



# AFSA NEWSLETTER

FOR RETIREES AND MEMBERS IN TRANSITION

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## Enough Is Enough

AFSA is one of more than two dozen unions in the Federal Postal Coalition that joined in a grassroots campaign (*America Counts on Us*) to raise the visibility of federal workers and federal benefits this past fall. Now with the fiscal cliff looming at the end of December, the threat to federal benefits remains a critical concern, both during the lame duck session and into the next term.

While it is difficult to predict what will happen, it is likely that Congress and the White House will agree on a mini-sequestration deal in December, one with some cuts and revenue increases as a down payment, and then delay further budget decisions until March or later.

Recognizing that time is short, coalition members will focus on an urgent basis on White House staff and members of Congress who will be directly involved in the budget process. The message will be a clear one: federal employees -- so far the only group required to do so -- have already sacrificed more than \$103 billion in benefit cuts.

As part of this effort, AFSA and other coalition members will invite their members to send letters to their representatives and senators, asking them to oppose additional cuts in federal employee and retiree benefits. You can expect an AFSA Net explaining how to do this and supplying suggested text.

## Our Message

- The federal work force has already borne the burden of substantial budget savings over the past two years.
- Since the beginning of 2011, the budget savings from reduced federal employee compensation (over ten years) is over \$103 billion (more than \$50,000 per employee):
  - \$60 billion from a two-year pay freeze,
  - \$28 billion from a reduced 2013 pay raise, and
  - \$15 billion through a 2.3-percent increase in new employee retirement contributions to offset the cost of an additional nine months of unemployment insurance
- Federal and postal employees and their families are hardworking, middle-class Americans.
- The substantial budget savings that have been squeezed out of the federal work force should be taken into account when crafting any budget deal.
- It simply does not make sense to negotiate deals intended to ensure adequate government funding while simultaneously undermining the adequacy of government.

## Advocacy for the Foreign Service

### AFSA Advocacy Efforts

As part of AFSA's tireless efforts to advance its mission and defend the rights of both active duty and retired Foreign Service employees, we have transformed our legislative office into a full-force Advocacy Department. The department will be capable of advancing our legislative agenda through the effective use of the following techniques: monitoring and forecasting issue trends; identifying internal and external resources; qualifying, allocating and capitalizing on existing assets; combining and maximizing human capital (our members and friends) and technology; persuading policymakers and influencers; reaching out, partnering and developing coalitions; and finding win-win solutions.

AFSA's legislative agenda includes agency budgets, federal employee and retiree benefits, compensation, rights, security and professional development. Recently, we have addressed overseas comparability pay, personnel security (in congressional hearings on the Sept. 11 Benghazi attack), the STOCK Act and the fiscal cliff (part of our work with the Federal-Postal Coalition).

For a complete list of priority issues, please visit: [afsa.org/issues.aspx](http://afsa.org/issues.aspx). If you have specific questions about our advocacy work, legislative issues, or to support our efforts, please send an e-mail to Javier Cuebas, AFSA Advocacy Director, at [Cuebas@afsa.org](mailto:Cuebas@afsa.org).

For information about federal benefits, please visit *AFSA and Your Federal Benefits* section at [afsa.org/retiree\\_services.aspx](http://afsa.org/retiree_services.aspx). If you have specific questions about federal benefit issues, please send an e-mail to Bonnie Brown or Matt Sumrak, coordinators for retiree counseling and legislation at [brown@afsa.org](mailto:brown@afsa.org) and [Sumrak@afsa.org](mailto:Sumrak@afsa.org). *Javier Cuebas, AFSA Advocacy Director*

### How to Make Contact

Here are some links that will assist you in contacting the President and your senators and members of Congress.

If you would like to contact the President, you can visit: <http://www.whitehouse.gov/contact/submit-questions-and-comments>

If you need to find your U.S. senator you can visit: [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm)

If you need to find your member of Congress you can visit: <http://house.gov/>

### Thanks for Your Participation

AFSA would like to thank every member who participated in the *America Counts On Us* campaign. From town halls to days of action, our member participation helped make the campaign to showcase the importance of federal benefit issues a success. AFSA hopes more members will participate in future events.

One highlight of the campaign was the Tim Kaine forum in Arlington, Va., where several AFSA members were able to ask Senator Kaine some very important questions. We also had events in Maryland, Ohio, Florida, Montana and New Mexico.

