



WHAT'S NEW?

from the
Benefits and Entitlements Service Team (BEST)

17 Mar 03

- **Frequently Asked Questions on Federal Employees Group Life Insurance (FEGLI) Coverage and Combat Zones.** The Office of Management recently posted new FAQs concerning payment of FEGLI Basic and Accidental Death Benefits for employees in combat zones. Read these FAQs on the OPM website at <http://www.opm.gov/insure/life/faqs/faqs-16.asp>.

14 Mar 03

- **OPM Awards Flexible Spending Account Contract to SHPS, Inc.** The Office of Personnel Management (OPM) has awarded the contract for administration of the flexible spending account (FSA) program for federal employees to SHPS, Inc. Headquartered in Louisville, Kentucky, SHPS, Inc., manages nearly one million FSA and participant-reimbursement accounts nationally. Its list of clients includes state and local governments, and more than 70 Fortune 500 companies. In awarding the contract, OPM concludes an important part of the start-up phase of the FSA program, which is set to begin this summer. Read the full news release at <http://www.opm.gov/pressrel/2003/mo-fsa.asp>.

5 Mar 03

- **Thrift Savings Plan (TSP) Catch-Up Contributions for TSP Participants Age 50 and Older.** On 27 November 2002, the President signed Public Law 107-304 permitting eligible TSP participants age 50 or older to make tax-deferred "catch-up" contributions from their basic pay to their TSP accounts. Originally scheduled for April 2003, implementation of the catch-up provision has changed to July 2003 to permit agencies to make required changes to payroll and personnel systems. Elections made in July will be effective the first full pay period in August 2003. (The July 2003 implementation date could change if payroll and personnel systems aren't ready.)

A TSP participant is eligible to make catch-up contributions as long as (1) he/she is in a pay status; (2) is contributing either the maximum TSP contribution percentage or an amount that will result in reaching the elective deferral limit by the end of the relevant year (\$12,000 for 2003); (3) is at least 50 years of age in the year catch-up contributions are made; and (4) is not in the 6-month non-contribution period following receipt of a financial hardship in-service withdrawal. Catch-up contributions are limited to the following amounts: \$2,000 in 2003; \$3,000 in 2004; \$4,000 in 2005;

and \$5,000 in 2006 and thereafter. After 2006, this amount will be subject to increases to reflect inflation.

We plan to post information on the BEST Homepage soon. In the meantime, TSP Bulletin 03-4, 7 Feb 03, contains the most recent information about the program and can be found on the TSP web site at <http://www.tsp.gov/bulletins/introduction.html>.

- Flexible Spending Accounts (FSAs).** FSAs allow eligible employees to use pre-tax dollars to pay for certain medical, dental, and dependent care expenses not covered by their health insurance plans or any other source, and not claimed on the participant's income tax return. There are two types of FSAs: Health Care FSA and Dependent Care FSA. Employees who are eligible to enroll in the Federal Employees Health Benefits (FEHB) program are eligible to enroll in one or both FSAs (includes employees on temporary appointments after they complete 1 year continuous employment). Otherwise, employees on temporary, seasonal or intermittent appointments may contribute only to the Dependent Care FSA. To participate, employees will designate, each year, the amount they wish to contribute to their Health Care FSA and/or Dependent Care FSA, up to a certain maximum amount. The designated contributions will be deducted from salary before taxes. An initial open enrollment period is tentatively scheduled for mid-May 2003 with elections effective in July 2003. Subsequent opportunities to participate will occur with the FEHB Open Season. Eligible employees who did not have an opportunity to enroll during an open enrollment period may elect to participate immediately upon entry on duty. Until details of the program are firm, interested employees may review FSA information on the Office of Personnel Management web site at <http://www.opm.gov/insure/pretax/fsa/index.asp>.
- Thrift Savings Plan Rates of Return Posted for February 2003.** The monthly G, F, C, S, and I Fund returns represent the actual total rates of return used to allocate monthly earnings for February 2003 to participant accounts, after deduction for administrative costs, trading costs, and accrued investment management fees. Percentages in () are negative returns. For more information, go to the TSP Home page at www.tsp.gov and click on Rates of Returns.

	G Fund	F Fund	C Fund	S Fund	I Fund
February 2003	0.32%	1.41%	(1.49%)	(2.56%)	(2.29%)
<u>Last 12 Months</u> (3/1/2002 - 2/28/2003)	4.80%	9.99%	(22.65%)	(18.35%)	(17.49%)