



# AFSA NEWSLETTER

FOR RETIREES AND MEMBERS IN TRANSITION

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February 2010  
Volume 24, Number 1

## Legislative Update

### Health Reform

In the last newsletter, we expressed concern about the possible effect of an excise tax on enrollees in the Federal Employees Health Benefits Program, particularly on low-income employees and retirees.

This concern appears to be reduced – even if health reform goes forward in its present form – because congressional leaders had agreed that FEHBP plans that cover federal workers and annuitants would not be subject to the “Cadillac” tax until 2018. Members of Congress and Executive Branch political appointees, who also are part of the FEHBP, would be excluded from this tax delay and become subject to the tax in 2013.

It is difficult to predict what will happen next in the health reform debate or at the upcoming health summit.

During his State of the Union speech President Barack Obama, stressing the need for health insurance reform, reaffirmed his commitment to passing meaningful legislation. As the new year begins, however, and Congress adjusts to a changing political landscape, the future of health care reform – whether the current proposal or any new smaller fixes – remains uncertain.

AFSA has worked closely with many other federal employee unions in an effort to ensure that our health care programs would be safe from a devastating excise tax. And we will continue to monitor the debate closely. *Casey Frary, Legislative Director.*

### Medicare B Premium Inequity

Because there was no increase in the cost-of-living adjustment for 2010, about 75 percent of Medicare B enrollees continue to pay the same premium of \$96.40 as they did in 2009. A hold-harmless provision in the law protects enrollees who receive Social Security benefits from increases in Part B premiums in years when there is no increase in the COLA.

As a result, as of Jan. 1, the remaining 25 percent of Part B enrollees are paying for increases in Medicare spending and for maintaining Medicare’s contingency reserve. The basic Part B premium for these beneficiaries is \$110.50 a month for 2010 – a \$14.10 increase. And premiums for higher-income people are as much as \$353.60 a month, depending on income level. The enrollees who do not have hold-harmless protection include those who do not have Medicare B premiums withheld from their Social Security payments, pay a higher Part B premium because of high income, or are newly enrolled in Medicare.

We believe as a matter of simple fairness that *all* Medicare B eligible enrollees should have their premiums frozen in years in which there is no increase in the COLA. The House of Representatives has passed legislation (H.R. 3631) to do that. The Senate, however, has taken no corresponding action.

Ask your senators to join the House in providing equitable Part B premium treatment to all Medicare eligible enrollees.

## Department News

### Human Resources Service Center

The Department of State has established a new Human Resources Service Center in Charleston as the first point of contact for retirement (and active-duty) inquiries.

Retirees can now ask the center for guidance and assistance on the full range of retiree issues and actions, including changes in federal health and insurance benefits, reports of death, and annuity supplement submissions.

A team of customer service representatives now responds to inquiries and requests for assistance, answering general and basic questions and, when appropriate, referring inquiries to other department offices for analysis and action.

Those who telephone will receive an answer by telephone. Those who mail in a form for processing will receive a copy of the application by mail.

Each e-mail and telephone inquiry is entered into a case management tracking system, called UTT, and given a ticket number. The employee or retiree is then sent an e-mail from [ARSystem@no-reply.utt.state.gov](mailto:ARSystem@no-reply.utt.state.gov), which gives a ticket number for the inquiry and a brief description of the issue involved.

When HCRC refers an inquiry to another office, it assigns action on that case to that office in the case management system and the inquiry remains open until resolved.

The inquiries are tracked. Each office receives a weekly report of tickets that have been open for more than two weeks and managers may query the UTT system to see what is pending in their offices.

Once the inquiry is resolved, the employee or retiree will receive an e-mail with a subject line that contains the phrase "Your answer can be found here!"

Regrettably, the links in the e-mail responses – which give the addressees the opportunity to explain satisfaction or dissatisfaction with the answer and to ask for further assistance – will not work for retirees because they do not have access to the department's intranet system. At present there is no plan to remedy this deficiency.

**HR Service Center**  
**HRSC@state.gov**  
**(866) 300-7419**  
**(843) 308-5539 (from outside U.S.)**

## Department News Continued

The Service Center is part of a new HR Shared Services initiative, established to develop an integrated, tiered human resources delivery system. The object is to consolidate, streamline and automate HR services with the aim of improving customer service, accountability and processing time.

