

BEST NEWSLETTER

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2003 Edition, Issue 4 – October 2003

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COMMENTS FROM OUR BRANCH CHIEF

In many ways, Oct, Nov, and Dec are the best months of the year. Why? Well, there are four Federal holidays in the next three months, the Thrift Savings Plan (TSP) Open Season is just several days away, and the Federal Employees Health Benefits (FEHB) Open Season begins in Nov 03. Also, the open season for enrollment in the Flexible Spending Account (FSA) program for calendar year 2004 begins in Nov 03.

The TSP Open Season starts 15 Oct and runs through 31 Dec 03. During this open season, the maximum employee contribution percentages increase by one percent.

The FEHB Open Season begins 10 Nov and runs through 8 Dec 03. We recommend, even if you are not changing plans, that you review your current plan's new brochure to ensure the plan continues to meet your family's needs.

The Flexible Spending Account (FSA) Open Season for year 2004 enrollment is 10 Nov - 8 Dec 03. Enrollment will take place directly with SHPS Inc.

Employees age 50 or older will be able to enroll in TSP Catch-Up Contributions for calendar year 2004 beginning 30 Nov 03. Those who turn age 50 in 2004 may enroll beginning 1 Jan 04.

See the articles in this newsletter for more information regarding the open seasons.

MARIA F. MOLLY
Chief, Benefits and
Entitlements Branch

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THRIFT SAVINGS PLAN (TSP) OPEN SEASON 15 OCT - 31 DEC 03

Will you have sufficient funds after retirement to maintain your standard of living? If this is of concern to you, the TSP Open Season is a good time to think about investing for your future. TSP offers Federal employees a means to increase future retirement benefits and to defer income taxes on contributions and earnings. The sooner you begin contributing, the more you stand to gain. Your contributions make money in the form of earnings, and those earnings in turn make more money through compounding.

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. In addition, the maximum employee contribution rates are increasing to 14 percent for FERS employees, and 9 percent for CSRS. The maximum regular TSP contribution for 2004 is \$13,000.

Elections submitted 15 Oct - 13 Dec 03 will be effective 14 Dec 03 and reflected on the 2 Jan 04 Leave and Earnings Statement (LES). Elections submitted 14 - 27 Dec 03 will be effective 28 Dec 03 and reflected on the 16 Jan 04 LES, and elections submitted 28 - 31 Dec 03 will be effective 11 Jan 04 and reflected on the 30 Jan 04 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 Standard Time.

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HEALTH AND LIFE INSURANCE, THRIFT SAVINGS PLAN

Federal Employees Health Benefits (FEHB) Open Season

The FEHB Open Season begins on 10 Nov 03 and runs through 8 Dec 03. 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. Otherwise, you'll have to wait for a qualifying life event (unless you waive participation in premium conversion during the open season). Changes made during the open season, including changes in premium conversion participation, will be effective 11 Jan 04.

FEHB premiums are increasing an average of 10.6 percent in 2004. Increased utilization, medical inflation, and rising drug costs are responsible for most of the increase. New premium rates go into effect in Jan 04. Enrollees with self-only coverage will pay roughly \$5 more biweekly, while those with family coverage will pay \$11.95 more biweekly. Even if you decide not to change plans, be sure to review the summary of changes in your 2004 health plan brochure so you'll know if there are any changes in payment of benefits. Premiums for 2004 are posted on the Office of Personnel Management (OPM) Website at <http://www.opm.gov/insure/health/04rates/toc-np.asp>

We've been advised that eight plans are dropping out for 2004. Affected employees will receive letters from the health carrier. The number of health plans choices is increasing by 17, making a total of 205 options available for 2004. There are two new Health Maintenance Organization/Consumer Driven products available in the coming year. The new consumer-driven plans give consumers additional choices that allow them to manage their own health care needs and their health care dollars. The new plans are offered by Humana and Aetna, and join the APWU Benefit Plan which introduced the first consumer-driven option for FEHB enrollees in 2003.

OPM has announced they will not print and distribute the FEHB guides this open season. The reason given is that Federal employees have been accessing open season materials from their website in increasing numbers, as well as using their interactive web tool to make side-by-side comparisons of the costs, benefits, and quality indicators of the plans. You can go to the OPM Website at <http://www.opm.gov/insure/health/index.asp> to review the FEHB guide(s). There are several guides, so make sure you check 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. OPM should have the 2004 guide(s) and individual plan brochures posted in a few weeks.

