroll and to expedite these enrollments.***

This year, the federal government has a critical need to hire and quickly deploy qualified firefighters and other fire protection personnel to areas of the country where disasters caused by man or nature require their services. The federal agencies that routinely deploy firefighters to respond to these disasters have used temporary appointment authorities to bring firefighting personnel on board, as these authorities provide them the flexibility they need to quickly increase their firefighting workforce to address fire emergencies and then to decrease the workforce when the emergencies are resolved.

OPM has broad authority to prescribe the conditions under which employees are eligible to enroll in the FEHBP. OPM has amended its regulations at Section 890.102 by adding the following paragraphs (h) and (i):

(h) Notwithstanding paragraphs (c)(1) and (c)(2) of this section, an employee who is in a position identified by OPM that provides emergency response services for wildland fire protection is eligible to be enrolled in a health benefits plan under this chapter.

(i) Notwithstanding paragraphs (c)(1) and (c)(2) of this section, upon request by the employing agency, OPM may grant eligibility to employees performing similar types of emergency response services to enroll in a health benefits plan under this chapter.

This change provides the opportunity for temporary firefighters and fire protection personnel, who do not generally qualify for coverage, to obtain FEHBP coverage for themselves and their families. Agencies may make enrollments effective July 17, 2012 unless the firefighter requests that his or her enrollment take effect at the beginning of the next pay period after he or she submits an election form.

Which Employees Are Affected

The following temporary positions, which provide emergency response services, are covered for purposes of 5 CFR 890.102(h):

Temporary positions (including supervisory positions) the duties of which include very high risk or life threatening work to control and extinguish wildland fires, to rescue persons endangered by wildland fires, or to reduce or eliminate potential fire hazards, or involving the provision of direct on-site assistance to others engaged in such work.

To assist you in determining who should be covered, we have identified the following series and positions that are often used for firefighting personnel:

Series	Position
462	Forestry Technicians
455	Range Technicians
401	Biological Science/Specialists
454	Rangeland Management
2151	Dispatcher
5201	Miscellaneous Occupation
0081	Fire Protection and Prevention

This year's Federal Benefits Open Season will run from Monday, November 12, through Monday, December 10, 2012.

FEHB Program

Federal Benefits Open Season will run from Monday, November 13 through Monday, December 11, 2017.

TABLE 1
PLANS LEAVING THE FEHB PROGRAM

Enrollees in these terminating plans must make a positive election into another FEHB plan during Open Season or they will be enrolled in the Standard Option of the GEHA Benefit Plan (the lowest-cost nationwide plan option for 2018 as determined by OPM).

State	Plan Name	2017 Enrollment Code	General Location
Illinois	Blue Cross and Blue Shield of Illinois	A21, A23, A22	Chicago Illinois Area
New Mexico	New Mexico Blue HMO Preferred	Q11, Q13, Q12, Q14, Q16, Q15	All of New Mexico
Ohio	Paramount Health Care	N81, N83, N82	Northwest Ohio
Texas	Aetna Whole Health	ES1, ES2, ES3	Houston Area
Texas	United Healthcare Benefits of Texas Inc.	GF1, GF2, GF3	San Antonia Area
Virginia	Aetna Whole Health	J91, J93, J92	Newport News Area
Virginia	Innovation Health Plan	LQ1, LQ3, LQ2	Northern Virginia
Wisconsin	Aetna Whole Health	F71, F73, F72	Milwaukee Area

TABLE 2
PLAN REDUCING SERVICE AREAS
AND TERMINATING ENROLLMENT CODES

Enrollees in these terminating enrollment codes must make a positive election into another FEHB plan during Open Season or they will be enrolled in the Standard Option of the GEHA Benefit Plan (the lowest-cost nationwide plan option for 2018 as determined by OPM).

State	Plan Name	2017 Enrollment Code	Area Dropped
Washington	Aetna Open Access	C31, C33, C32	All of Washington

TABLE 3
PLANS REDUCING SERVICE AREAS
WITHOUT TERMINATING ENROLLMENT CODES

Enrollees in the areas being dropped who do not change health plans during Open Season will only have emergency services where they live and they will have to travel to their plan's remaining service area to obtain medical care in order to receive full benefits from the plan in 2018.

