



AFSA NEWSLETTER

For Your Benefits: Stay Informed, Stay Connected

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Federal Benefits on the Chopping Block Again

As the budget conference negotiations between the House and Senate begin, the gap between the two chambers' budget plans remains wide.

There is little likelihood of a grand bargain or a 10-year deficit-reduction plan. Rather, the most likely outcome will be an agreement or continuing resolution that runs through the current fiscal year (through Sept. 30, 2014) or for a shorter period of time.

Federal employees have already been asked to contribute \$114 billion over a 10-year period toward deficit reduction through three years of pay freezes and increases in retirement contributions. Nonetheless, federal benefits will be targeted again during budget talks.

The threat of comprehensive changes to retirement, and health benefits and Social Security (such as the chained Consumer Price Index) would appear to be greater in the event of a grand bargain. Smaller, less controversial changes would be more likely in a short-term solution or continuing resolution. Even these smaller changes, however, would have a significant effect on federal benefits.

There are three main possibilities for inclusion in a short-term agreement. The first is an extension of the pay freeze for a fourth year. The 1-percent pay raise in the spending deal that reopened the government only extends through mid-January: federal employees could lose that meager raise in the next budget deal.

The second is an increase in federal employee retirement contributions. Chairman of the Budget Conference Committee Paul Ryan (R-WI), would increase them by 5.5 percent, the White House by 1.2 percent. Since the proposals differ only in amount, increased retirement contributions could readily be included in any budget agreement.

Third, the Foreign Service Pension System annuity supplement could be eliminated for federal employees who retire prior to age 62. Again, both sides call for the elimination of the supplement, while the president's budget calls for it only to be eliminated for new hires.

Eliminating the supplement would have a greater impact on the Foreign Service than the Civil Service because of our up-and-out system and the greater number of Foreign Service employees who retire prior to age 62. Eliminating this supplement could result in significant losses for employees who retire or are forced to retire early and are not planning on getting another job.

Bonnie Brown Retires

After ten years as AFSA's Coordinator for Retiree Counseling and Legislation, Bonnie Brown retired on Nov. 8.

During her time at AFSA, she advised and assisted hundreds of retirees and developed the *AFSA Newsletter* into essential reading on federal benefit issues, among other achievements.

In leaving, Bonnie wrote, "I have enjoyed my time at AFSA. It has been a pleasure getting to know so many delightful retirees and working with such a congenial and collaborative staff. I am looking forward to a busy retirement, taking on photography, puppy training, traveling, volunteering and other projects."

Matt Sumrak, who has been at AFSA for over a year and a half, is the Associate Retiree Coordinator. Bonnie wrote that, "Matt will continue to do a terrific job assisting retiree members." He can be reached at (202) 719-9718; (800) 704-2374, ext. 522; or sumrak@afsa.org.

2014 Health Premiums

The Office of Personnel Management announced an average increase of 3.7 percent in Federal Employees Health Benefits Program premiums in 2014.

The average increase for non-postal federal employees and retirees, however, is 4.4 percent.

The average premium increase for the Federal Employees Dental and Vision Program will be under 1 percent for dental coverage, and average premiums for vision benefits will decrease by 1.3 percent.

Nearly one million federal retirees are enrolled in the FEHBP's Blue Cross Blue Shield Standard option, where the self-only monthly premium will increase by \$4.14 and the monthly premium for family coverage will increase by \$10.49.

The Foreign Service Benefit Plan premium for Self-Only will increase by \$0.57 cents per pay period and \$1.42 per pay period for Self and Family.

The 2013 Open Season for health, dental and vision insurance and flexible spending accounts will be held from Nov. 11 through Dec. 9.

Enrollees should review the benefits and premiums for their health plan choices and decide what coverage best fits their health care needs in the coming year. Specific premium information is available on the OPM website.

The gateway for health plans is: <http://1.usa.gov/18nIQ1W>. To access FEDVIP use: <http://1.usa.gov/186j415>.



AFSA is pleased to provide online access to the 2014 *Consumer Checkbook Guide to Federal Health Plans*. The Guide will be available Nov. 11 at http://afsa.org/retiree_services.aspx.

Medicare Open Season

Fall Open Enrollment for Medicare runs from Oct. 15 to Dec. 7. During this time, Medicare enrollees can make changes to their existing Medicare coverage, which will go into effect on Jan. 1, 2014. They can:

- Switch from Original Medicare to a Medicare Advantage plan,
- Switch from a Medicare Advantage plan to Original Medicare, or
- Switch from one Medicare Advantage plan to another.

