

BEST NEWSLETTER

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BEST Homepage: www.afpc.randolph.af.mil/dpc/best/menu.htm

EBIS: www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm

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Thrift Savings Plan (TSP) Open Season 15 Oct - 31 Dec 04

During this open season, employees covered by the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS) are eligible to start or increase contributions to the TSP. The maximum percentage employees may contribute are increasing. FERS employees may contribute up to 15 percent of basic pay, and CSRS employees may contribute up to 10 percent -- both subject to the IRS annual elective deferral limit for regular TSP contributions for 2004, which is \$14,000.

TSP Open Season is a good time to think about investing for your future. It offers you the chance to increase future retirement benefits and defer taxes on contributions and earnings. The sooner you begin contributing, the more you stand to gain.

Elections submitted 15 Oct - 11 Dec 04 will be effective 12 Dec 04 and reflected on the 31 Dec 04 Leave and Earnings Statement (LES). Elections submitted 12 - 25 Dec 04 will be effective 26 Dec 04 and reflected on the 14 Jan 05 LES, and elections submitted 26 - 31 Dec 04 will be effective 9 Jan 05 and reflected on the 28 Jan 05 LES. Please check the appropriate LES to verify your TSP election.

To enroll in TSP or change your contribution amount, use the web-based Employee Benefits Information System (EBIS) or the BEST phone system (see heading for web address and phone number). If you need assistance, please contact a benefits counselor via the BEST phone line. Counselors are available Monday – Friday, 7 a.m. to 6 p.m., Central Time.

Additional information, including information on how to make a contribution allocation (electing the funds to invest your contributions in) is available on the BEST homepage at www.afpc.randolph.af.mil/dpc/best/tsp-page.htm.

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TSP Catch-Up Contributions

It's not too late! You can submit an election to make catch-up contributions anytime between now and 11 Dec 04 for 2004 (the maximum is \$3,000). Take care not to designate an amount to be withheld per pay period that will exceed your net income, or the transaction will reject and no money will be withheld. If you submit an election by 30 Oct 04, there are four pay dates left in 2004. If you wait until 28 Nov – 11 Dec 04 to submit your election, there's only one pay date left. This is important -- it's the pay date, not the effective date of the election that determines the year the contributions apply to. Eligibility requirements for 2004: you must be age 50 or turn age 50 in 2004; must be contributing either the maximum regular TSP contribution percentage or a dollar amount that will result in reaching the IRS elective deferral limit (\$13,000 for 2004) by the end of the year for regular TSP contributions, must be in a pay status, and must not be in the 6-month noncontribution period after receiving a financial hardship in-service withdrawal.

Catch-up contribution elections are made electronically via the web-based Employee Benefits Information System (EBIS) or the BEST automated phone system. See heading for web address and phone number.

The BEST automated system will accept TSP catch-up contribution enrollments for 2005 beginning 12 Dec 04. The maximum contribution for 2005 is \$4,000. Additional information on catch-up enrollment for calendar year 2005 will be included in the Dec 04 issue of the BEST Newsletter. Information can also be found on the BEST website at www.afpc.randolph.af.mil/dpc/best/tsp-page.htm.

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HEALTH INSURANCE

Federal Employees Health Benefits (FEHB) Open Season

The FEHB Open Season begins 8 Nov 04 and runs through 13 Dec 04. You may enroll, change health plans or options, cancel your enrollment, change to self-only, change to self-and-family, and waive or begin participation in premium conversion. If you participate in premium conversion and want to cancel your coverage or change to self-only, you can do it during the open season. Changes made during the open season will be effective 9 Jan 05.

Premiums are increasing an average of 7.9 percent for 2005 – the lowest increase in the last eight years, and the first time in five years there has been a single-digit instead of double-digit increase. New premium rates go into effect in Jan 05. A link to the 2005 premium rates is available on the BEST Health Insurance web page at www.afpc.randolph.af.mil/dpc/best/fehb.htm. Links to the 2005 FEHB Guides and health plan brochures will be added by the time the Open Season starts.

Three health plans are dropping out of the FEHB program in 2005 – the lowest number of cancellations in years, affecting only 23 Air Force serviced civilians who will receive letters from their health carriers and from BEST.

Of the 249 plan choices for 2005, 18 are new high deductible health plans (HDHP) that incorporate a health savings account (HSA) or a health reimbursement arrangement (HRA). Employees who enroll in a high deductible health plan and have a health savings account cannot also have a Health Care Flexible Spending Account (HCFSA). See the "New Health Care Options for 2005" article in this newsletter for more information on the high deductible health plans, health savings accounts, and health reimbursement arrangement.

