

BEST NEWSLETTER

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

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Federal Employees' Group Life Insurance (FEGLI) Open Season 1 - 30 Sep 04

For the first time in five years, the FEGLI program is having an Open Season. It starts on Wednesday, 1 Sep 04, and ends on Thursday, 30 Sep 04. This Open Season gives employees in FEGLI-eligible positions the opportunity to enroll in the program (if they don't have Basic now) or change or increase their current FEGLI coverage, without having a physical examination or answering any medical questions. This is a great opportunity!

Who is eligible to participate in the FEGLI Open Season? Most Federal employees are eligible, including part-time employees. Employees usually not eligible include those on temporary appointments limited to one year or less, on intermittent appointments, and those paid on a contract, fee, or piecework basis. Employees on provisional appointments limited to less than one year are eligible for FEGLI coverage. If you'd like to see the list of exclusions and exceptions, see the FEGLI Handbook on the Office of Personnel Management (OPM) website at www.opm.gov/insure/life/handbook/eligibl2.htm.

Can employees in nonpay status, including reservists on Leave Without Pay Uniformed Services (LWOP-US), participate in the Open Season? Yes, you may submit an electronic election to enroll or increase coverage just as if you were at work. You must submit your election during the Open Season timeframe, 1-30 Sep 04.

How do I submit an Open Season enrollment? As with all benefits elections, Air Force-serviced civilian employees will submit FEGLI Open Season elections **electronically** via the web-based Employee Benefits Information System (EBIS) (www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm) or the Benefits and Entitlements Service Team (BEST) automated phone system. Hardcopy enrollment forms will not be accepted. Employees located in the United States may access the BEST phone system by dialing 1-800-616-3775 (press 2, then 2 again and follow the prompts). Overseas employees will dial a toll-free AT&T direct access number for the country they are located in, then 800-997-2378. If you need further assistance, detailed instructions on how to access EBIS and the BEST phone system are located at www.afpc.randolph.af.mil/dpc/best/automated.htm. (AT&T direct access numbers are at located at www.att.com/business_traveler/guides_and_access/dialing_instr.html#outside.) Employees who make an Open Season election must elect each type of coverage they wish to have, even if they have the coverage now. Any optional life insurance coverage not elected is cancelled/waived once the Open Season election becomes effective.

When do Open Season elections become effective? Open season elections will have a delayed effective date. The new coverage will become effective on the first day of the first pay period that begins on or after 1 Sep 05 (4 Sep 05 for most Air Force-serviced employees), **and** that follows a pay period in which you meet the pay and duty status requirements. Pay and duty status requirements are as follows: a full-time employee on a biweekly pay period must be in pay and duty status for at least 32 hours during the pay period right before the one in which the coverage is effective. A part-time employee must be in pay and duty status for one-half of the regularly-scheduled tour of duty shown on his/her current SF 50. Eligible intermittent employees or those without a regularly-scheduled tour of duty must be in pay and duty status for one-half of the hours customarily worked in a pay period. Sick leave, annual leave, donated leave, or any other kind of leave, whether paid or unpaid, does not qualify as pay and duty status.

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FEGLI 2004 OPEN SEASON

FEGLI Open Season

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Do I have to submit an Open Season election if I don't want to enroll or change my coverage? No. Only employees who want to enroll or change coverage need to submit an Open Season election.

What types of elections may I make during the Open Season? Eligible employees not currently enrolled in the FEGLI program may enroll, electing Basic and Optional insurance. If you're already enrolled, you may increase your coverage, up to the maximum available, or you may change your coverage. You must enroll in Basic to be eligible to elect Optional insurance.

How much coverage does Basic life insurance provide and how much does it cost? Basic insurance coverage is equal to your annual basic pay, rounded to the next \$1,000 (if not already an even thousand), plus \$2,000. Employees whose annual pay is less than \$8,000 automatically have \$10,000 coverage. FEGLI also provides an "Extra Benefit" for employees under age 45, at no additional cost. For employees age 35 and under, the Extra Benefit is equal to their Basic insurance amount multiplied by 2.0. For age 36, multiply by 1.9. For age 37, by 1.8. The age multiplication factor continues to decrease in this manner until it becomes 1.0 at age 45 and there is no longer an Extra Benefit. The cost of Basic insurance is currently \$0.15 per \$1,000 of Basic Insurance. This is approximately two-thirds of the cost of Basic insurance. The Government pays the other one-third.

