



AFSA NEWSLETTER

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Federal Benefits Speaker Series



Jeannie Singleton of the Federal Long Term Care Insurance Program

On July 21 AFSA presented the ninth installment in our ongoing speaker series on Federal Benefits issues, building on previous programs covering Medicare, FEHB health insurance, TSP, divorce, and Social Security. The subject **Federal Long Term Care Insurance and Survivor Annuities** was addressed by two experts: Jeannie Singleton and Jacqueline Long.

A certified long term care (CLTC) insurance consultant, Jeannie Singleton is the senior account manager at the Federal Long Term Care Insurance Program (FLTCIP). She began by describing long term care as non-skilled, “custodial” care that helps with activities of daily living, such as dressing, eating and bathing, and/or supervision due to cognitive impairment, like Alzheimer’s disease. After age 65, Americans have a 70 percent chance of needing some LTC during their lives. While LTC can be done by nursing homes, assisted living facilities and adult day care centers, about 80 percent is provided at home by unpaid caregivers, often cutting into caregivers’ own financial security.

On average, a person needs 2.7 years of LTC. Home care can cost more than \$30,000 per year; assisted living, more than \$41,000 per year; and semi-private nursing homes, \$83,000 per year

(national average) and more than \$110,000 in the D.C. area. What covers it? Long term disability insurance replaces a worker’s income and helps pay living expenses, but not for LTC itself. Long term disability insurance also typically disappears in retirement. Health insurance generally only pays for those getting better. Provided that certain stipulations are met, Medicare may cover up to 100 days in a nursing home following at least three nights of hospitalization.

The formerly common practice of the elderly transferring assets to kids, for the purposes of then qualifying for Medicaid, has become harder since a five-year scrutiny of asset transfers, or “look-back” period was instituted (guidelines vary by state). It may be very difficult for FS annuitants to qualify for Medicaid, based on their annuity income. LTC may not be automatically provided by the VA if the beneficiary is less than 70 percent service connected disabled. So for many people, the choice is paying out -of-pocket or purchasing LTC insurance.

Of course, many of us expect our spouse to care for us when that time comes. But note, if your spouse can’t carry you now, he or she won’t be able to carry you 10 or 15 years from now. You may need outside help. The Federal Long Term Care Insurance Program not only covers licensed home health aides, it will also pay for family members (but NOT spouse) for up to 500 days (altogether) at the “going rate” for unskilled caregivers. FLTCIP will also pay for care in assisted living facilities, nursing homes, hospices and adult day care. Purchasers must make three key decisions: (1) the daily benefit amount or DBA: \$100 - \$450 per day in \$50 increments, (2) the benefit period: two, three, five years, or unlimited, and (3) inflation protection: 4 percent automatic compound inflation option (ACIO), 5 percent ACIO, or future purchase option (FPO).

A lower DBA means lower premiums, and \$150 is a popular DBA. Three years is the most popular benefit period. If one chooses ACIO inflation protection, coverage grows each year while

Federal Benefits Speaker Series (continued)

premiums are designed to remain level (premium rates are not guaranteed). ACIO inflation protection may make sense when younger, but over 65, people tend to choose FPO, allowing purchase of an adjusted new plan every two years, albeit with a higher premium. All plans have a 90-day waiting period for benefits, satisfied once in one's life; but FLTCIP exempts hospice and the stay at home benefit feature, which are paid from day one. Policy holders can collect 80 percent of the DBA outside the United States. One can't apply for LTC insurance if currently in long term care, using oxygen, or other specific disqualifiers. FLTCIP premiums are the same for men and women (in the private sector, women pay more). Premium payments stop during the period one is receiving LTC benefits.