As announced last year, the Office of Personnel Management (OPM) is no longer printing and distributing FEHB Guides because increasing numbers of Federal employees access the open season materials via the OPM website, and use their interactive web tool to make side-by-side comparisons of the costs, benefits, and quality indicators of the plans. OPM expects to have the FEHB Guides and individual plan brochures available on their website at <http://www.opm.gov/insure/health/index.asp> by the time the Open Season begins. When you review the FEHB Guides, be sure to select the right one. Most Federal civilian employees will review RI 70-1, but temporary employees will review RI-70-8. If you're not sure which Guide is right for you, give us a call.

Air Force-serviced civilian employees will make their Open Season election or change electronically via the web-based Employee Benefits Information System (EBIS) or the BEST automated phone system. There are two advantages to using EBIS: you can print a copy of the SF 2809 (Health Benefits Election Form) after completing the election, and most elections can be done without the assistance of a benefits counselor. EBIS is located on the BEST website at www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm. If using the BEST phone system, callers in the United States will dial toll-free 1-800-616-3775 (press 2 for civilian, then 2 for benefits and entitlements, and follow the prompts). Overseas employees will dial a toll-free AT&T direct access number for the country they're in, then 800-997-2378. AT&T direct access numbers are at www.att.com/business_traveler/guides_and_access/dialing_instr.html#outside. For assistance with accessing EBIS or the BEST phone system, or reaching a benefits counselor, see the instructions on the [BEST homepage](#). If enrolling in family coverage through the BEST phone line, you'll need to call during our normal business hours, Monday - Friday, 7 a.m. to 6 p.m. Central Time. Be sure to have your family members' names, SSNs, dates of birth, and other insurance information at hand.

Even if you decide not to change plans, be sure to review the summary of changes in your 2005 health plan brochure so you'll know if there are any changes in payment of benefits. In addition, before making an election take time to verify the cost and coverage of the plan you are interested in. If you need to visit the doctor prior to receiving your health insurance enrollment card, you can obtain a copy of your projected SF 2809 through EBIS as referenced above or through the BEST phone system by entering the FEHB module and pressing 8 for a faxed copy of your most recent SF 2809. You can then use the form as proof of enrollment until your enrollment card is received.

Additional information on FEHB and the open season is available on the BEST homepage under "Health insurance." If you have questions or problems, you may reach a benefits counselor through the BEST phone system by pressing "0" within the FEHB module.

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HEALTH INSURANCE

New Health Care Options for 2005

There is a significant new choice in the Federal Employees Health Benefit (FEHB) program for 2005. Employees have an opportunity to enroll in a High Deductible Health Plan with a Health Savings Account or a Health Reimbursement Arrangement that provides traditional medical coverage and a tax-free way to help you build savings for future medical expenses, and gives you greater flexibility and discretion over how to use your health care benefits.

The High Deductible Health Plans feature higher annual deductibles (a minimum of \$1,050 for Self only and \$2,100 for Self and Family coverage). The maximum out-of-pocket limits for High Deductible Health Plans is \$5,000 for Self only and \$10,000 for Self and Family enrollment. Please keep reading though, because in spite of the high deductible and out-of-pocket limits, there are many good points to a High Deductible Health Plan with a Health Savings Account or Health Reimbursement Arrangement.

If you enroll in a High Deductible Health Plan, the plan determines if you are eligible for a Health Savings Account or Health Reimbursement Arrangement. If eligible, each month the plan automatically credits a portion of your premium into your Health Savings Account or Health Reimbursement Arrangement. You can pay your deductible with funds from your Health Savings Account or Health Reimbursement Arrangement.

Health Savings Account. To be eligible for a Health Savings Account, you must enroll in a High Deductible Health Plan. You cannot be enrolled in Medicare Part A or Part B, and can't be claimed as a dependent on someone else's tax return. Neither you nor your spouse may have a Health Care Flexible Spending Account. You, your spouse, and children may not have any other general medical insurance coverage, such as TRICARE, a spouse's HMO, and other non-High Deductible Health Plan insurance coverage, and you may not have been in receipt of VA benefits within the previous three months. You can still have other disability, dental, vision, or long-term care insurance policies.

