

BEST NEWSLETTER

HQ AFPC/DPCMB, 550 C Street West, Suite 57, Randolph AFB TX 78150-4759

BEST Line: 1-800-616-3775 – Overseas: Toll-Free AT&T Direct Access Number then 800-997-2378

Hearing Impaired: TDD 1-800-382-0893 or (210)565-2276

FAX: DSN 665-2936 or (210) 565-2936

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

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

2004 Edition, Issue 2 – April 2004

Inside this Issue

Page 1 TSP Open Season 15 Apr – 30 Jun 04 E-mail Confirmation of TSP Interfund Transfers	Page 3 Documenting the Military Deposit Calendar of Events
Page 2 Effect of the 2004 Retroactive Pay Raise FSA Use/Lose Rule, Over-the-Counter Meds	Page 4 Combining Retired Military and Civilian Service

THRIFT SAVINGS PLAN (TSP) OPEN SEASON 15 APR – 30 JUN 04

TSP Open Season started 15 Apr 04 and runs through 30 Jun 04.

The TSP offers Federal employees a means to increase their future retirement benefits and to defer paying current income taxes on their contributions and earnings. The sooner you start contributing to TSP, the more you stand to gain. Your money makes money in the form of earnings, and those earnings in turn make money. This is known as the “miracle of compounding.”

Employees covered under the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS) are eligible to start or increase contributions to the TSP during this open season. FERS employees may contribute up to 14 percent of basic pay and CSRS employees may contribute up to 9 percent. In addition, during this open season highly paid FERS employees need to ensure their contributions will not exceed the annual IRS elective deferral amount for 2004 (\$13,000) before the year ends in order to avoid possible loss of agency matching contributions.

Elections made 15 Apr – 12 Jun 04 will be effective 13 Jun 04. Elections made 13 – 30 Jun will be effective at the beginning of the next pay period after the election is made.

Air Force-serviced employees will use the Employee Benefits Information System (EBIS) web application or the BEST automated phone system to make your contribution elections. Web link and phone numbers are at top of this newsletter.

You'll make contribution allocations (how your money is invested in the funds) directly with TSP via the ThriftLine (504-255-8777) or TSP web site at www.tsp.gov.

Remember to check the Leave and Earnings Statement (LES) that applies to the pay period your election is effective to ensure your election is properly reflected. If not, you need to speak with a BEST Benefits Counselor right away.

[Top of Document](#)

E-MAIL CONFIRMATION OF TSP INTERFUND TRANSFERS

NEW!! When you make a Thrift Savings Plan (TSP) interfund transfer on the Web, you can now ask to have the TSP confirm your transaction via e-mail. This new feature will expedite the confirmation of your interfund transfer and reduce the amount of mail you receive.

[Top of Document](#)

LIFE INSURANCE, THRIFT SAVINGS PLAN, FLEXIBLE SPENDING ACCOUNTS, AND RETIREMENT

EFFECT OF 2004 RETROACTIVE PAY RAISE

On 3 Mar 04, President Bush signed an Executive Order providing an additional retroactive pay increase for Federal employees. This retroactive pay increase is effective retroactive to the first pay period that began on or after 1 Jan 04, which is 11 Jan 04 for most Air Force-serviced General Schedule civilian employees.

Certain prevailing rate (Wage Grade) employees also recently received a retroactive pay adjustment.

How does the retroactive pay increase affect life insurance, Thrift Savings Plan, and retirement contributions? It is basic pay, and affects your benefits as follows:

- Retirement contributions - will be withheld for the retroactive amount on the date it is actually paid.
- Life insurance premiums – If the retroactive pay raise moves you into a new \$1,000 bracket, the amount of your Basic insurance, and Option B if enrolled, increases and an additional amount will be withheld from the retroactive pay increase.
- Thrift Savings Plan – If you are contributing to a regular TSP account, when the retroactive pay increase is paid out contributions will be withheld as current contributions. Lost earnings are not payable since the retroactive pay increase is not considered an error subject to lost earnings.

[Top of Document](#)

FSA Use or Lose Deadline Coming Up

Federal employees who had flexible spending accounts (FSA) during the 2003 plan year have until 29 Apr 04 to submit claims for health care and dependent care expenses incurred during the plan year. Air Force-serviced civilian employees who enrolled during the initial open season (19 May – 27 Jun 03) were covered under FSA effective 1 Sep 03. Generally, expenses must have been incurred during the period you were enrolled in 2003. An exception to the general rule is made for expenses that are sometimes prepaid. This can occur for child care when payment is made in December for care in the month of January. Because of the "use or lose" feature, any unspent money is forfeited.

FSAFEDS Publishes Over-the-Counter Medicine Reference Guide

Approximately 6 months ago, the Internal Revenue Service announced that over-the-counter (OTC) medicines such as decongestants and antihistamines are eligible for reimbursement under a Health Care FSA, beginning with plan year 2004. FSAFEDS has now issued guidelines for participants when filing claims for eligible OTC products in the form of a Quick Reference Guide, available on the FSAFEDS Website at https://www.fsafeds.com/forms/OTC_QRG000.pdf, or by entering the "Literature" area of their web site. If you have a Health Care FSA account, be sure to review this guide for a thorough overview of eligible and ineligible OTC expenses, as well as how to file reimbursement claims.