What types of Optional insurance are available and what is the cost? There are three types of Optional coverage. The first type, Option A-Standard, provides \$10,000 coverage. The second is Option B-Additional, in an amount from one to five times your annual basic pay (rounded to the next thousand if not already an even thousand). The third type is Option C-Family, in an amount from one to five multiples of coverage for your spouse and eligible dependent children. Each multiple is equal to \$5,000 for the death your spouse and \$2,500 for the death of each eligible child. You pay the full cost of Optional insurance, there's no Government contribution. The cost is based on your age. Optional insurance premiums are based on 5-year age bands (groups), beginning at age 35. The last age band for Option A is 60+. The last age band for Options B and C is 80+. You may view the age group and costs for each type of Optional insurance on the OPM website at www.opm.gov/insure/life/em_rates.asp.

Is there a calculator available to assist in computing the cost for different types of coverage? Yes, a FEGLI calculator is available on the OPM website at www.opm.gov/calculator/worksheet.asp. This on-line, interactive calculator allows you to determine the face value of various combinations of coverage, see how choosing different Options can change the amount of life insurance and the premium withholdings, and see how the life insurance carried into retirement will change over time.

Does FEGLI provide accidental death and dismemberment (AD&D) coverage? Yes. AD&D benefits are payable in the event of a fatal accident or an accident that results in the loss of a limb or eyesight. For benefits to be paid, the loss must occur not more than one year after the accident and be a direct result of bodily injury sustained from that accident, independent of all other causes. AD&D insurance is provided at no additional cost. It is an automatic part of Basic (and Option A, if the employee had that coverage). Some of the situations when AD&D benefits will not be paid include, but are not limited to, physical or mental illness, hernia, suicide or attempted suicide. For employees TDY in a combat zone in a support capacity and those called to active duty who are in the first 12 months of LWOP-US, AD&D benefits are also payable unless the employee was in actual combat (or unless nuclear weapons are being used) at the time of the injury that caused the employee's death.

When do employees start paying premiums for Open Season coverage? You will start paying premiums for new coverage only when that coverage becomes effective.

What happens if I retire before the new coverage becomes effective? If you retire before the new coverage becomes effective, it is as if you never had the new coverage. Therefore, the new coverage cannot be continued into retirement.

How long must the new coverage be effective before I am eligible to take it into retirement? The new coverage must be in effect a full 5 years before you will be eligible to take it into retirement.

How can I find more information on the FEGLI program? Additional information on the FEGLI program is available on BEST homepage at www.afpc.randolph.af.mil/dpc/best/menu.htm under "FEGLI Open Season Sep 04" and "Life Insurance."

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RETIREMENT

Full Service Employees

Are You Ready for Retirement?

Are you planning to retire soon? If so, have you done your homework? What do we mean? Well, submitting an application for retirement isn't all you need to know or do. For instance, are you prepared to meet financial commitments occurring between your date of retirement and receipt of your first retirement check from the Office of Personnel Management (OPM)? Sometimes this can take up to 6 to 8 weeks.

If you are retired military, do you know whether it would be advantageous to combine your military and civilian service? Do you have a previous period of civil service employment for which you received a refund of your retirement contributions, temporary service for which a deposit could be paid, or part-time service? Do you have prior non-appropriated fund (NAF) service?

Will your retirement be comfortable or will you merely be "surviving"? Many retirees wish to travel or pursue other interests, only to discover their retirement income is insufficient. Unless you have other sources of retirement income, and most of us aren't so fortunate, these are important issues you need to address. Compute how much you'll need for necessities, such as mortgage payment, groceries, clothing, and utility bills, and be sure to figure in a comfortable margin for inflation because the cost of living will rise faster than your retirement pay. Then determine how much you'll need for travel or other interests/hobbies. Next, run a retirement estimate using our web-based Employee Benefits Information System (EBIS) (www.afpc.randolph.af.mil/dpc/BEST_GRB/EBIS.htm) or the BEST automated phone system. If you are retired military, have temporary service, service for which to took a refund of retirement contributions, part-time service, or nonappropriated fund (NAF) service, then you should contact a BEST counselor for an estimate. This will assist in deciding if you are really ready to retire.