In the Q&A that followed, Singleton confirmed the need to follow federal and state tax (including Social Security) regulations for LTC workers, including family (informal) caregivers; and that couples may have different plans, based on individual needs. The FLTCIP is a medically underwritten policy, meaning that certain medical conditions, or combinations of conditions, maybe prevent one from being offered coverage. The average age to purchase LTC is now 52, down from 57 when FLTCIP was launched in 2002. Financial guru Suzie Orman may recommend purchasing LTC insurance at 65, but don't forget, if an LTC issue comes up before then, one will no longer be eligible for LTC insurance. One can apply while working or in retirement (as long as the retiree, or qualified relative, is receiving a Federal or military pension); once purchased, the policy is good as long as premiums are paid. Qualified dependents can purchase FLTCIP even if the federal employee does not. Singleton explained that CLTC consultants, like herself, do not work on commission and can't provide financial advice, but can provide personalized plans, rate quotes and policy comparisons. She encouraged people to visit the website (www.LTCFEDS.com) or call (1-800-582-3337, Option 2) for more information.

Ms. Long is the chief policy advisor for the State Department's Office of Retirement, where she provides guidance to staff, counsels employees, conducts retirement presentations, and serves as the liaison between the Office of Personnel Management and the State Department on various retirement issues. She stressed that a survivor annuity is *only* payable if the annuity had been reduced to provide that survivor benefit, the surviving spouse was married to the annuitant at the time of the

annuitant's death, and one of the following three requirements is met: (1) married at least nine months, (2) the marriage produced a child, and (3) annuitant's death was accidental. Effective June 26, 2013, same-sex married couples receive the same survivor benefits as heterosexual married couples. At retirement, FSRDS annuitants could select a maximum survivor benefit of 55 percent of the unreduced annuity or any amount below, costing slightly less than 10 percent of the unreduced annuity. FSPS annuitants could select either a 50 percent or 25 percent survivor benefit, costing 10 percent or 5 percent respectively of the unreduced annuity.

Annuitants may also elect a survivor annuity for a spouse acquired after retirement. For FSRDS, the election must be made within one year of marriage and the annuity is reduced the first day of the month after one year of marriage. For FSPS, election must be made within two years of the date of marriage, but after the marriage has reach the nine month duration requirement. The reduction is effective the first day of the second month after the election is received.

For a surviving spouse to continue federal health benefits, the annuitant must have been enrolled in the "Self & Family" option at the time of death. If a spouse does not receive a survivor benefit, that spouse is not eligible for continued coverage under the annuitant's federal health plan. Ms. Long encouraged the audience to visit the website (www.RNET.State.gov) or email HRSC@state.gov for any unanswered questions.

The video of the seminar is posted on AFSA's website at www.afsa.org/video. The PowerPoint slides used during the presentations can be found at www.afsa.org/retiree.



AFSA members listen to presentation on long term care and survivor annuities.

Crediting Prior Federal Civilian Service to Calculate Your Annuity

The following was taken from the State cable sent by the Office of Retirement on June 10, 2014. The next AFSA Newsletter will detail the process of crediting prior military service.

Your total length of creditable service is a basic factor in determining when you are eligible to retire and in computing your annuity benefit. If you had federal civilian service prior to joining the State Department, you can increase your Foreign Service or Civil Service pension by obtaining credit for that service. You must apply for prior service credit for retirement purposes—separate from the process by which prior service time is automatically added to a new employee's service computation date for leave accrual purposes.

In most cases, credit is obtained by making a deposit to cover the employee retirement contributions (plus interest) that were not made originally. While no deposit is required to transfer Civil Service retirement credit to the Foreign Service retirement fund (or vice versa), the employee must proactively request that transfer of funds. Eligible employees are encouraged to obtain credit for their prior service long before they plan to retire. In most cases, delaying increases the interest charges that the employee must pay. Also, applications for prior service credit made shortly before retirement can delay the processing of the retirement application.

Most of prior permanent federal civilian appointments qualify for credit, including service as a Peace Corps or VISTA volunteer. Periods of service under a personal service contract or personal services agreement usually do not qualify for retirement credit, nor does work in Intermittent No Work Scheduled (INWS) status under the Family Member Appointment (FMA). Special rules apply in other circumstances, so inform HR/RET of all prior service.

Starting the process of applying to buy back prior service credit does not obligate the employee to finalize the process by paying. The employee can make that decision after the Office of Retirement (HR/RET) has calculated the repayment charge and explained how much added annuity the employee stands to receive.