You will make your Open Season election or change by using the web-based Employee Benefits Information System (EBIS) or the BEST automated phone system. Instructions for accessing the automated system (EBIS and the phone system) are located on the BEST homepage. Two advantages of using EBIS are you can print a copy of your SF 2809 after completing your election, and most elections can be done without the assistance of a benefits counselor. 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. CST. Be sure to have your dependents' names, SSNs, dates of birth, and other insurance information at hand.

Before making an election, take time to verify the cost and coverage of the plan you are interested in. If your work schedule is less than full time, you'll pay a higher amount of the employee premium because the government share is reduced based on the number of hours worked. Certain eligible temporary employees pay the entire premium.

If you need to visit the doctor prior to receiving your enrollment card, you can obtain a copy of your SF 2809 through EBIS as referenced above, and 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.

More information on FEHB and the open season can be viewed 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 AND LIFE INSURANCE, THRIFT SAVINGS PLAN

Flexible Spending Account (FSA) Open Season

Enrollment in the Flexible Spending Account (FSA) program for calendar year 2004 will take place from 10 Nov through 8 Dec 03. 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.

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 include FEHB plan deductibles, co-payments 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. And the Department of Defense (DoD) pays the administrative fees associated with enrollment in either FSA account.

We at BEST are unable to counsel or give you detailed specifics regarding the FSA program -- that is the responsibility of SHPS Inc., the 3rd party administrator of the FSA program. We recommend you visit the FSAFEDS Website referenced in the first paragraph to obtain specific information on how the program works and types of expenses eligible for pre-tax reimbursement. 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

TSP Open Season: 15 Oct - 31 Dec 03

FEHB Open Season: 10 Nov - 8 Dec 03

FSA Open Season for Calendar Year 2004 Enrollment: 10 Nov - 8 Dec 03

(Via SHPS at <https://www.fsafeds.com/fsafeds/index.asp>,
1-877-372-3337 or TTY 1-800-952-0450)

TSP Catch-Up Contribution Enrollment for 2004 Available Beginning 30 Nov 03

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HEALTH AND LIFE INSURANCE, THRIFT SAVINGS PLAN

TSP Catch-Up Contributions for Calendar Year 2004

Many employees have asked when they can submit their election to make TSP catch-up contributions for calendar year 2004. The BEST automated system will be ready to accept 2004 enrollments as follows:

- If age 50 or older during 2003, you may submit your TSP catch-up contribution election for 2004 at any time on or after 30 Nov 03.
- If you turn age 50 during 2004, you may submit your catch-up contribution election on or after 1 Jan 04.

It is the pay date, not the effective date, of the election that determines the year the election applies to. Although elections made 30 Nov - 13 Dec 03 will be effective 14 Dec 03, the pay date will not be until 2 Jan 04.

Remember, catch-up contributions aren't tied to open seasons, so you can make your election to contribute at any time after the above dates. One of the basic eligibility requirements for TSP catch-up contribution participation is that you must be age 50 in the year you submit the election. Other basic eligibility requirements include: you must be contributing either the maximum regular TSP contribution percentage or a dollar amount that will result in reaching the IRS elective deferral limit by the end of the year for regular TSP contributions; you must be in a pay status, and must not be in the 6-month noncontribution period after receiving a financial hardship in-service withdrawal.

For 2004, the annual elective deferral limit for regular TSP contributions is \$13,000. The annual limit for catch-up contributions for 2004 is \$3,000.

As with regular TSP contribution elections, you will elect to make catch-up contributions electronically via the Employee Benefits Information System (EBIS) web application or the BEST automated telephone system. Additional information on regular TSP and TSP Catch-Up Contributions is available on the BEST homepage.

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Systems Change

When you make a health insurance election, BEST electronically sends your enrollment information to your health insurance carrier. The Office of Personnel Management issued new requirements for the health insurance enrollment information that electronically flows to health insurance carriers. The BEST automated web and phone systems are being changed to capture this additional information. Starting 19 Oct 03, for any health insurance election you make, you will need to provide addresses and other health insurance information for each dependent you include on your enrollment.

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