



# AFSA NEWSLETTER

For Your Benefits: Stay Informed, Stay Connected

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## The Affordable Care Act and FEHB

The Affordable Care Act (ACA), which went into law on January 1, 2014, establishes the Health Insurance Marketplace. This does **not** affect the FEHB Program. If you are currently covered by a FEHB plan, you meet the requirements of the Affordable Care Act and will be able to keep your current plan.

The Affordable Care Act establishes a minimum value standard of benefits for employer-sponsored health plans. All health plans in the FEHB Program are eligible employer-sponsored health plans. The health coverage of all of the plans in the FEHB Program meets the Affordable Care Act's minimum value standard for the benefits that each FEHB plan provides.

OPM offers a fact sheet about health care reform and FEHB entitled "How Does the Affordable Care Act's Individual Shared Responsibility Provision and the Requirement to Maintain Minimum Essential Coverage Affect Me?" It is available on OPM's website at [www.opm.gov](http://www.opm.gov) under Insurance, then Affordable Care Act and then FEHB Program.

If you are thinking about retiring here are some key facts to know about the FEHB program:

### Can I continue my FEHB coverage into retirement?

When you retire, you are eligible to continue health benefits coverage if you meet all of the following requirements:

- You are entitled to retire on an immediate annuity under a retirement system; and
- You have been continuously enrolled (or covered as a family member) in any FEHB plans for the 5 years of service immediately before the date your annuity starts or for the full period of service since your first opportunity to enroll.

### Can I change my FEHB enrollment at retirement?

No. Retiring is not a qualifying life event (QLE); however, once you retire you can change your FEHB enrollment during the annual Open Season.

### Will my FEHB benefits and premiums change when I retire?

No. You will be entitled to the same benefits and annual premiums as federal employees enrolled in the same plan. As an annuitant, your premium will be withheld in 12 monthly deductions.

### Can I cancel my FEHB coverage after I retire and re-enroll later?

If you cancel your FEHB enrollment as an annuitant, you will **never** be able to re-enroll in FEHB. However, you may **suspend** your FEHB enrollment in order to enroll in a Medicare Advantage plan, TRICARE or CHAMPVA, or Medicaid or similar State-sponsored program of medical assistance.

### Can my family members continue coverage after I die?

Yes, if you are enrolled for Self and Family at the time of your death, and at least one family member is entitled to an annuity as your survivor.

### What are some other important things I should know about my FEHB enrollment?

If you are not enrolled in FEHB (or covered as a family member) at the time of your retirement, you **cannot** enroll when you retire.

For more information about your FEHB health insurance coverage, contact the HR Service Center at [HRSC@state.gov](mailto:HRSC@state.gov) or by calling toll free at (866) 300-7419.

# From AFSA

## AFSA Speaker Series: Social Security

On Thursday, Nov. 14, AFSA hosted the seventh installment of its *Speaker Series on Federal Benefits*. Edward Zurndorfer, a certified financial planner, spoke about “What You Need to Know about Social Security.”

Zurndorfer is the owner of EZ Accounting and Financial Services, an accounting and financial services firm in Silver Spring, Md. He has written several publications for the Federal Employees News Digest (FEND) and is the moderator of FEND’s popular Federal Soup Question and Answer Forum. He spends most of his time teaching employees about retirement planning. You can reach Zurndorfer by visiting [www.federalsoup.com](http://www.federalsoup.com) or [www.myfederalretirement.com](http://www.myfederalretirement.com).

He provided a comprehensive overview of Social Security starting with the history of the program. Signed into law in 1935 by President Franklin D. Roosevelt, Social Security is a U.S. government insurance program. It is not a “welfare” system since all benefits are earned. The benefits received are in proportion to the amount of contributions (payroll taxes) paid into the system. It was never intended to be the sole replacement for an individual’s wages in retirement. Social Security is there to supplement your other income; savings, 401Ks, and pensions. Currently, 30 to 45 percent of income after retirement comes from Social Security. The lower your income, the higher the percentage you will rely on Social Security in retirement.