You may contribute your own money to your Health Savings Account by making a lump sum contribution or periodic payments at any time (specifics on how to do this are not yet available). The maximum contribution into the Health Savings Account is a combination of the premiums paid into the account by the health plan and your own contributions, up to the amount of the plan's deductible. Your own Health Savings Account contributions are tax-deductible, and the account earns tax-free interest. Withdrawals for qualified medical expenses are also tax-free, and, unlike the Health Care Flexible Spending Account, unused funds and interest earned are carried over, without limit, from year to year. Basically, a Health Savings Account is a trust account that you own for the purpose of paying qualified medical expenses for yourself, your spouse, and your dependents, and it is yours to keep, even if you change plans or retire.

Health Reimbursement Arrangement. If you enroll in an High Deductible Health Plan and are ineligible for a Health Savings Account, you will have a Health Reimbursement Arrangement. A portion of your premiums will be paid into the Health Reimbursement Arrangement. However, unlike the Health Savings Account, you cannot make your own contributions to an Health Reimbursement Arrangement, and the account does not earn interest. Withdrawals for qualified medical expenses are tax-free. Unused credits carry over from year to year, without a maximum cap, as long as you are enrolled in the High Deductible Health Plan. If you retire and remain in your High Deductible Health Plan, you may continue to use and accumulate credits in your Health Reimbursement Arrangement. If you terminate employment or change health plans, only eligible expenses incurred while covered under the High Deductible Health Plan will be eligible for reimbursement. Otherwise, unused credits are forfeited.

Additional information on the High Deductible Health Plan, Health Savings Account, and Health Reimbursement Arrangement is available on the Office of Personnel Management website at www.opm.gov/hsa/intro.asp. In addition, we are in the process of updating the BEST Health Insurance web page at www.afpc.randolph.af.mil/dpc/best/fehb.htm to include this information, and will issue a BEST Bulletin to all newsletter subscribers in early Nov 04 to provide details on the program that aren't currently available.

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Health Insurance

Flexible Spending Account (FSA) Open Season

Enrollment in the Flexible Spending Account (FSA) program for Calendar Year 2005 will take place from 8 Nov through 13 Dec 04. To enroll, visit the FSAFEDS Website at <https://www.fsafeds.com/fsafeds/>, or call SHPS toll-free at 1-877-372-3337 or TTY 1-800-952-0450. Enrollment in the FSA program does not carry over automatically. You must enroll each year during the FSA Open Season.

The Federal FSA program, also known as FSAFEDS, lets you set aside tax-free money to pay for out-of-pocket health and dependent care expenses. There are two types of FSA accounts, the Health Care FSA and the Dependent Care FSA. The Health Care FSA allows pre-tax reimbursement of eligible medical costs not covered or reimbursed by FEHB or any other insurance for you and your eligible family members. Examples of qualified expenses include FEHB plan deductibles, copayments and coinsurance, and dental and vision services not covered by FEHB plans. The Dependent Care FSA allows you to be reimbursed on a pre-tax basis for child care (or eligible adult dependent) expenses that are necessary to allow you or your spouse to work. Enrollment costs you nothing -- the Department of Defense (DoD) pays the associated administrative fees.

Employees who are eligible for the Federal Employees Health Benefits (FEHB) program, even if not currently enrolled, are eligible to elect a Health Care FSA. All employees with qualified dependents may enroll in the Dependent Care FSA except temporary employees with no fixed work schedule whose tour of duty is six months or less.

Unused money in your FSA account at the end of the year is forfeited. In addition, FSA coverage terminates if you separate from Federal service (including by retirement), transfer to a Federal agency not covered by the Flexible Spending Account program, the Plan Year ends, or your employing agency stops participating in the FSA program.

Please note: If you enroll in one of the new High Deductible Health Plans and are eligible for a Health Savings Account, you may not have a Health Care FSA, but you may have a Dependent Care FSA.

For specific information on how the FSA program works and types of expenses eligible for pre-tax reimbursement, please visit the FSAFEDS website. One of the tools available on the website includes a calculator that will help you estimate your FSA contribution and potential annual tax savings. You may also speak with an SHPS customer service representative by calling the above referenced toll-free phone numbers.

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Calendar of Events

Thrift Savings Plan Open Season - 15 Oct-31 Dec 04

Federal Employees Health Benefits Open Season - 8 Nov-13 Dec 04

Flexible Spending Account Open Season - 8 Nov-13 Dec 04

TSP Catch-Up Contribution Enrollment for Calendar Year 2005 – available beginning 12 Dec 04

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