To receive retirement credit, you should ensure that documentation of any previous federal employment showing their dates of service is on file in the administrative section of their Official Performance File (accessible via eOPF on HR Online). If the eOPF is incomplete, employees should send a photocopy of the documentation to U.S. Department of State, Records and Information Management Division, HR/EX/RIM, SA-1 H-804, 2401 E Street, NW,

Washington, DC 20522-0108, FAX 202-663-1862, to add to the employee's eOPF.

For employees covered under a Civil Service retirement plan prior to being appointed to the Foreign Service (or vice versa), there is no need to make an additional deposit for that credit (unless you received a refund of your retirement fund contributions) however paperwork must be done to transfer funds between the two retirement accounts. To request the transfer, employees should email HRSC@state.gov stating that you wish to have your Civil Service retirement funds transferred to the Foreign Service pension fund (or vice versa). The process can take time, so it is best to initiate the transfer at least one year prior to retirement.

Employees who received a refund of retirement contributions made during prior federal service, but now wish to redeposit that amount, may need to repay that money with interest for service to be creditable for computing their annuity. Please email HRSC@state.gov to initiate a review the specifics of the case. Below are the application procedures for buying back credit for civilian service that was not subject to withholding. They differ according to retirement plan:

Foreign Service Pension System (FSPS): Employees may buy back credit for prior civilian service that was not subject to withholding only if that service occurred prior to 1989 or was Peace Corps or VISTA service anytime. To apply for credit, click on EBIS (Employee Benefits Information System) on HR Online and then use the "HR Link" module to apply. HR/RET will determine what deposit the employee needs to make (3 percent of the prior basic pay, plus interest) and will explain how to make that payment. Once the deposit is made, the employee's records will be updated to show the added creditable service.

Foreign Service Retirement and Disability System (FSRDS): Employees who performed prior civilian service during which no retirement deductions were withheld, may buy back credit. To apply for credit, click on EBI (Employee Benefits Information System) on HR Online and then use the "HR Link" module to apply. HR/RET will determine if the employee needs to make a deposit (usually 7 percent of the prior basic pay, plus interest) and will explain how to make that payment. Once the deposit is made, the employee's records will be updated to show the added creditable service.

For more information, click on the "Information" tab in EBIS on HR Online or email HRSC@state.gov.

Retiree Spotlight: Robert W. "Bill" Farrand



Born in Watertown, N.Y., Bill Farrand received a B.S. from Mount Saint Mary's College and a master's degree in economics from Georgetown. Following six years as a Naval Officer, Bill entered the Foreign Service in 1964, serving in Malaysia, the then-Soviet Union, then-Czechoslovakia, and Bosnia. He served as ambassador to Papua, New Guinea, Solomon Islands and Vanuatu from 1990 to 1993. In the State Department he served in the Economic Bureau, European Bureau, and then-Human Rights Bureau, where he was principal DAS. He is a graduate of the National War College (1981). Married with five children, Bill lives in McLean, Va.

AFSA: When and why did you join AFSA?

Farrand: When I joined the Foreign Service in 1964, AFSA made a good case for joining. I just realized, this year marks my 50th anniversary in AFSA. I don't consider myself a joiner; but to secure summer construction jobs, I had joined the AFL Carpenter's Union. So becoming an AFSA member, the Foreign Service's union, was a natural step for me. In college, I was impressed by John Kenneth Galbraith's contention that countervailing economic forces are needed to restrain corporate power in a capitalist economy. Similarly, without a countervailing force to balance the government's power, Foreign Service interests can be treated cavalierly. I felt joining AFSA would help protect Foreign Service interests.

AFSA: Did you find AFSA helpful while active?

Farrand: One example should do. The State Department was seeking to assign a civil servant to the consul general position in Melbourne. AFSA

objected on the grounds that this was a Foreign Service position and several qualified senior Foreign Officers, some from hardship posts, were bidding on the job. After a long wrangle, the department did the right thing and withdrew its candidate from consideration. I'm sure there are other cases like these. AFSA's role in all of them is to look after the interests of the Foreign Service.