The way Social Security works is that an X number of individuals put into the system while a Y number take out. In 1940 that ratio of X to Y was 16 to 1 and the first Social Security check in 1940 was for \$25. Today the ratio is 2 to 1. Ed briefly talked about potential changes to the system that will be grandfathered in; meaning changes will only affect individuals born after a certain date and not anyone currently receiving Social Security. The most likely changes will be to raise the full retirement age (FRA) to 69, possibly raise the FICA tax, or remove the cap on wages taxed. In 2014, \$115,100 will be the Social Security earnings limit, any wages earned above that amount will not be taxed for Social Security. Ed told the audience not to worry about the system going broke or being taken away. He said, “If any Congress or administration tried to take away Social Security, there would be riots.”



### *How are Social Security benefits earned?*

Individuals are entitled to Social Security benefits after earning 40 work credits; sometimes known as “quarters of coverage” or QC’s. Credits are “earned” when an individual earns income that is subject to Social Security taxes (FICA tax is 6.2 percent of salary/wages). This income includes wages and self-employment income. Starting in 1978, a credit of coverage is earned any time a worker receives a QC amount in covered wages, no matter when the wages were earned, with no more than 4 QC’s in any calendar year. In 2013, the amount of covered wages to earn a credit of coverage was \$1,160. QC’s are never lost – even if one stops working.

An individual is guaranteed a Social Security check at age 62 only if they are “fully insured,” meaning they have at least 40 QC’s. They will not receive their full retirement benefit until they reach their “full retirement age” (FRA). From age 62 until their FRA they will receive a reduced benefit by a percentage based on the year they were born. One can receive additional benefits if one decides to receive retirement benefits after one’s FRA; an additional 8 percent per year for each year waited past FRA until age 70. For individuals still working past FRA it makes sense to wait until age 70 to start receiving your Social Security benefit to gain the additional eight percent. Under no circumstances does it make sense to wait until after age 70 to start taking your Social Security benefit. Ed’s advice was to base your decision on your health and career. If you are still working and relatively healthy, you should wait until age 70 to take your benefit. If not, you should take your full benefit at your FRA.

## Budget Compromise

Current federal employees and retirees are not affected by the recent bipartisan budget deal agreed to by the congressional budget conference committee.

The agreement includes \$63 billion of sequestration relief, \$85 billion of total savings, and \$23 billion towards deficit reduction. The agreement will set discretionary spending level for FY2014 at \$1.012 trillion and \$1.014 trillion in FY2015.

New Foreign Service employees hired on or after January 1, 2014, who lack extensive prior federal service, will have to pay 4.95 percent towards the Foreign Service Pension System (FSPS) 1.3 percentage points more than the current 3.65 percent that employees hired after 2012 contribute.

Overall this deal is not perfect, but it is better than some of the proposed changes that were on the table. There were reports of a 5.5 percent increase for all employees, eliminating the Social Security Annuity Supplement, and changing the pension computation from a high-3 to a high-5.

None of those changes made the final budget agreement.

AFSA, along with the members of the Federal-Postal Coalition, sent the following letter to Sen. Murray and Rep. Ryan urging them not to cut any benefits for current federal employees and retirees.



*Dear Chairmen Murray and Ryan:*

*As you continue working on a budget deal for the coming fiscal years, the Federal-Postal Coalition, which represents more than five million federal and postal workers and retirees, strongly urges you to avoid continuing to financially punish our nation's federal workforce. Media reports have indicated that the committee is strongly considering changes to federal employee pensions that increase contributions and/or reduce benefits.*

*Federal workers have sacrificed over \$113 billion for deficit reduction since 2011, including a three-year pay freeze and increased pension contributions for newly hired employees. This figure does not include the up-to-eight furlough days caused by sequestration this summer and a 16-day shutdown in October which resulted in financial hardship and profound anxiety for half the government's workforce and their families.*

*Given these contributions, we are dismayed to learn that increasing the pension contributions and/or changing the retirement formula for current federal employees is on the table in the budget conference discussions designed to finance a two-year lifting of sequestration. The proposal would effectively cut the take-home pay of federal employees who are already struggling financially. Some refer to these changes as "fees" on the federal workforce. Make no mistake about it – this is a tax on federal employees pure and simple; the only constituency who would be taxed under your proposed budget.*

*This is simply unacceptable. No other group of Americans has contributed to deficit reduction the way federal employees have. It is time for Congress to do its job and find other ways to reduce the deficit than continually taking from our members whose only sin has been to dedicate their lives to federal service.*

*We urge Members of the Budget Conference Committee to listen to the thousands of federal employees in their own home states. It is time to arrive at a fair, sustainable and effective solution for ending sequestration without harming those who dedicate their lives to keeping our country and its citizens safe.*

*Thank you for your time and consideration of our views.*

AFSA will continue to advocate for the protection of your earned benefits. We will keep you informed about potential changes to your benefits along with other legislative issues.