State	Plan Name	2017 Enrolment Code	Area Dropped
Idaho	SelectHealth, Inc.	SF1, SF3, SF2, SF4, SF6, SF5	State of Idaho
Virginia	Aetna Open Access	JN1, JN3, JN2, JN4, JN6, JN5	Counties of Amelia, Charles City, Charlotte, Chesterfield, Cumberland, Dinwiddie, Goochland, Hanover, Henrico, King William, Louisa, Lunenburg, New Kent, Nottoway, Powhatan, Prince Edward, and Prince George Cities of Colonial Heights, Hopewell, Petersburg and Richmond Towns of Buckingham, Arvonia, Dillwyn and New Canton

The plans and their corresponding significant changes. Some of these events will require action on the part of agencies and enrollees.

<u>Average FEHB premiums to increase by 4.4 percent</u> - The U.S. Office of Personnel Management (OPM) announced today that premiums for the 2017 Federal Employees Health Benefits (FEHB) Program will rise by an average of 4.4 percent. The FEHB rate increase is below projected increases for the national large group market.

The FEHB Open Season, which begins November 14th and runs through December 12th, will give Federal employees and retirees the opportunity to review the 2017 rates and benefits and change their health care coverage if they wish. The upcoming Open Season will also give employees and retirees the chance to select supplemental dental and/or vision coverage. In addition, Federal employees can elect to participate in a tax-deferred Flexible Spending Account (FSA) for health care and/or dependent care.

"The FEHB program is an important benefit for Federal employees to provide quality health care for themselves and their families," **said OPM Acting Director Beth Cobert**. "I urge Federal employees, and annuitants to use this Open Season opportunity to carefully review their health care needs and to choose wisely among the plans and enrollment options available to them."

OPM provides quality healthcare for the enrolled population. By way of example, for several years, OPM has encouraged FEHB carriers to offer ABA benefits for children with Autism Spectrum Disorders and we are pleased that all plans will offer clinically appropriate and medically necessary treatment for children diagnosed with Autism Spectrum Disorder in 2017.

Established in 1960, the FEHB Program is the largest employer-sponsored health benefits program in the United States. On average, the Government pays about 70 percent of the health benefit premiums. Approximately 85 percent of all Federal employees participate in the Program.

Past FEHB Changes

Please note there are plans leaving the FEHB Program at the end of 2012 or reducing their service areas. Employees in these terminating plans and service area reductions **must** enroll in new plans during Open Season if they wish to continue health insurance coverage in 2013.

Table 1: Plan Leaving the FEHB Program
Table 2: Plans Reducing Their Service Areas and Terminating Enrollment Codes
What Must Employees Do?
Employees in terminating plans **(Table 1)** or service area reductions with terminating enrollment codes **(Table 2)** **must** enroll in a new health plan during Open Season if they want coverage. If they do not enroll in a new plan, they will not have FEHB coverage in 2013.

New Coverage: Coverage under an enrollee's new health plan will be effective the first day of the pay period beginning on or after January 1, 2013; **for most employees, this will be Sunday, January 13, 2013.** Enrollees will remain covered and receive the 2012 benefits of the old plan until coverage under the new plan becomes effective.
What Will Health Plans Do?
Plan Notification: The plans in **Tables 1 and 2** have been instructed to notify enrollees of the need to select new plans for 2013; however, because some plans' enrollment and address lists may not be up-to-date, we encourage you to accept belated changes.
Table 3: Plan Reducing its Service Area Without Terminating Enrollment Codes
What Must Employees Do?
Employees in the service area being terminated should elect a new health plan for 2013; however, employees who do not choose a new health plan will only have emergency services where they live and will have to travel to their plan's remaining service area to receive full benefits.

What Will Health Plans Do?
Plan Notification: The plan in **Table 3** has been instructed to notify enrollees that their service area is being terminated. If enrollees do not choose another health plan, the enrollees will have to travel to their plan's remaining service area to receive full benefits in 2013. However, because a plan's enrollment and address lists may not be up-to-date, we encourage you to accept belated changes.