A Medicare Advantage plan is a type of Medicare health plan that is offered by a private company. The company contracts with Medicare to provide enrollees with both Part A and Part B benefits.

Medicare Advantage plans include health maintenance organizations, preferred provider plans and Medicare medical savings account plans. Most Medicare Advantage plans offer prescription drug coverage.

Before making changes to your Medicare coverage, review your current health and drug coverage to see whether your benefits will change in 2014. (Medicare B premiums will not change next year.)

If you are enrolled in the original Medicare program run directly by the federal government, take a look at the 2014 *Medicare & You* handbook. This handbook is mailed to all Medicare beneficiaries in late September. If you have not received that, you can download it at www.medicare.gov or call 800-MEDICARE and ask that a copy be mailed to you.

If you are enrolled in a Medicare Advantage plan, your plan will have mailed you two notices in September, the Annual Notice of Change and Evidence of Coverage, which describe any 2014 changes in your health plan.

People with Medicare do not need to sign up for the new Health Insurance Marketplace, because they are already covered. The Marketplace will not affect Medicare choices, and no matter how an individual gets Medicare, whether through Original Medicare or a Medicare Advantage plan, they still have the same benefits and security they have now.

2014 Medicare Premiums

The Centers for Medicare and Medicaid Services announced that the standard Medicare Part B monthly premium will be \$104.90 in 2014, the same as in 2013. The Medicare Part B deductible will also remain unchanged at \$147.

Part B covers physicians' services, outpatient hospital services, certain home health services, durable medical equipment, and other items

By law, the standard Part B premium must pay for roughly one-fourth of the average health costs for a beneficiary aged 65 and over, as well as provide a contingency fund for any variations between actual and projected costs.

The last five years have been among the slowest periods of average Part B premium growth in the program's history. Moreover, the premium has either been less than projected or remained the same, for the past three years.

Beneficiaries with higher incomes pay higher Part B monthly premiums. These income-related monthly premiums, which affect less than 5 percent of Medicare beneficiaries, will also remain the same as they were in 2013.

Beneficiaries who file individual tax returns with income greater than \$85,000, but less than or equal to \$107,000, will pay \$146.90 monthly. Those with income greater than \$107,000, but less than or equal to \$160,000, will pay \$209.80. Those with income more than \$160,000, but less than or equal to \$214,000, will pay \$272.70. Those whose income greater than \$214,000 will pay \$335.70 a month.

Beneficiaries who file joint returns with income greater than \$70,000, but less than or equal to \$214,000, will pay \$146.90 monthly. Those with income greater than \$214,000, but less than or equal to \$320,000, will pay \$209.80. Those with income greater than \$320,000, but less than or equal to \$428,000, will pay \$272.70, and those with income greater than \$428,000 will pay \$335.70 a month.

Medicare Part A pays for inpatient hospital, skilled nursing facility and some home health care services. The Medicare Part A deductible that beneficiaries pay when admitted to a hospital will be \$1,216 in 2014, an increase of \$32.

2014 COLA Increase

The cost-of-living adjustment for Social Security beneficiaries and federal and military annuitants will be 1.5 percent in 2014. The COLA is calculated by comparing consumer prices in July, August and September each year to prices in the same three months of the previous year.

The 2014 COLA increase will affect more than one fifth of the American population. It is one of the smallest since the automatic cost-of-living adjustment was adopted by Congress in 1975. Since that time the COLA has averaged just over 4 percent and has been less than 2 percent seven times, including three of the past five years.

The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$117,000 from \$113,700. Of the estimated 165 million workers who will pay Social Security taxes in 2014, about 10 million will pay higher taxes as a result of the increase in the taxable maximum.

Medicare Doc Fix Prospects

According to the Kaiser Family Foundation, Democratic and Republican leaders of two congressional committees have agreed on a framework to scrap the problematic Medicare payment formula for physicians and replace it with one that would link physician reimbursement to the quality of care provided-- a step that could end the annual "doc fix" debate.

The discussion draft released by the Senate Finance and the House Ways and Means committees would do away with the current Sustainable Growth Rate formula, which would otherwise reduce physician payments by nearly 25 percent next year. This would avoid another last-minute stop to scheduled payment cuts, which has become an annual Hill rite.