As part of the initiative, HR teams will continue to work on establishing best practices and standards for customer services and staff utilization.

It is anticipated that the Service Center will handle most inquiries, with simple cases being resolved in three to five days and all but the most complex cases within a two-week period. This will ease the workload in other HR offices, permitting employees in those offices to concentrate on the more complex cases.

We are encouraged by this initiative and, after contacting the HRSC with several issues, pleased with the prompt and thorough responses.

Our concern is with processing after the hand-off between the Service Center and other HR (and department) offices. There is a clear need for these offices to develop corresponding tracking and accountability procedures and methods to inform retirees

and employees in a timely manner that additional submissions are required or that action has been taken in their cases. Similarly, clear procedures are needed when coordination among offices is required.

What happens after the hand-off is critical. A chronic complaint of AFSA retiree members is that when they ask HR offices for information or action on an application, they receive little or no response – sometimes over a prolonged period. Others complain that they are unable to find out which office or individual to contact for information about their inquiries, despite repeated attempts.

This non-responsiveness has been particularly problematic for surviving spouses seeking to report the death of a retiree and arrange for survivor and death benefits. The process for responding to survivors, in particular, should be a immediate, comforting, and seamless.

Please keep us advised about your use of the Service Center and provide feedback to the center about their services.

**There is a clear need for HR offices to develop corresponding tracking and accountability procedures for both in-office and coordinated action to assure timely and fully responsive retiree services.**

## It's Tax Time

### W-2s and 1099-Rs

At the beginning of each year the department sends out two kinds of tax statements to annuitants and employees for submission to the Internal Revenue Service at tax time. It sends 1099-Rs (Distributions from Pensions, Annuities...) to retired annuitants and W-2s (Wage and Tax Statements) to employees.

The 1099-Rs have been mailed to annuitants and are now available on Annuitant Express. Retirees may ask for replacement 1099-Rs after Feb. 15 at HRSC@state.gov and by phone (866) 300-7419 or (843) 308-5539 (from outside U.S.)

### The Stimulus Bill and Taxes

Here is a repeat of an article published earlier this year about taxes and stimulus payments.

Because of IRS provisions that apply to the federal income tax break in the 2009 economic stimulus bill, retirees may find that they have not withheld sufficient amounts to pay their 2009 tax bills.

The stimulus plan provides for a "Make Work Pay" tax credit that reduces federal income taxes by up to \$400 for working individuals and \$800 for couples through smaller withholdings. To implement this credit, the Internal Revenue Service published new tax withholding tables.

Non-working retirees and survivors are not eligible for the tax reduction, but because they are required to use the same tax withholding tables, they have also seen the reduced withholding in their retiree and survivor annuities. Yet they still owe the full amount when they file taxes next year.

Working retirees will have \$800/\$1,600 less withheld from both their annuity payments and

earnings. Because they can only get one tax credit, however, they will have to pay \$400/\$800 back when they file their 2009 taxes.

As an added complication, working retirees who draw Social Security benefits will be eligible for a \$250 stimulus payment. This amount, however, counts against any \$400/\$800 tax credit. Retirees who do not draw Social Security benefits will be eligible for a separate \$250 tax credit: this amount will also count against any \$400/\$800 tax credit.

### Simplify Your Life

You can cut down on the amount of mail solicitations you receive — including credit card, insurance, and magazine offers; catalogs; requests for donations; retail promotions; and bank offers. (Bills, statements, notices and political mailings cannot be stopped.)

Go to the Direct Marketing Association Web site at [www.dmachoice.org](http://www.dmachoice.org) to select what mail and e-mail you wish to receive or not receive. DMA requires all its member organizations—which collectively account for 80 percent of the total marketing mail in the United States — to participate in its opt-out program.

You can also remove your name for a five-year period from Consumer Credit Reporting Companies lists used for preapproved offers of credit or insurance at [www.optoutprescreen.com](http://www.optoutprescreen.com) or call (885) 567-8688. Under the Fair Credit Reporting Act, you must submit a signed notice of election for a permanent opt-out request.