Table 4: Plan Name Change
Table 5: New Plans Entering the FEHB Program
Table 6: Plans Adding New Options and Enrollment Codes
Table 7: Service Area Expansions with New Enrollment Codes
Table 8: Service Area Expansions without New Enrollment Codes
Table 9: Plan Separating a Service Area and Creating New Enrollment Codes in Addition to the Existing Code, and Offering a New Option With New Enrollment Codes

Conclusion

Again, this year's Federal Benefits Open Season will run from Monday, November 12 through Monday, December 10, 2012.

Employees are encouraged to visit the website www.opm.gov/insure/openseason for the most up-to-date information. Please note that 2013 Plan information will be posted on the website beginning in late October.

2018 FEHB Updates:

OPM has announced an overall increase in total premiums for the 2018 Federal Employees Health Benefits program of 6.1 percent on average.

This year's Federal Benefits Open Season runs from November 13 – December 11. That's when federal employees and retirees are able to make changes to their benefits and provider networks, covering FEHB, Federal dental and vision (FEDVIP), as well as elections for Flexible Spending Account (FSAFEDS) for health care and/or dependent care.

In 2018, the FEHB Program will offer 262 choices for health plans government-wide.

Based on a government contribution formula, the average increase in the government share for FEHB premiums will be 3.2 percent (in addition to the 6.1 percent enrollee increase), according to OPM.

It said that for FEDVIP, which is fully funded by enrollee premiums, average vision plan premiums would decrease by 0.48 percent and average dental plan premiums would increase by 1.26 percent for 2018.

2019 FEHB Increase

The increase will be 1.3% - this is the lowest increase since 1996

For more information please visit: https://www.opm.gov/news/releases/2018/09/opm-announces-2019-health-dental-and-vision-program-premiums/

Furlough

Normally furlough activity will have no effect on retirement eligibility or annuity calculations, unless:

An **administrative furlough** is a planned event by an agency which is designed to absorb reductions necessitated by downsizing, reduced funding, lack of work, or any budget situation other than a lapse in appropriations. Furloughs that would potentially result from sequestration would generally be considered administrative furloughs.

A **shutdown furlough** (also called an emergency furlough) occurs when there is a lapse in appropriations, and can occur at the beginning of a fiscal year, if no funds have been appropriated for that year, or upon expiration of a continuing resolution, if a new continuing resolution or appropriations law is not passed. In a shutdown furlough, an affected agency would have to shut down any activities funded by annual appropriations that are not excepted by law. Typically, an agency will have very little to no lead time to plan and implement a shutdown furlough.

Furlough status means that, because of a furlough, the employee is placed in a nonpay, nonduty status for designated hours *within* the employee's tour of duty established for leave usage purposes (i.e., the tour of duty for which absences require the charging of leave). Furlough hours are a type of leave of absence without pay. Employees are in furlough status only during designated furlough hours, not for entire calendar days. Furlough status may be designated as the employee's full daily tour of duty or part of that tour of duty. For example, an employee may be furloughed for half of an 8-hour daily tour of duty, or 4 hours. An employee who is in furlough status during a daily tour of duty may be ordered to perform work outside that tour, and such work would be subject to normal compensation requirements.

An aggregate non-pay status of 6 months in any calendar year is creditable service. Coverage continues at no cost to the employee while in a non-pay status. When employees are in a non-pay status for only a portion of a pay period, their retirement deductions are adjusted in proportion to their basic pay (5 U.S.C. 8332 and 8411). In the case of a furlough, it will depend on an employee's previous use of LWOP in the calendar year on whether or not it affects their retirement creditable service. If furlough places their LWOP total time over 6 months, it will affect their creditable service. However, if the employee receives retroactive pay for any portion of the unpaid absence, that time is fully creditable for retirement purposes and will not be considered LWOP.