For more information or to get involved please feel free to contact our Director of Advocacy, Javier Cuebas at [Cuebas@afsa.org](mailto:Cuebas@afsa.org) or (202) 944-5517.

## Tell Your Story

In 2014, we will mark the 90th anniversary of the modern Foreign Service. In 1924, Congress passed the Rogers Act, which created the professional Foreign Service. In that same year, Foreign Service members founded the American Foreign Service Association.

In recognizing this historic milestone, AFSA has set out to deepen public understanding of diplomacy, development and foreign affairs and celebrate the accomplishments of the men and women who serve – and have served – at U.S. foreign affairs agencies over nine decades.

We believe there's no better way to do this than to share the stories of the Foreign Service – and there is no one better able to tell those stories than members like YOU.

As part of AFSA's commemoration of the birth of the modern Foreign Service, we're asking members to send us their brief – 100 words or so – story about the time when they were the most proud of being part of the U.S. Foreign Service.

Submit your stories through [stories@afsa.org](mailto:stories@afsa.org) and throughout 2014 we will share them via social media, the AFSA website, our various publications, and various other means. Along with your submission, give us your name, let us know where you were serving, where you are now, and your hometown.

**You are the Foreign Service – help us tell your story!**

### Applications for AFSA Youth Scholarships

AFSA members' tax-dependent children can apply until February 6, 2014, for \$2,500 Academic and Art Merit Awards (for current high school seniors) and until March 6, 2014, for \$3,000-\$5,000 need-based financial aid scholarships for college undergraduates. Unfortunately, grandchildren of AFSA members are not eligible to apply.

For complete details and to apply go to [www.afsa.org/scholar](http://www.afsa.org/scholar) or contact Lori Dec at (202) 944-5504 or [dec@afsa.org](mailto:dec@afsa.org).

## You have traveled the world and met many interesting people. Why not continue!

If you move to a Goodwin House community, you will find many other AFSA retirees who have shared experiences. In addition, you can lock the door and leave to go travel without worrying about leaving your home unattended. No more worries about a burst pipe and your home flooding, or security issues while you are away. And the best part is you will know that you are making a good financial decision.

Call us today to attend an informational luncheon so you can learn more about our communities in Alexandria and Bailey's Crossroads. Both boast beautiful apartments with amazing views and lots of wonderful amenities and a reputation that puts Goodwin House at the top of smart consumer's lists.



Call 703-824-1186 or visit our website [www.goodwinhouse.org](http://www.goodwinhouse.org)

## From the Department

### Important Message about your FEGLI Insurance

If you have a life insurance policy under the Federal Employees' Group Life Insurance (FEGLI) program and you submitted a FEGLI beneficiary designation form after you retired, the Department of State urges you to submit a new form now.

In several recent cases, the FEGLI administrator paid insurance benefits to a former spouse because the most recent beneficiary designation form was not on file with the Office of Personnel Management (OPM).

This message does not apply if you completed your most recent FEGLI beneficiary designation form while still an active employee. Employee-signed forms remain on file with the Department of State and will be honored by the Office of FEGLI even if they were not on file with OPM (the same is not true for beneficiary designation forms signed by annuitants after retirement).

This message also does not apply if you have never submitted a FEGLI beneficiary designation form because you want the insurance benefits to be paid according to the statutory order of precedence (which is what happens if no beneficiary designation form is on file).

To obtain the beneficiary designation form, download Standard Form 2823 "Designation of Beneficiary—FEGLI Program" from [RNet.state.gov](http://RNet.state.gov) (located under "Forms") or from [www.opm.gov](http://www.opm.gov) (type "2823" in the search box). Alternatively, contact the Human Resources Service Center at [HRSC@state.gov](mailto:HRSC@state.gov) or 1(866) 300-7419 to have a paper copy mailed to you.