The proposal would move physicians from the traditional system in which they are paid for volume of services to one employing payment models emphasizing quality care. The proposal would repeal the SRG and hold physician pay at current levels while alternate payment models are developed. See <http://bit.ly/17DseYz>

DOMA and Health and Life Insurance Benefits

Federal Employees Health Benefit Plan

All legally married same-sex spouses are now eligible family members under a FEHB Self and Family enrollment. In addition, the children of same-sex marriages will be treated the same as those of opposite-sex marriages and will be eligible family members according to the same eligibility guidelines. This includes coverage for children of same-sex spouses as stepchildren.

Enrollees may make changes to their coverage options during Open Season.

For those employees and annuitants who already have a Self and Family insurance plan, coverage for their same-sex spouse will begin immediately upon their notifying their FEHB carrier that there is a newly eligible family member.

Carriers may ask for documentation, such as a valid marriage license, to confirm eligibility.

Annuitants who are not currently enrolled in the FEHB may not enroll based on a new or newly-eligible marriage.

Federal Employees Dental and Vision Insurance program

Legally married same-sex spouses will now be eligible family members under a Self and Family enrollment or a Self Plus One enrollment. Current enrollees may make changes to their coverage options during Open Season, and individuals wishing to enroll in FEDVIP for the first time may also do so at that time. The Department of State does not process FEDVIP enrollments.

Flexible Spending Accounts

Employees who are in legal same-sex marriages will now be able to submit claims for medical expenses for their same-sex spouse and any newly qualifying children to their flexible spending program.

Federal Long-Term Care Insurance Program

Legally married same-sex spouses can now apply for long-term care insurance under FLTCIP. To enroll, call (800) 843-3557 to speak with a program consultant. The Department of State does not process FLTCIP enrollments.

Life Insurance

All legally married same-sex spouses and children of legal same-sex marriages are now eligible family members under the Federal Employees Group Life Insurance Program. This means that employees may add coverage for a same-sex spouse and any newly eligible children under Option C.

It should be noted, however, that annuitants do not have the option to cancel a waiver of Basic and/or optional coverage, nor increase their multiples of Option B or C coverage if they are already enrolled.

The Fund for American Diplomacy

The Fund for American Diplomacy is AFSA's vehicle for telling the story of the Foreign Service to the American public, creating awareness and understanding of the importance of diplomacy and development.

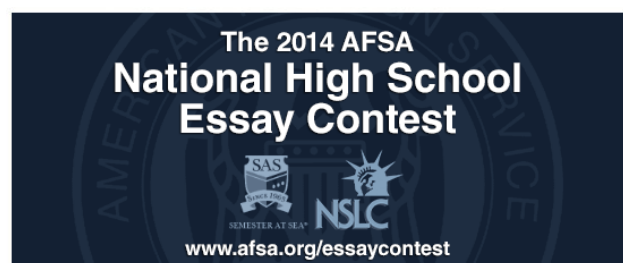
We do this through lecture series, speaker programs educational seminars around the country, the publication of our bestselling book, *Inside a U.S. Embassy*, and various AFSA events staged here at AFSA HQ, such as Book Notes discussions and expert panels.

The FAD also encourages the interest of students who are interested in a Foreign Service career. We do this through our essay contest, the minority summer internship program, and career seminars at universities across the country.

Finally, the FAD honors members of the Foreign Service community who have performed exemplary service, dissented courageously and constructively, or given the ultimate sacrifice in the line of duty.

You can also support the Fund for American Diplomacy through the ongoing Combined Federal Campaign (CFC). You will find us under #10646, Diplomacy Matters-AFSA.

Please visit www.afsa.org/fad for additional information on how to give.



Divorce Decrees and the Foreign Service

The following information is taken from an interview with Jacqueline Long, Chief Policy Advisor, Office of Retirement at the Department of State.

Q. First, what is a divorce decree?

A. It is the court's formal order granting dissolution of a marriage.

Q. What is your role in working with divorces?

A. The Office of Retirement reviews divorce documents (final decrees of divorce, property/marital settlement agreements, qualified domestic relations orders, spousal agreements, etc.) to determine if they are valid and adjudicate the proper division of former spouse benefits.

This is done in accordance with Chapter 8 of the Foreign Service Act of 1980, as amended, and/or clear and express provisions provided in court orders or spousal agreements under the applicable law and regulations.