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## Debit Card Alert

Debit cards are a target for scammers at automated teller machines. and, increasingly, at the gas pump. Thieves place a portable card –reading device inside the pump and it obtains the card’s magnetic stripe and personal identity number.

When using a debit card, choose the “credit” screen prompt instead of the “debit” prompt so you do not have to enter your PIN.

Your purchase amount will be deducted from your account, but because it will be processed as a credit-card transaction, your liability for credit-card fraud will be limited to \$50. (You could be liable for up to \$500 with a debit transaction.)

### Worried About Long Term Care? The Federal Long Term Care Insurance Program (FLTCIP) has raised its rates by as much as 25%

*AFSA Plans are still discounted  
for AFSA members and their families*

The price of care can be devastating.  
Let us help you find the best deal.  
For a free illustration or private consultation,

— contact —

#### The Hirshorn Company

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Chestnut Hill, Pennsylvania 19118  
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www.hirshorn.com



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## FSN Relief Fund

If you would like to help Foreign Service National employees affected by the earthquake in Haiti, you can made a contribution to the Foreign Service National Emergency Relief Fund.

To donate, send a check to State Department Gift Fund Coordinator, Donna Bordley, RM/ CFO, Rm. 7427, 2201 C Street NW, Washington DC 20520.

Make checks payable to the U.S. Department of State, with the notation “for the FSN Emergency

## 2009 Retiree Survey: AFSA Services

353 of 1714 retirees who responded to our recent survey reported that they had sought assistance from AFSA on 672 issues. Somewhat less than half of the issues involved the department. In descending order of frequency, these were:

Annuities	99 (25 %)
Death/ survivor benefits	83 (24%)
Department action/ inaction	64 (16%)
WAE employment	39 (10%)

Somewhat over half of the issues involved non-department federal entitlements, predominately health benefits. In descending order, these issues concerned:

Health benefits (FEHBP)	126 (32%)
Insurance (FEGLI and FLTCIP)	64 (16%)
Medicare	53 (13%)
Social Security	41 (10%)

These results were not surprising as they reflect the problems of aging and the difficulty in finding clear answers to even basic questions.

In response to the question of how satisfied mem-

bers were with the assistance and information AFSA provided, 213 (52 percent) said that they were very satisfied, 155 (38 percent) said they were satisfied and 41 (10%) said that they were unsatisfied. Unfortunately, the survey did not follow up on this question, so we have no way of knowing the precise reasons for dissatisfaction – disappointment with the outcome or the assistance given. We would appreciate your views on this.

You can read the entire 2009 Retiree Survey on our Web page under *Current Issues and Updates* at <http://www.afsa.org/retiree/>

#### The Foreign Service and Julia

For those of you who enjoyed the movie “Julie and Julia” and were intrigued by references to the Foreign Service career of the husband of Julia Child, you can find out more. *The Foreign Affairs Oral History Collection of the Association for Diplomatic Studies and Training* presents a window into the lives of American diplomats and others, including Julia Child. The entire oral history collection can be found at <http://memory.loc.gov/ammem/collections/diplomacy/> and Julia Child’s oral history at [http://memory.loc.gov/cgi-bin/query/S?ammem/mfdipbib:@field\(AUTHOR+@od1\(Child,+Julia\)\)](http://memory.loc.gov/cgi-bin/query/S?ammem/mfdipbib:@field(AUTHOR+@od1(Child,+Julia))). Bon appétit!

## To Note

COLA. The Consumer Price Index decreased 0.1 percent in December 2009, according to the Bureau of Labor and Statistics. The index is now **1.8 percent below** the 2008 third-quarter average. January consumer price indices will be released on Friday, Feb. 19.

Fiscal Year 2011 Budget. A preliminary reading of the 2011 budget submitted to Congress by President Obama contains no major changes or scored savings in programs that affect the income or health care security of federal retirees. (The budget is available on the Government Printing Office web site: <http://www.gpoaccess.gov/usbudget/fy11/index.html> )

The retiree association located in San Antonio, Texas, has been renamed to The Foreign Service Retirees Association of San Antonio. (Page 31 - 2010 Retiree Directory)