Please follow the form's instructions carefully. Incorrectly completed and/or incorrectly submitted forms may not be valid for payment by FEGLI. If you submit a new form, it will take precedence over any prior designation currently on file with OPM. **Mail the form to:**

Office of Personnel Management  
Retirement Operations Center  
P.O. Box 45  
Boyers, PA 16017-0045

Do not mail the form to the Department of State. FEGLI will only honor annuitants' forms that are received and on file at the OPM Boyers, PA, address.

Within three months of receipt, OPM will send you a receipted copy as proof that your new beneficiary designation is on file. If you do not receive that confirmation within three months, you may contact OPM's Retirement Operations Center by email at [retiree@opm.gov](mailto:retiree@opm.gov), by writing to the Boyers address, or by calling (888)767-6738. If you contact OPM, explain that you are a Foreign Service annuitant and provide your Social Security Number.

Please do not contact OPM to ask who your current FEGLI beneficiary is. If you are not sure, simply submit a new designation form according to the instructions above.

If you have questions about this message, please contact the Human Resource Service Center at [HRSC@state.gov](mailto:HRSC@state.gov) or (866) 300-7419. For general FEGLI program information, see OPM's website at [www.opm.gov](http://www.opm.gov) under "Insurance".

### WAE Employment Opportunity

The Office of Information Programs and Services (A/GIS/IPS) invites Foreign Service employees who retired in grades 01 or above to apply for the IPS When Actually Employed (WAE) program. IPS is responsible for responding to records access requests made by the public, by members of Congress, by other government agencies and those made pursuant to judicial process such as subpoenas, court orders and discovery requests. IPS is also responsible for national security classification management and declassification review.

The work consists of reviewing official documents and making decisions about releasing information to the public pursuant to various authorities. Sectors of activity include response to inquiries from the public for information from official files, electronic and paper review of historical documents, review of historical manuscripts and documents for inclusion in official history publications, review of documents being produced to Congress, pre-publication review of articles and manuscripts by former Department employees and FOIA litigation work. Hourly pay is set at the GS rate comparable to your FS rate at retirement. Interested FS-01 or higher retirees who are able to obtain at least two bureau endorsements should contact IPS WAE Program Manager Keith Marsh at [MarshK@State.gov](mailto:MarshK@State.gov) to learn more about employment eligibility.

## Department Spotlight

The Bureau of Conflict and Stabilization Operations (CSO) was created in 2011 to serve as a vital part of the ambitious U.S. effort to be more effective in helping prevent conflict and supporting post-conflict nations recover. CSO advances U.S. national security by working with partners in priority countries to break cycles of violent conflict, strengthen civilian security, and mitigate crisis.

The CSO Bureau's top-priority initiatives are:

- **Syria:** Providing unarmed Syrian civilian opposition groups the skills, knowledge, networks, and equipment to interrupt cycles of violence and shape the critical first year of Syria's political transition.
- **Honduras:** Reducing drug- and gang-related violence through support for public security reform and expanding judicial and investigative capacity.
- **Nigeria:** Helping develop a TV series and associated social media highlighting examples of government and communities solving problems in order to increase citizens' trust in government and thus deter violence in the oil-rich Niger Delta.
- **Burma:** Supporting the efforts of the government, minority populations, civil society and other stakeholders to address landmines, including raising awareness, clearing minefields and supporting victims.
- **Bangladesh:** Working with religious leaders, youth, women, entrepreneurs and others to promote legitimate and peaceful political discourse to counter messages that might incite violence during the election season.