AFSA: How did you adjust to retirement?

Farrand: There was no adjustment—initially. I retired from the career foreign service on September 30, 1998, but the next day—my first day of "retirement" I continued doing exactly what I had been doing for the last year and a half in Bosnia. I had been sent to Bosnia in March 1997 to help make the Dayton Peace Accord work in the hotly contested city of Brcko. Our first priority was to restore freedom of movement in and out of the city, which required establishing a tri-ethnic police force. That was a prerequisite to enable non-Serbs to exercise their right to return home. We had to restore multiethnic government institutions across the board and take first steps to reinvigorate a moribund economy. That work was far from done by the time my mandatory retirement date rolled around, so I was immediately rehired as a contractor with the same mission as before.

AFSA: And once you were home again?

Farrand: After more than three years wrestling with such a nontraditional mission in Brcko, I retired to my home in Northern Virginia to lick my wounds. But not for long. A bit later, I was invited to join George Mason University's Peace Operations Policy Program, where I began gathering materials for a book. Soon after, the U.S. Army asked me to participate as a role player in military readiness exercises (MRXs) designed to replicate and rehearse situations Army units would confront in trouble spots abroad. The Army recruited over a dozen retired FSOs to bring a critical civilian perspective to bear. I also found myself speaking before academic and military groups. Meanwhile, my book was slowly taking shape. It was finally launched in November 2012 to positive reviews.

AFSA: Why did you continue AFSA membership in retirement?

Farrand: Having had a positive experience in AFSA while on active duty, it was natural to continue my AFSA membership in retirement. AFSA advocates

Retiree Spotlight (Continued)

on issues critical to FS retirees; I felt I should be part of that process. AFSA can help members make their cases more effectively on issues like security clearances, without which retirees are not eligible for WAE assignments. Members have approached AFSA frustrated by an often opaque WAE application process. AFSA can play an important role making the WAE application process fairer and more transparent. An empathetic AFSA voice can help guide surviving spouses through difficult times, assuring they get all the benefits due them without delays. Of AFSA's 16,000 members, only about 4,000 are retirees. There are about 11,000 retired Foreign Service annuitants out there who could and should be members of AFSA.

AFSA: Is that why you volunteered to serve AFSA?

Farrand: Twice I was cajoled into running for AFSA VP for Retirees. Since there was no other candidate, there could be no landslide vote against me, so I jumped in. The key issue for me was getting inside the decision-making loop of new retirees, encouraging them to keep AFSA membership in retirement.

AFSA: After two stints as AFSA VP for Retirees, what possessed you to take on the demanding chairmanship of the Elections Committee?

Farrand: Good question. I guess I'm just a glutton for punishment. But there's no escaping the fact that a scrupulously fair and transparent election process is critical to the health and vitality of AFSA. We introduced the electronic ballot in 2013, with wide approval by members, and will continue to improve the process for 2015.

AFSA: Your contributions for retirees and for improving the integrity of the voting process have been major advances for AFSA. Thanks so much for your dedicated service and congratulations on your 50th anniversary as an AFSA member.

—Retiree Spotlight is a new feature of the AFSA Newsletter— an interview with AFSA Retirees. If you would like to share your story please contact us at retiree@AFSA.org.

Ambassadorial Nominees

Among AFSA's recent outreach and advocacy efforts, we have worked to address the unprecedented backlog of ambassadorial nominees currently awaiting confirmation in the Senate. We believe this issue is of great concern to our members because of its negative impact on the Foreign Service and U.S. foreign affairs. We continue to monitor this situation and sent a call to take action to members on August 15. For more information please visit www.afsa.org/press and www.afsa.org/OutreachPrograms/LatestAFSAnetMessages.aspx