Overall, the campaign received great press coverage, including stories in the *Washington Post*, *Baltimore Sun*, *Government Executive* and *FedSmith*. You can find more information, including links to these articles on the *America Counts On Us* Facebook page at <https://www.facebook.com/AmericaCountsonUs>

## Other Coalition Concerns

### CPI Proposals

There are serious proposals to change the cost-of-living calculation for Social Security benefits and military and federal annuities through a “technical” adjustment.

According to proponents, a “chained” Consumer Price Index would recognize that annuitants change buying patterns and buy successively less expensive substitutes as prices rise. In fact, however, the adjustment would substantially reduce current and future benefits.

The impact would be greatest for those who retire early (such as those in the Foreign Service and military) and those who live the longest.

The Social Security Administration estimates that use of the chained CPI would result in an additional yearly 0.3–percentage point reduction. While this may seem a small adjustment, it would compound significantly over time

This reduced COLA would result in a decrease of about \$130 per year (0.9 percent) in Social Security benefits for a typical 65–year–old. By the time that senior turns 95, the annual benefit cut will be almost \$1,400, a 9.2–percent reduction from currently scheduled benefits.

The cumulative effect of these reductions would have a disproportionate impact on Social Security's oldest beneficiaries, who have outlived other sources of income, depleted their assets, and rely on Social Security as their only lifeline to financial stability.

### The Pay Gap

The Federal–Postal Coalition issued a press release that discusses the widening pay gap between government employees and private-sector workers.

The coalition praised the methodology employed in the recently–released annual report of the Federal Salary Council. The FSC comparison, which is based on comprehensive Bureau of Labor Statistics data on job matches in the public and private sectors, found that federal workers are paid an average of 34.6 percent less than the private sector, an 8.1–percent increase over the prior year’s gap. In contrast, the coalition concluded that a recent Congressional Budget Office study was flawed in its methodology and conclusions.

The coalition stated that the widening pay gap should be addressed, particularly since federal salaries have been frozen since January 2010.

“Ensuring fairness in federal employee compensation is essential for the prudent expenditure of taxpayer dollars, and to maintain an efficient and motivated federal work force,” says Federal–Postal Coalition Chair Bruce Moyer.

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## 2013 Medicare B Premiums

2013 Medicare B premiums will be based on your modified gross income as reported on your federal tax return for 2011.

If your 2011 income was \$85,000 or less for an individual (or \$170,000 or less for a joint return), your monthly Part B premium will be \$104.90. If your 2011 income was between \$85,000 and \$107,000 (or between \$170,000 and \$214,000 for a joint return), your monthly Part B premium will be \$146.90. If your 2011 income was between \$107,000 and \$160,000 for an individual (or between \$214,000 and \$320,000 for a joint return), your monthly Part B premium will be \$209.80. If your 2011 income was between \$160,000 and \$214,000 for an individual (or between \$320,000 and \$428,000 for a joint return), your monthly Part B premium will be \$272.70. If your income was above \$214,000 for an individual or \$428,000 for a joint return, your premium will be \$335.70.

The Part B deductible will be \$147 in 2013, up from \$140 in 2012.

### Applications for College Scholarships for AFSA Members' Children are now Available

Applications to apply for need-based college scholarships for undergraduate college study and for merits awards recognizing high school seniors' art and academic accomplishments are now available. Go to [www.afsa.org/scholar](http://www.afsa.org/scholar) for complete details. Beginning this year, AFSA scholarships and awards are a benefit of AFSA membership. As a result, only tax-dependent children of AFSA members who are/were Foreign Service employees are eligible to apply. Students can apply online and can track their application status. The deadlines are Feb. 6, 2013, for the Merit Awards and March 6, 2013, for the Financial Aid Scholarships. Unfortunately, grandchildren of retirees are not eligible for these scholarships and awards. Contact Lori Dec, AFSA Scholarship Director at (202) 944-5504 or [dec@afsa.org](mailto:dec@afsa.org).

## 2013 Social Security Changes

Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2011 through the third quarter of 2012, Social Security beneficiaries will receive a 1.7-percent cost-of-living adjustment in 2013.

The 2013 payroll tax rate (combined rate for Social Security and Medicare) will be 7.65 percent for employees. The Temporary Payroll Tax Cut Continuation Act of 2011 reduced the payroll tax rate paid by employees by 2 percent through the end of February 2012. The Middle Class Tax Relief and Job Creation Act of 2012 extended the reduction through the end of 2012. Under current law, this temporary reduction expires at the end of December 2012. The maximum amount of taxable earnings in 2013 will be \$113,700, up from \$110,100 in 2012.