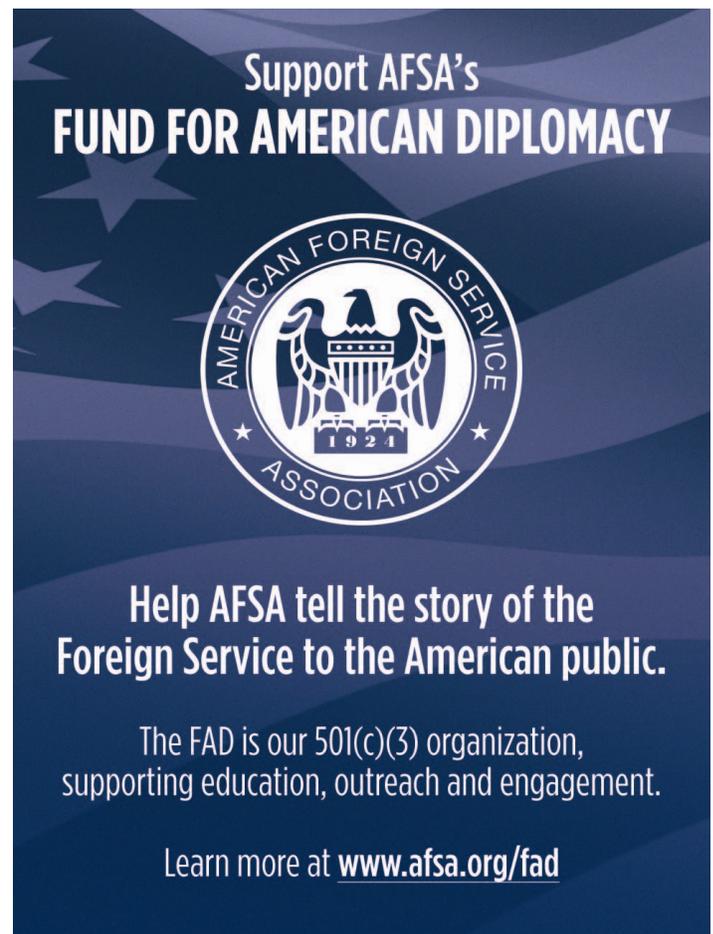
On a smaller scale, CSO also is working on Somalia, Senegal, and a few other countries. The Bureau is countering Joseph Kony's Lord's Resistance Army by encouraging defections and working across four Central African countries with local partners, militaries, governments and policymakers.

For more information about the bureau please visit their website at <http://www.state.gov/j/cso/> and if you have any further questions you can e-mail them to [crn@state.gov](mailto:crn@state.gov).

### Volunteers Needed to be Merit Award Judges

We are searching for AFSA members to serve as academic and art merit award judges for our merit awards program open to aspiring Foreign Service high school seniors. Judges are invited to attend the May 2nd reception hosted at AFSA for local winners.

Specifically, we are searching for art judges who have expertise in creative writing, or performing, visual and/or musical arts. To explore this further, please contact AFSA Scholarship Director Lori Dec at [dec@afsa.org](mailto:dec@afsa.org) or (202) 944-5504.



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Learn more at [www.afsa.org/fad](http://www.afsa.org/fad)

## WAE Survey

AFSA recently surveyed retired AFSA members regarding their experience as a reemployed annuitant (WAE) and their interest in the WAE program.

In August the State Department launched the new “centralized re-employed annuitant” program, a WAE roster maintained by HRSC in Charleston.

We are hoping to use the results as we advocate with the department for improvements to the system. We would like to see the process be as transparent and fair to WAE annuitants as possible.

So far we have collected over 270 responses. Among them, 72 percent say they are aware of the new centralized system.

Surprisingly, 88.1 percent say they have not signed up for the new centralized WAE system, with about a quarter responding they are already a WAE employee and thought the process was automatic.

Of the respondents who know about the centralized WAE system, 55 percent believe it will enhance the transparency in the WAE process. When asked if they are currently satisfied with the current bureau-based WAE system, 70 percent said no.

Larry Cohen, AFSA Retiree Vice President, has been very active on the WAE issue and will be doing a formal write up of the results of the survey in one of his upcoming *AFSA News* columns in *The Foreign Service Journal*.

### Updated Information on Department of State 1099-Rs

The Department of State’s (DoS) Global Compensation Retirement Accounts Division (RAD) has begun its initiative to provide contribution amount information on the 1099-R for newly retired Foreign Service individuals receiving annuities directly (i.e. this information will not be offered to former spouses and/or children receiving annuities). This information was first offered to 2012 DoS retirees and will be made available to each new retiree receiving an annuity directly in subsequent years.