Ambassador Name	Post/Country	Date Nominated	Days Since Nomination*
Thomas Daughton	Namibia	06/30/13	401
John Hoover	Sierra Leone	07/10/13	391
Donald Lu	Albania	07/25/13	375
Noah Mamet†	Argentina	07/31/13	370
John Estrada†	Trinidad & Tobago	07/31/13	370
Karen Stanton	Timor-Leste	07/31/13	370
Amy Hyatt	Palau	07/31/13	370
Matthew Harrington	Lesotho	08/01/13	369
George Tsunis†	Norway	09/11/13	326
Luis Moreno	Jamaica	09/11/13	326
Eric Schultz	Zambia	09/17/13	320
Robert Barber†	Iceland	10/30/13	277
Mark Gilbert†	New Zealand/Samoa	10/30/13	277
Colleen Bell†	Hungary	11/07/13	268
Maureen Cormack	Bosnia and Herzegovina	11/21/13	255
Nina Hachigian†	ASEAN	01/16/14	193
Cassandra Butts†	Bahamas	02/10/14	174
George Krol	Kazakhstan	05/05/14	92
Mark Lippert†	South Korea	05/05/14	92
Ted Osius	Vietnam	05/15/14	82
Marcia Bernicat	Bangladesh	05/22/14	75
James Pettit	Moldova	05/22/14	74
John R. Bass	Turkey	06/04/14	62
Leslie Ann Bassett	Paraguay	06/04/14	62
Allan P. Mustard	Turkmenistan	06/04/14	62
Todd D. Robinson	Guatemala	06/04/14	62
Kevin D. O'Malley†	Ireland	06/05/14	61
Jane Hartley†	France	06/09/14	57
Earl Robert Miller	Botswana	06/16/14	50
Donald Heflin	Cabo Verde	06/16/14	50
Erica Barks-Ruggles	Rwanda	06/16/14	50
Brent R. Hartley	Slovenia	06/16/14	50
David Pressman†	UN Political Affairs	06/16/14	50
Robert F. Cekuta	Azerbaijan	07/09/14	27
S. Fitzgerald Haney†	Costa Rica	07/09/14	27
Judith Beth Cefkin	Fiji/Kiribati/Nauru/Tonga/Tuvalu	07/09/14	27
Jess L. Baily	Macedonia	07/09/14	27
Margaret Uyehara	Montenegro	07/09/14	27
James Zumwalt	Senegal and Guinea-Bissau	07/09/14	27
Michele Sison	UN Deputy Representative	07/09/14	27
Richard Mills	Armenia	07/14/14	22
Craig B. Allen	Brunei Darussalam	07/14/14	22
Charles Adams, Jr.†	Finland	07/17/14	19
Virginia E. Palmer	Malawi	07/21/14	15
Barbara A. Leaf	United Arab Emirates	07/21/14	15
William V. Roebuck	Bahrain	07/21/14	15
Perry Holloway	Gyuna	07/28/14	8
Pamela Spratlen	Uzbekistan	07/28/14	8

* Data as of August 4, 2014

† Denotes a political nominee

TSP Withdrawal Options

For many federal retirees their Thrift Savings Plan is one of their three sources of retirement income besides their annuity and social security.

Here we lay out three options for withdrawing TSP funds in retirement and what the pros and cons are of each.

Option 1: Lump Sum Withdrawal

With this option you can elect to choose any amount, some or all of your TSP, in a lump sum withdrawal, but you are only allowed to use this option twice. After your first lump sum amount, if you plan to take another withdrawal, you must take out the entire remaining TSP balance. Also if you took an Age Based In Service Withdrawal while working, that counts as one of your lump sum withdrawals, and you'll have to take out the entire remaining balance. So you can not use your TSP as a "rainy day" or emergency fund, pulling withdrawals as you need them.

Option 2: Monthly Payments

You are able to select any dollar amount you need and receive it on a consistent monthly basis. There are a few things you need to be aware of, however. First you can only increase or decrease your monthly payments once a year. Second, depending on how much you're taking out and how much interest your TSP fund choices are earning, you could run out of money at some point and your entire TSP balance could fall to zero.