Retirement forms and instructions are on our "Retiring Employees" web page at www.afpc.randolph.af.mil/dpc/best/retiring.htm. Before submitting your retirement application, we have one more request: please read our brochure "Preparing for Retirement" located on the same web page. It contains a great deal of important information about eligibility for retirement, creditable service, obtaining retirement estimates, survivor annuity elections, carrying health and life insurance into retirement, direct deposit, Federal income tax, and much more. It also contains our mailing address for submission of your retirement package.

If you decide you are ready for retirement, then congratulations! We ask that you submit your retirement package to BEST at least 90 to 120 days in advance of your retirement date. If you have questions about retirement or need assistance, please contact a BEST benefits counselor.

Limited Service employees should contact their local Civilian Personnel Office for retirement assistance, forms, and processing instructions.

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Calendar of Events

Federal Employees Group Life Insurance (FEGLI) Open Season - 1 – 30 Sep 04

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

Federal Employees Health Benefits (FEHB) Open Season - 8 Nov – 13 Dec 04

Flexible Spending Account (FSA) Open Season - 8 Nov – 13 Dec 04

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RETIREMENT

Full Service Employees

The Windfall Elimination Provision, the Government Pension Offset, and Social Security

Do you know how the Windfall Elimination Provision (WEP) can affect your Social Security benefit? Well, first a little history and explanation of what the WEP is and to whom it applies.

Until 1984, employment by the Federal government was covered under the Civil Service Retirement System (CSRS) and not by Social Security. If you worked for a Federal agency prior to 1984, you did not pay Social Security tax on your earnings, and those earnings are not shown on your Social Security record.

This changed in 1984. All employees who began employment with the Federal government for the first time on or after 1 Jan 84 were required to pay into Social Security. These employees were covered under the new Federal Employees Retirement System (FERS) instead of CSRS. Employees covered by FERS pay full Social Security.

There is another, smaller group of Federal employees who are covered under what is called "CSRS-Offset." These are usually employees covered by CSRS who separated from employment and then returned to covered Federal employment after a break in service of more than one year (and meet the 5 year test). These employees also pay full Social Security.

If you receive a CSRS pension and are also eligible for a Social Security benefit based on other work, your Social Security benefit may be reduced. This is known as the Windfall Elimination Provision (WEP). The WEP, or reduction in Social Security benefits, goes into effect with the first month you get both a Social Security benefit and the CSRS pension. (It will not affect the amount of your CSRS pension.) Are there any exceptions? Yes. If you paid Social Security on 30 years of substantial earnings your Social Security benefit will not be affected by the WEP.

The Social Security Administration uses a modified benefit formula to determine the amount of reduction. They have developed a chart showing the maximum monthly amount that social security benefits can be reduced because of the WEP if a person has less than 30 years of substantial earnings. The chart can be found at www.socialsecurity.gov/retire2/wep-chart.htm. From that web page, you can also link to their online WEP Calculator, or download their Detailed Calculator.

Additional information on the WEP, including a chart showing what the SSA considers to be substantial earnings, is located at www.socialsecurity.gov/pubs/10045.html#amount.

Don't get the WEP confused with the Government Pension Offset (GPO). The WEP reduces the amount of Social Security benefits received based on your own earnings record. The GPO affects benefits based on your spouse's benefits, or widow's or widower's benefits.

Under the GPO, if you receive a pension from a Federal, State, or local government based on work where you did not pay Social Security taxes, your Social Security spouse's or widow's or widower's benefits may be reduced by two-thirds of your government pension. (Your government pension is not affected.) However, the GPO does not apply if you were automatically covered by FERS, covered by CSRS-Offset, or you elected to switch from CSRS to FERS on or before 30 Jun 88. If you switched after 30 Jun 88, the GPO will not apply as long as you have five full years under FERS when you retire.

Additional information on the GPO can be found on the Social Security website at www.socialsecurity.gov/pubs/10007.html.

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