Q. What do you look for in reviewing these divorce documents?

A. First, we determine if the former spouse has a statutory entitlement to benefits under the Foreign Service Act.

Generally, a former spouse who was married to a participant for at least 10 years of his/her creditable federal service with at least five of these years while he/she was in the Foreign Service is entitled to benefits, regardless of the participant's wishes.

Second, the Foreign Service Act includes a mechanism by which a former spouse's statutory entitlement may be altered through either negotiation (spousal agreement) or adjudication (court order). With a valid spousal agreement or court order, the parties or the court may vary a former spouse's statutory entitlement from those set forth in the Foreign Service Act.

Further, any spousal agreement or court order that waives retirement benefits that are due under the Foreign Service Act to a former spouse must refer expressly to Foreign Service retirement benefits and cannot merely mention generic retirement benefits. Please note that the Office of Retirement's role is

ministerial, rather than that of a mediator in marital property disputes. That role belongs to the courts.

If a court order is so flawed that it is not sufficiently clear to satisfy our requirements, the appropriate action is for the parties to return to the court to correct the problem. Likewise, if a party contends that the court intended its order to have a different meaning than the clear meaning it has under regulations, the proper forum for the individual's complaint is the court.

Employees and former spouses are required to settle disputes in the courts where they belong, not in federal proceedings. The courts issuing the orders are in the best position to determine the meaning of their own orders.

Q. How can someone submit a divorce decree to the department? Does it have to be an official copy or notarized copy?

A. The proper form for a court order is a photocopy of the order that was signed and certified by the official court that issued it. With respect to spousal agreements, we require the original notarized document. Moreover, we require sufficient information to identify the employee/retiree, and the current addresses for both parties.

Please send the submissions to:

U.S. Department of State
 HR Service Center (HRSC)
 1999 Dyess Ave., Building E
 Charleston, SC 29405
 Phone: 1(866) 300-7419 (Toll free) or 1(843)
 308 5539 (Outside the U.S.)
 Fax: 1(843) 202-3807
 E-mail: HRSC@State.gov

Q. Any final guidance or suggestions?

A. Because there are time limitations as to when a court order or spousal agreement can affect a former spouse's entitlement, please send any divorce documents to the Office of Retirement as soon as possible.

Class Action: Former USIA and USAID Employees

Background

Former United States Information Agency and United States Agency for International Development employees who retired, separated or died between 1993 and 1997 and who received lump-sum payments for unused annual leave, may be entitled to additional compensation for this leave because of a pending class action suit (*Kendall v. U.S.*).

In 2006, former employees of 17 agencies, including the Department of State, participated in a class action suit (*Archeluta v. U.S.*) to recover monies that they should have been paid by their agencies.

Although USIA had been abolished in 1999 and its non-broadcasting functions folded into the department of State, the department—as the successor agency—did not provide the Department of Justice with the names of potentially eligible class-action USIA participants. Also, USAID was not included in the original class action suit.

Former USIA and USAID employees are now included in the current class action suit. USAID has provided information about potential class participants.

However, it is unclear whether the department will provide information about potential USIA class participants to the class action Administrator. To do so would entail retrieving records that have been sent to record retention centers.

AFSA knows of some potential USIA claimants because they sought to participate in the earlier class action suit. However, we have no idea of whether there are other claimants or survivors — either USIA or USAID — who might be eligible.

As a result, we recommend that possible claimants check their final earnings and leave statements, which will show their annual leave balance.

When federal employees retire, they receive a lump-sum payment for unused annual leave. This sum is equal to what they would have received had they remained in service until the expiration of their unused annual leave. Leave that would have been used in the next year is paid at the salary level of that year and reflects any salary increase.

The settlement is designed to ensure that yearly pay raises were taken into account during the six-year period between April 7, 1993, and Sept. 7, 1999, when calculating the lump-sum payment.

How do I find out how much annual leave I had at the time of retirement?

The easiest way to do this is to pull out your final earnings and leave statement, which will show the balance for your annual leave. In the event you are unsure of your hours, you may wish to ask your payroll office to undertake this search.

Before asking the department to retrieve your final earnings and leave statement, it is wise to make a rough calculation, taking into account your date of retirement.

For example, if you had about 100 hours of unused leave and retired in May, you clearly would have used up the unused leave well before the following year and would not be entitled to additional pay.

On the other hand, if you had accrued 300 hours of unused leave when you retired on Dec. 1, you would have a balance of hours that should have been calculated in the event there had been a pay raise in the following year.

What's the next step?