Furlough may or may not affect the accrual of paid leave. If an employee is furloughed (i.e., placed in non-pay status) for part of a biweekly pay period, the employee's leave accrual will generally not be affected for that pay period. However, the accumulation of non-pay status hours during a leave year can affect the accrual of annual leave and sick leave over a period of time. (See 5 CFR 630.208 and Notes 1 and 2 below.) For example, when a full-time employee with an 80-hour biweekly tour of duty accumulates a total of 80 hours of non-pay status from the beginning of the leave year (either in one pay period, or over the course of several pay periods), the employee will not earn annual and sick leave in the pay period in which that 80-hour accumulation is reached. If the employee again accumulates 80 hours of non-pay status, he or she will again not earn leave in the pay period in which that new 80-hour total is reached. At the end of the leave year, any accumulation of non-pay status hours of less than 80 hours is zeroed out so that the accumulation of non-pay status hours for the next leave year starts at zero.

Assure Act

Today, with the support of the National Active and Retired Federal Employees Association (NARFE), Rep. Matthew A. Cartwright, D-PA, introduced the Annuity Safety and Security Under Reasonable Enforcement (ASSURE) Act, along with Rep. Gerald E. Connolly, D-VA, and nearly 40 other cosponsors.

Investigations have found some companies floating "pension advance" schemes that offer cash now and, in exchange, require borrowers to sign over all or part of their future monthly pension checks to a separate bank account managed by the company. These schemes attempt to circumvent current state and federal laws prohibiting assignment of pensions to third parties, and often carry usurious interest rates not appropriately disclosed to the borrower.

"The legislation would help ensure the retirement benefits federal workers earned throughout their careers are secure from financial scams that could rob them of their annuities through fraudulent sales practices," said Joseph A. Beaudoin, president of NARFE. "NARFE applauds Congressman Cartwright's leadership on the issue, which combines his support for public service with his private-sector experience as an attorney," Beaudoin continued.

The ASSURE Act would expand on previous law to require appropriate disclosures regarding these transactions and would cap interest rates on these "advances." Importantly, it creates a private right of action to allow individuals to enforce these laws in court.

Per Cartwright, "These simple measures will protect federal retirees from exploitation, allow individuals to assert their rights in court, and ensure that retirees maintain their financial independence."

"Federal workers, military career servicemen and women, and postal workers spend a lifetime earning a federal annuity, an annuity to which they've contributed each paycheck," continued Cartwright. "Federal annuities were designed to provide retirees with a stream of guaranteed income that gives them a sense of financial security in their golden years. Unfortunately, pension advance companies often prey upon federal retirees and veterans."

http://www.narfe.org/departments/home/articles.cfm?ID=3591

Social Security

2018 SOCIAL SECURITY CHANGES

Cost-of-Living Adjustment (COLA):

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2016 through the third quarter of 2017, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 2.0 percent COLA for 2018. Other important 2018 Social Security information is as follows:

Tax Rate	2017	2018
Employee	7.65%	7.65%
Self-Employed	15.30%	15.30%

NOTE: The 7.65% tax rate is the combined rate for Social Security and Medicare. The Social Security portion (OASDI) is 6.20% on earnings up to the applicable taxable maximum amount (see below). The Medicare portion (HI) is 1.45% on all earnings. Also, as of January 2013, individuals with earned income of more than $200,000 ($250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes. The tax rates shown above do not include the 0.9 percent.

	2017	2018
Maximum Taxable Earnings		
Social Security (OASDI only)	$127,200	$128,700
Medicare (HI only)	No Limit	
Quarter of Coverage		
	$1,300	$1,320
Retirement Earnings Test Exempt Amounts		
Under Full Retirement Age	$16,920/yr. ($1,410/mo.)	$17,040/yr. ($1,420/mo.)
NOTE: One dollar in benefits will be withheld for every $2 in earnings above the limit		
The year an individual reaches full retirement age	$44,880/yr. ($3,740/mo.)	$45,360/yr. ($3,780/mo.)