[Top of Document](#)

RETIREMENT

Full Service Employees

DOCUMENTING THE MILITARY DEPOSIT

We've had questions recently from employees who are having difficulty locating documentation proving they have completed the deposit for military service. Proof the military deposit has been made must be submitted with the application for retirement.

When you complete a military deposit, there are two ways it may be documented:

- Your payroll office will provide you with a copy of Office of Personnel Management (OPM) Form 1514 (Military Deposit Worksheet) showing the deposit is paid in full. As soon as you receive the OPM 1514 showing a zero balance, fax a copy to the Benefits and Entitlements Service Team (BEST) at DSN 665-2936 or (210) 565-2936 for inclusion in your electronic Official Personnel Folder.
- Your Leave and Earnings Statement (LES). When the deposit is complete, block 20 (Military Deposit) will show the deposit. You should keep this LES with your permanent personal documentation, and submit a copy with your retirement application if you are unable to locate OPM 1514. If you completed the military deposit but the information is not included on your current LES, it means your payroll office changed at some point and the information has already been sent to OPM.

Not sure if you provided a copy of OPM Form 1514 for filing in your hardcopy or electronic Official Personnel Folder? Just fax a copy of OPM Form 1514 to BEST – we will scan it into your electronic Official Personnel Folder.

If you are unable to find the above documentation after checking your records at home, you may fax a written request to OPM for proof of payment of your military deposit. The request should include your full name (include all names you have used as a civilian employee, if applicable), date of birth, social security number, and the beginning and ending dates of the military service. OPM's fax number is (724) 794-4668. OPM normally works these requests within 10 to 14 business days, and will fax the results back to you, so be sure to include your fax number on the request. On receipt of the proof of payment of military deposit, fax a copy to BEST for inclusion in your electronic Official Personnel Folder.

[Top of Document](#)

Calendar of Events

Thrift Savings Plan Open Season - 15 Apr-30 Jun 04

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

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

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

[Top of Document](#)

RETIREMENT

Full Service Employees

COMBINING RETIRED MILITARY SERVICE WITH CIVILIAN SERVICE

Are you retired from military service and considering whether to combine your retired military service with your civilian service to obtain a civilian retirement? Here's some information you need to know.

Generally, an employee must waive military retired pay in order to receive credit for military service in the computation of the civilian annuity. The exceptions are:

- a. Military retired pay based on a service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war, or incurred in combat with an enemy of the United States (a determination made by the branch of service, not BEST or OPM);
- b. Military retired pay received under the provisions of 10 U.S.C. 12731-12739 (Chapter 1223) which grants retired pay to members of reserve components of the armed forces on the basis of age and service (active and reserve); and
- c. Military service not used in the computation of military retired pay. For example, enlisted service performed as a cadet or midshipman by an individual who retires as an officer; and service in excess of 30 years.

So, how do you determine whether it's beneficial to combine your retired military service with your civilian service? First, obtain a retirement estimate with and without credit for your retired military service. Second, determine how much the military deposit will be. Once you have this information you'll be able to determine if the deposit is beneficial for you.

- 1) Contact BEST to request a retirement estimate with and without credit for your retired military service.
- 2) Complete RI 20-97 (Estimated Earnings During Military Service) (available on the web at www.opm.gov/Forms/pdf_fill/RI20-97.pdf), attach a copy of your DD 214(s) reflecting your military service, and mail to the appropriate military finance center listed on the form. Your military finance center will return the completed RI 20-97 or a letter showing your estimated military earnings. Contact BEST and we will provide you a military deposit application and a Military Deposit Worksheet (OPM 1514). Complete the employee portion of the application and mail it along with the OPM 1514, the form or letter showing your estimated military earnings, and your DD 214(s) to your servicing Defense Finance and Accounting Service (DFAS) payroll office. DFAS will compute amount of deposit due and contact you to make arrangements to pay the deposit.

Whether to make the deposit is a decision only you can make. The earlier you pay the deposit, the less interest you pay. If you decide to pay the deposit, remember it must be completed prior to retirement.

When you're ready to retire, you must submit a waiver of your military retired pay to the appropriate military finance center 60 to 90 days prior to the effective date of your civilian retirement. If you fail to waive your military retired pay, OPM will refund the deposit, with interest if you are FERS, without if you are CSRS. (You'll submit the appropriate refund application form with your retirement package.) If you don't pay the deposit, or if you decide not to waive military retired pay, your military service will not be creditable towards eligibility for civilian retirement, and if you don't have the necessary age and civilian service, you may not be eligible for retirement.

Limited service employees must contact their servicing Civilian Personnel Office for all matters concerning retirement, including estimates and military deposit information. Not sure if you receive full or limited services from BEST? Review our document "[Full versus Limited Servicing – What Does It Mean?](#)"

[Top of Document](#)