Under full retirement age, one dollar in benefits will be withheld for every two dollars in earnings above \$15,120 in 2013.

The American Foreign Service Association  
is pleased to introduce a

# MEMORIAL MARKER



to honor Foreign Service personnel  
and their spouses or partners.

For more information, visit  
[www.afsa.org/marker](http://www.afsa.org/marker)  
or call (202) 719-9715.

## Comparing Federal Health Plans with Walton Francis

On Nov. 19, Walton Francis, the third speaker in our Federal Benefits Speakers Series, spoke to a capacity crowd about how to choose a federal health plan. Francis, principal author of the annual *Consumer Checkbook Guide to Health Plans for Federal Employees and Annuitants*, made general remarks about what to consider in choosing a health plan and how to use the *Consumer Checkbook*. He then answered questions from the audience.

Francis began by saying that one thing he has learned over the years is that, “people hate choosing health plans; they liken it to going to the dentist.” Nonetheless, they care about three things, costs, whether their doctors are in the plan and quality of care

He noted that a lot of research and study goes into developing the health plan guide. The *Consumer Checkbook* responds to consumer concerns by comparing health plans in light of where one lives, age, income, current health, average medical expenses and other variables. By taking into account all of these variables, the guide is able to determine which plans in your area are best for you.

According to Francis, the amount of a premium doesn’t necessarily correlate with the quality of coverage. A high premium, “Cadillac coverage,” plan doesn’t necessarily mean you are getting the best quality. Likewise, a low-premium, “cheapo coverage” doesn’t mean the quality of care is bad. Francis said that, in general, high-deductible plans are not good for individuals on fixed incomes who have high medical expenses, although they may save younger people with few medical needs considerable money.

All plans fall into three categories, health maintenance organizations, preferred provider organization, and consumer-driven or high-deductible plans. Each category has different costs and net-

work requirements and coordinates differently with Medicare.

Francis recommended that you read the explanation of benefits provided by each plan you are considering; ask your doctor which plan pays better; and determine which of your current drugs are covered by the plan.

Next, Francis discussed coordination of Medicare Part A and Part B with the FEHB plans. Medicare Part A, which is free for most enrollees, covers hospital costs, while Medicare Part B, which costs on average \$1,300 a year, covers physician visits. (Note that one must sign up for Medicare Part A to be eligible for Social Security benefits.) If you live abroad or plan to, Medicare does not cover any expenses overseas.

Mr. Francis explained that having Medicare Part A and B and an FEHB plan provides 100-percent coverage. However, he continued, the average cost per person for all three will be about \$7,300, in 2013, so costs will be a big factor in deciding whether to enroll in Medicare B.

In sum, Mr. Francis advised that costs and co-pay amounts are the greatest reason to stay with or to change plans during open season.

If you were not able to attend the seminar you can view the video at the following link [afsa.org/AFSAVideos.aspx](http://afsa.org/AFSAVideos.aspx). Also, the *Consumer Checkbook* online guide can be accessed through the AFSA web site at [http://afsa.org/retiree\\_services.aspx](http://afsa.org/retiree_services.aspx).

As an interesting footnote, Francis told the audience that he is a Foreign Service brat: his father was a Foreign Service Officer, so Walt spent a large portion of his childhood growing up overseas.

## Department Notice on Centralized WAE Program: More to Come

Department use of When Actually Employed employees has been a troubling issue for AFSA. The WAE program is decentralized: each bureau has its own WAE program and procedures. As a result, AFSA has been concerned that the program is not being used to meet the critical personnel needs of the department as a whole, and that WAE employees are in a system that does not have fair and transparent procedures.

In the past AFSA asked the department to seek legislation, similar to that given the Department of Defense for its civilian employees, that would permit it to waive the salary and hours limitations for WAEs needed to respond to critical needs of the department. We also suggested that a centralized WAE system would lead to greater efficiency and fairness.

The department recently released a notice announcing that the Human Resources Bureau is collaborat-

ing with WAE Bureau Coordinators and other program offices to develop the department's first centralized WAE Global Registry Program. The objectives of the new program are to standardize the forms and processes used for the program by all bureaus; centralize annuitant information into one database; and add value to the program by creating policy, reference guides, and other useful tools.

The department noted that, while the future program will formalize many of the critical parts of hiring and managing a WAE, it will not guarantee employment, nor will it replace the need for annuitants to network with bureau hiring managers to increase their chances of employment. The new centralized WAE Program will be implemented in 2013.

AFSA expects to receive a briefing on the new centralized WAE program in the near future and will advise our members of the changes.