NOTE: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every $3 in earnings above the limit.	
Beginning the month an individual attains full retirement age	None

	2017	2018
Social Security Disability Thresholds		
Substantial Gainful Activity (SGA)		
Non-Blind	$1,170/mo.	$1,180/mo.
Blind	$1,950/mo.	$1,970/mo.
Trial Work Period (TWP)	$840/mo.	$850/mo.
Maximum Social Security Benefit: Worker Retiring at Full Retirement Age		
	$2,687/mo.	$2,788/mo.
SSI Federal Payment Standard		
Individual	$735/mo.	$750/mo.
Couple	$1,103/mo.	$1,125/mo.
SSI Resource Limits		
Individual	$2,000	$2,000
Couple	$3,000	$3,000
SSI Student Exclusion		
Monthly limit	$1,790	$
Annual limit	$7,200	$
Estimated Average Monthly Social Security Benefits Payable in January 2018		
	Before 2.0% COLA	After 2.0% COLA
All Retired Workers	$1,377	$1,404
Aged Couple, Both Receiving Benefits	$2,294	$2,340
Widowed Mother and Two Children	$2,717	$2,771
Aged Widow(er) Alone	$1,310	$1,336
Disabled Worker, Spouse and One or More Children	$2,011	$2,051
All Disabled Workers	$1,173	$1,197

(Social Security Office 2017. “Fact Sheet: Social Security 2018 Social Security Changes”)

2019 Social Security Changes:

Maximum Taxable Earnings Social Security (OASDI only): $132,900.00

Quarter of Coverage: $1,360.00

For more information please visit: https://www.ssa.gov/news/press/factsheets/colafacts2019.pdf

Glossary Review

Adjusted Career Earnings- A figure based on an employee’s earnings history that is used in calculating Social Security benefits amounts. A worker's actual earnings throughout his/her work history are indexed to reflect the national wage levels in effect when he/she becomes eligible for Social Security benefits.

Agency Automatic (1%) Contribution- An amount equal to 1 percent of a FERS employee’s basic pay that his/her agency contributes to the employee’s Thrift Savings Plan account each pay period. This contribution is made from agency funds; it is not a deduction from the employee’s basic pay. It is made whether or not the employee contributes to the Thrift Savings Plan.

Agency Matching Contributions- A FERS employee who contributes a percentage of his/her pay to the Thrift Savings Plan receives additional contributions from the Government. These Government contributions are known as Agency Matching Contributions.

Annuitant- An individual who is receiving a CSRS or FERS annuity.

Annuity- The recurring monthly payments to a former employee who has retired.

Annuity, Deferred- An annuity that begins more than 1 month after separation from employment at some figure point when retirement age is reached. (Also called deferred benefits.)

Annuity, Immediate- An annuity that becomes payable within 1 month after separation from Federal employment. (Also called immediate benefits.)

Annuity, Postponed- Delaying your FERS annuity benefit to sometime in the future after meeting your Minimum Retirement Age but before age 62.

Annuity, Reduced- A retiree’s basic annuity that is reduced because of retirement before a certain age (for reasons other than disability). Annuities are also reduced because of unpaid deposits or redeposit, or to provide a survivor annuity (Also called reduced benefits.)

Annuity, Survivor- The recurring monthly payments to a deceased employee’s or retiree’s survivor(s). Survivor annuities may be paid to surviving spouses, certain former spouses, and children. (Also called survivor benefits.)

Average Indexed Monthly Earnings (AMIE) - The adjusted earnings determined under the Social Security Act formula used to determine Social Security benefits. It is based on an individual’s lifetime earnings subject to the Social Security System.

Basic Benefit Plan- The first tier of FERS (Federal Employees Retirement System). The Basic Benefits Plan provides annuities and lump-sum payments based on years of service and pay.

Basic Pay- An employee’s pay subject to retirement deductions under CSRS or the FERS Basic Benefits Plan, generally excluding such compensation as bonuses, overtime pay, special allowances, etc.

COLA, CSRS- CSRS cost-of-living adjustments (COLA’s) provide an increase that is equal to the rate of inflation as measured by the Consumer Price Index (CPI). CSRS COLA’s are provided to retirees at all ages.

COLA, FERS- FERS cost-of–living adjustments (COLA’s) provide an increase that is equal to the rate of inflation as measured by the Consumer Price Index (CPI) when the inflation rate is 2 percent or less. When the inflation rate is between 2 and 3 percent the COLA will be 2 percent. When the inflation rate is 3 percent or more, FERS COLA’s are 1 percent less than the rate of inflation. FERS COLA's under the Basic Benefit Plan are not provided until a retiree reaches the age 62, except for disability and survivor benefits.