These annuitants will now receive the following information on the updated 1099-R: Box 2a (Taxable Amount) specifies the portion of the employee’s annuity that is taxable within the tax year; and Box 9b (Total Employee Contributions) provides the total

amount the employee contributed, excluding Roth contributions recovered tax-free in prior years. This information mirrors the information the Office of Personnel Management (OPM) provides to its Civil Service annuitants who receive annuities directly (OPM also excludes providing this information to former spouses and/or children receiving annuities).

Questions regarding the above can be addressed by DoS’s Payroll Customer Support via email at [Pay-Help@state.gov](mailto:Pay-Help@state.gov) or via phone at (877) 865-0760.

### BBC Historical Documentary

A UK historical documentary, funded by the BBC and Arte, is looking for diplomatic staff stationed at the U.S. embassy in Vienna during March 1986.

If you or someone you know fits this description, please e-mail: [rob@thirdeyefilmproductions.com](mailto:rob@thirdeyefilmproductions.com).

### Our New Retiree Counselor

AFSA welcomes Todd Thurwachter as our new retiree counselor, replacing Bonnie Brown, who retired last November after ten years with AFSA.

Todd, a native of Wisconsin, is a retired FCS Officer who was posted to Japan, China and Germany. He brings a strong client-service orientation, gained from counseling and assisting thousands of US exporters over the years. As a Foreign Service retiree himself, Todd has personal understanding for the challenges faced by retirees. In cooperation with Matt Sumrak, Todd is committed to continuing the superb counseling and advocacy for which AFSA is known. He is also keen on developing new areas where we can add value to membership for retirees.

Todd will be in the office Monday, Wednesday and Thursday. He welcomes ideas and input at [Thurwachter@AFSA.org](mailto:Thurwachter@AFSA.org).

Retiree Counseling and Legislative Coordinators

Matthew Sumrak [sumrak@afsa.org](mailto:sumrak@afsa.org)

(202) 719-9718 or (800) 704-2374, ext. 522

Todd Thurwachter [thurwachter@afsa.org](mailto:thurwachter@afsa.org)

(202) 944-5509 or (800) 704-2372, ext. 509

[www.afsa.org/retiree](http://www.afsa.org/retiree)

## ***AFSA Speaker Series: Social Security (Cont'd)***

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### *How do you figure out your Social Security retirement benefit?*

All retirement benefits are based on one's Primary Insurance Amount (PIA). To determine PIA, one needs to know one's Averaged Indexed Monthly Earnings (AIME), which is based on one's lifetime earnings history. PIA is the amount payable at your FRA. If you start your benefits earlier, it will be less than the PIA. If you start your benefits later, it will be more than the PIA. The AIME is recomputed every year by the Social Security Administration (SSA). SSA computes an individual's AIME by taking the individual's 35 highest years of largest indexed earnings and adding them up. They call this total  $T_{35}$ . Then they divide by 420 (35 years times 12 months per year equals 420 months). So AIME equals  $T_{35}$  divided by 420.

Ed recommended that everyone visit [www.socialsecurity.gov](http://www.socialsecurity.gov) to create a "my social security" account to use the retirement estimator. This tool will tell you what your benefit will be at age 62, at FRA, and at age 70, in current dollar amounts. He encourages you to do this every year to stay current. Ed also suggested you check your

earnings history to make sure the amounts are correct. SSA gets the information from your employer and your W-2, so check your social security statement to make sure all your wages are correct.

The three-hour video is available for viewing at [www.afsa.org/AFSAvideos.aspx](http://www.afsa.org/AFSAvideos.aspx). The PowerPoint slides and outline used during the seminar are also available on our website at [www.afsa.org/retiree](http://www.afsa.org/retiree).

## ***ATTENTION VA RESIDENTS***

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At the suggestion of one of our members AFSA is leading the charge to create customized Foreign Service license plates for Virginia residents. VA offers more than 200 [special plates](#) that enable people with a common interest to identify or promote themselves or their cause. However, legislative action is required along with 450 prepaid applications. We already secured the support of VA Delegate Alfonso Lopez to get it done. If you and/or a family member would like to show your FS pride and/or get additional details, please send an email to [murimi@afsa.org](mailto:murimi@afsa.org) with the subject line VA Plates.