Option 3: Lifetime Income

The final option is to elect a lifetime income stream. TSP will annuitize your TSP balance to provide you income that is guaranteed to last you for the rest of your life. This can be a great option to insure you don't ever run out of income, but there are some negatives, as well. First, you lose access to your TSP asset; it now becomes strictly an income source. Also, if you choose the income option for your life only and something happens to you early in retirement, there will be no death benefit for your spouse or loved ones. Another negative is inflation. If you choose the lifetime income option and live a long and healthy retirement, your income will lose a lot of purchasing power because lifetime income does not increase over time.

For more information please view our TSP presentation with Randy Urban at www.afsa.org/retiree and visit www.tsp.gov.

AFSA Scholarship Fund



Thanks to our generous donors, many of them retirees, AFSA has been able to offer \$199,300 in need-based, undergraduate financial aid scholarships to 54 AFSA member's children this year.

For details on donating to the AFSA Scholarship Fund or questions on applying for an AFSA scholarship, please contact Lori Dec, AFSA Scholarship Director, at (202) 944-5504 or dec@afsa.org.

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Moments in U.S. Diplomatic History



Ken Brown, a former ambassador, is president of the Association for Diplomatic Studies and Training.

AFSA honors former Ambassador Ken Brown as he retires from his post as president of the Association for Diplomatic Studies and Training (ADST) in September.

Many AFSA members may know him as the husband of Bonnie Brown, former AFSA Retiree Counselor; but Ken has been president at ADST for more than 13 years. Starting in 2001, he has presided over significant development at ADST, including the unique and extensive Foreign Affairs Oral History Collection.

Although he is stepping down as president, Ken will be staying on as staff at ADST to assist with the oral history program.

Congratulations to Ken on all his accomplishments!

The following excerpt is taken from the oral history collection, reprinted here with permission from ADST.

You can find the full excerpt and additional Moments in U.S. Diplomatic History by visiting adst.org/moments.

The Happiest Diplomatic Meeting Place on Earth

Despite its less-than-auspicious opening on July 17th, 1955 (unexpected massive crowds, insufficient water and melting pavement), Disneyland has occupied an almost mythical place in people's hearts for generations. Yet when you think of Disneyland, you picture kids running around and/or screaming, Mickey ears, incredible rides, turkey legs and princesses—so many princesses. You probably do not think of diplomats or heads of state wandering through Sleeping Beauty's castle. And yet they're not immune to Disneyland's siren call, either. Soviet Premier Nikita Khrushchev famously wanted to attend Disneyland during his infamous 1959 visit to the United States, but was denied for security reasons (they feared possible snipers, among other things), which added even more tension to an already problematic trip.

Julius W. Walker Jr. recalls the time that Mohammed V of Morocco visited Disneyland and Walt Disney himself guided the king around the park.

Walker Jr. began his interview with Charles Stuart Kennedy in April 1992.

Walt and the King of Morocco



Mohammed V and Walt Disney standing outside Sleeping Beauty's Castle.

WALKER: Another visitor was Mohammed V of Morocco [in 1957]. He was a charming person. He was quiet, very retiring. He usually wore long, flowing robes (*jalabas*, I think they are called.)

Moments (continued)

He had a modified fez...a cross between a fedora and a fez, with a crease in it. He was a pleasant, rather shy individual.

We took him to California and visited Disneyland which had just opened. Walt Disney was there and met us at the gate. He was our guide for the day.

I have never seen two men have so much fun. Disney had all these toys that he had created and he was in love with them. Mohammed V had a great appreciation for them. They rode things, saw exhibits and did all the things any kid would do and had a marvelous time.

We went back to town and the hotel about 4 o'clock. I found out later that Mohammed V changed his clothes immediately, put on a suit and went right back to Disneyland and stayed with Walt Disney until the place closed.

He was quite a fellow.



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Retiree Counselors

Matthew Sumrak sumrak@afsa.org
(202) 719-9718 or (800) 704-2372, ext. 718

Todd Thurwachter thurwachter@afsa.org
(202) 944-5509 or (800) 704-2372, ext. 509

www.afsa.org/retiree