Common Stock Index Investment Fund (Fund C) - One of the three Thrift Savings Plan funds. This fund allows participants to invest in common stocks and is invested in a fund that tracks the Standard and Poor's 500 stock index.

Consumer Price Index (CPI) - The measure of change in consumer prices as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Among the CPI components are the costs of housing, food, transportation, and electricity. Both CSRS and FERS benefits are adjusted for changes in the rate of inflation as measured by the CPI (See COLA entries).

Cost-of- Living Adjustments (COLA) - An Adjustment of annuity amount based on the rate of inflation as measured by the Consumer Price Index (CPI). It protects an annuity's buying power in times of inflation.

CSRS- The Civil Service Retirement System.

CSRS Offset- Generally applies to an employee who was originally employed under CSRS, left the Federal service for more than a year and returned after 1983 to be covered by both CSRS and Social Security.

Deductions- The amount withheld from the basic pay of an employee for the basic retirement benefit plan.

Deposit- A sum of money paid into CSRS or FERS by an employee (or a survivor) to get credit for a period of Federal civilian service during which retirement deductions were not withheld from pay.

Earnings Offset- A reduction in an employee's Social Security payments or Special Retirement Supplement made when he/she continues to work after benefits begin and earns over an allowable amount ($8,640 in 1997). For every $2 earned over this amount, the employee will give up to $1 in benefits. This offset does not apply to special groups of employees until the Minimum Retirement Age is attained.

Earnings Test- A method of connecting benefits to income so that as income increases, benefits decrease. Used in the earnings offset.

FERS- The Federal Employee's Retirement System.

Federal Retirement Thrift Investment Board- An independent Federal agency established to administer the Thrift Savings Plan.

Fixed Income Investment Fund (Fund F) - One of the three Thrift Savings Plan investment funds. This fund allows participants to invest in fixed income obligations and is invested in a fund designed to closely track the Lehman Brothers Aggregate bond index.

Government Pension Offset- A part of the Social Security law that affects CSRS retirees who are also entitled to a Social Security spouse of survivor benefit. It is sometimes referred to as the "Public Pension Offset". The Social Security Benefit is reduced because the CSRS retiree is also receiving a pension from employment that was not covered by Social Security.

Government Securities Investment Fund (Fund G) - One of the three Thrift Savings plan investment funds. This fund consists exclusively of investments in short-term non-marketable U.S. Treasury securities specially issued to the TSP.

High-3 Average Pay- The average of an employee's three highest consecutive years of basic pay earned during creditable service. Used in benefit computations under both FERS and CSRS.

Market Rate of Interest- The percentage of interest paid on certain FERS deposits and refunds; based upon the average interest earned by Civil Service Retirement and Disability Fund in the previous year. In 1997 the interest rate is 6.875 percent.

Maximum Taxable Wage Base- The maximum amount of an employee's wages subject to Social Security taxes. In 1997 the maximum taxable wage base is $65,400. An employee who pays no Social Security on any earnings above the base. However the excess earnings are not used in calculating the Social Security Benefit, either. The maximum taxable wage base increases yearly based on the average increase in earnings of the American workforce as a whole.

Minimum Retirement Age (MRA) - The earliest age at which a FERS employee may retire voluntarily or elect to receive benefits if separated from Federal service after at least ten years of service. The MRA varies according to the year in which the employee was born. For anyone born before 1948, the MRA is 55. It increases gradually to 57 for those born later. The benefits of an employee who has less than 30 years of service (or who is not age 60 with 20 years of service) are reduced if he/she elects to receive them at the MRA.

Non-CSRS Offset Service- Civilian service performed before the effective date of a transfer to FERS that was not subject to both CSRS and Social Security deductions. Non-CSRS Offset service includes non-deduction service performed before transferring to FERS. Service for which a deposit or redeposit has been made at the full CSRS rate, and service for which deductions were taken at the full CSRS rate, whether refunded or not.