Pull out your final earnings and leave statement and make a rough calculation as to whether you may be entitled to additional compensation.

If you cannot find the statement, ask your payroll office to obtain this record for you. AFSA will keep you informed about progress of the class action suit.



A new service for AFSA members. To sign up, send a request to mediadigest@afsa.org.

From the Department: Annuitant Employee Express

The Retirement Accounts Division in Charleston S.C., would like to thank you for using the online Annuitant Employee Express automated system and, in so doing, providing your e-mail addresses.

During the past year, using AEEEX, we processed more than 8,500 requests to make changes in financial allotments, direct deposits, tax withholdings and addresses, and responded to requests for duplicate 1099Rs and for login and password identification numbers.

In addition, retirees used AEEEX more than 57,000 times to view their annuity pay statements, 1099Rs and transaction histories.

While these numbers are great, RAD would like to encourage those who have not yet used AEEEX or provided their e-mail addresses to do so.

Since January of this year, more than 2600 requests have been sent to the Payroll Customer Support Center at Payhelp@state.gov, seeking copies of 1099Rs, address changes, direct deposit changes, copies of annuitant statements and tax changes. This represents 36 percent of the total inquiries received by the Payroll Customer Support Center. All of those transactions could have been more easily accomplished by using Employee Express.

Foreign Service annuitants are automatically enrolled in the Annuitant Employee Express when their retirement applications are received by the Retirement Accounts Division. Generally, annuitants receive a welcome letter from AEEEX, containing instructions on how to access the site and a temporary password, before they receive their first annuity payments.

Annuitants may use the site to request their login ID and/or password, which will arrive by mail within five days. If an annuitant loses his or her login, ID or password, he or she may contact the Employee Express helpdesk for assistance at 1 (888) 353-9450.

Annuitants are encouraged to use the AEEEX website monthly to prevent expiration of their logins, IDs and passwords.

EEX is convenient, available 24 hours a day, seven days a week (unless the system is being updated) at

www.employeexpress.gov. Its use eliminates the cost of mailing and printing. Also, login IDs and passwords ensure that AEEEX is a secure way to manage personal information.

When you provide your e-mail address, you will be able to communicate and receive information in a timely manner. You must enter your personal or home e-mail address to take advantage of quick customer support if you need to request a new login ID or password.

Please take a moment to log onto AEEEX and provide your e-mail address today.

If you are unable to gain access to the system, please call the Annuitant Employee Express helpdesk at 1 (888) 353-9450 and request your login ID and/or password. You will immediately see the benefits.



Associate Coordinator Retiree
Counseling and Legislation

Matthew Sumrak sumrak@afsa.org
(202) 719-9718 or (800) 704-2374. ext. 522
www.afsa.org/retiree/

CFC Extended To Jan. 15, 2014

Foreign Service employees and retirees may contribute to the Combined Federal Campaign charities through Jan. 15, 2014.

Please note that CFC materials are not automatically sent to retirees as has been done in the past.

Those who wish to give online can go to www.cfcnca.org to search for charities by key word. To make an online gift or to receive a CFC catalog and pledge card, individuals can contact the CFC Help Desk at (202) 465-7230 or support@cfcnca.org.

State Department retirees should provide the reporting unit number 4155200 to credit donations to the department. The CFC help desk will help retirees from other agencies locate their reporting unit number.

Retirees can acquire CFC materials by calling the Office of Employee Relations at (202) 261-8166. CFC donations should be made payable to the "Combined Federal Campaign" and sent to U.S.

Department of State, HR/ER/WLD -Room H-236, SA-1, Washington, DC 20522-0102. See rnet.state.gov/pdf/CFC_2013.pdf for more information.

Designate #11759 (Foreign Service Youth Scholarships - AFSA) or #10646 (Diplomacy Matters – AFSA) to support AFSA.

Through the FS Youth Scholarship fund, AFSA will assist some 90 Foreign Service children whose parents are AFSA members with scholarship aid totaling more than \$225,000 for their college education in the 2013-2014 school year.

Through Diplomacy Matters, AFSA funds educational programs to promote U.S. diplomacy, global understanding, and economic prosperity. Programs include the AFSA memorial plaque, AFSA awards, Road Scholar Programs, the speakers bureau and other speaker series and book events, minority internships, our national high school essay contest, and our worldwide bestselling book, *Inside a U.S. Embassy: Diplomacy at Work*.

Another helpful AFSA CFC site is www.afsa.org/cfc.