OASDI or Social Security Tax- The part of the Social Security tax that goes to the old-age, survivor, and disability insurance (OSADI) fund. Since 1990 the tax rate has been 6.2 percent up to the maximum taxable wage base. The total Social Security tax also includes 1.45 percent for Medicare.

Offset Plan- (see CSRS Offset)

OPM (U.S. Office of Personnel Management) –The Federal government's central personnel agency. OPM administers the CSRS and the FERS Basic Benefit Plan.

Primary Insurance Amount- A workers basic Social Security benefit based on his/her adjusted career earnings. (See Adjusted Career Earnings.)

Quarters of Coverage ("Quarters") - a measurement used to credit work covered by Social Security. In 1997, earnings totaling $670 generally equal one quarter of coverage. No more than four quarters of coverage may be earned on any one calendar year. The term "credit" is also used to refer to quarters of coverage.

Redeposit- A sum of money paid into CSRS by an employee (or a survivor) to get credit for a period of Federal civilian service for which a refund of retirement contributions was received. (Not allowable under FERS.)

Refund- The amount of money a former Federal employee withdraws from his/her retirement account. Under FERS, refunds are paid with a market rate of interest.

Retiree- A former Federal employee who is receiving recurring CSRS or FERS payments based on his/her service.

Retirement, Deferred- Retirement under CSRS or FERS when the employee separates form service with at least 5 years of civilian service, but before meeting the requirements for an immediate annuity. A deferred retirement under CSRS begins on the employees 62nd birthday. Under FERS, the deferred retirement can begin as early as the employee's MRA if the employee had at least 10 years of service.

Retirement, Early, FERS- Retirement with at least 10 but less than 30 years of service after reaching the MRA and receiving a reduced annuity. Not available under CSRS. Also called “MRA+10” benefit.

Retirement Fund- The Civil Service Retirement and Disability Fund. This is the account that contains the employee and employer contributions to CSRS and FERS. It includes additional payments, as well, and is invested in Federal Government securities.

Retirement, Unreduced- Retirement under CSRS or FERS with full benefits after meeting appropriate age and length-of-service requirements: 62 with 5 years, 60 with 20 years, 55 with 30 years under CSRS, or the MRA with 30 years under FERS. (Also called unreduced benefits.)

Retirement, Voluntary, or Optional- Retirement from Federal service under CSRS or FERS at the individual’s option, with an immediate annuity at any time following completion of the appropriate age and length-of-service requirements.

Service, Non-deduction- Periods of civilian service for which no retirement deductions were withheld from pay for retirement purposes.

Social Security- A social insurance program that covers most of the Nations work force. It is often the basic retirement plan to which other benefits are added. It provides retirement, disability, survivor, and Medicare benefits.

Social Security Credits- When an employee works in a position and pays Social Security taxes he/she earns Social Security credits. Minimum numbers of credits are required in order to qualify for numerous Social Security benefits. (See Quarters of Coverage.)

Special Retirement Supplement- An annuity supplement provided to some FERS employees who retire before age 62, because Social Security benefits cannot start before then. The supplement approximates the portion of a full career Social Security benefit earned while under FERS, and ends at age 62 when Social Security benefits first become available. The supplement is subject to an earnings test.

Substantial Social Security Coverage or Earnings- Earnings above a certain amount that count toward reducing the effect of the Windfall Elimination Provision (WEP). The effect of the WEP starts to be reduced when 21 or more years of substantial Social Security coverage is earned. (In 1997, $12,150 in earnings subject to Social Security considered to be “substantial”. In contrast, the amount needed to earn four quarters of coverage for the year is $2,680.) (See Windfall Elimination Provision).

Survivor- A person who is entitled to a benefit based on the service of a deceased employee of annuitant.

Thrift Savings Plan (TSP) - A retirement and investment plan established by Congress in the Federal Employees’ Retirement System Act of 1986 to provide eligible Federal employees savings and tax benefits similar to those offered by many private corporations. It is a defined contribution plan administered by the Federal Retirement Thrift Investment Board.

Windfall Elimination Provision (WEP)- This provision of the Social Security law reduces Social Security benefits for employees who have less than 30 years of substantial coverage under Social Security and get a pension from employment not covered by Social Security (for example, a CSRS benefit).