



AFSA NEWSLETTER

FOR RETIREES AND MEMBERS IN TRANSITION

American Foreign Service Association, 2101 E Street NW, Washington DC 20037
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Some Good News: The COLA and Health Premiums

A 2012 COLA

After two years without a cost-of-living adjustment, federal and military annuitants and Social Security beneficiaries will see an increase in the cost of living adjustment. The COLA is effective Dec. 1 and will be first reflected in the January 2012 annuity payment.

Retirees in the Foreign Service Retirement and Disability System who have received benefits for at least one year will receive a 3.6-percent increase.

Those in the Foreign Service Pension System who have received benefits for at least one year will receive a 2.6-percent increase. Social Security beneficiaries will also see a 3.6-percent COLA increase.

In order to get the full COLA, a retiree or survivor annuitant must have begun receiving benefits no later than Dec. 31, 2010. If not, the increase is prorated over a twelve-month period.

COLA or Salary Increase?

COLAs and salary increases serve different functions and are calculated differently.

The COLA, intended to help annuities keep pace with inflation, is based on the Consumer Price Index. Congress first passed a law calling for an automatic COLA for federal annuitants in 1962 and has changed the formula several times since.

The pay raise, aimed at making federal salaries competitive with the private sector, is based on the 1990 federal pay act. The amount is set by Congress and the administration as part of the budget process.

FEHB Premiums

The Office of Personnel Management announced an average increase of 3.8-percent for Federal Employee Health Benefit premiums in 2012. The average increase for 2011 was 7.3 percent.

The following summary describes the 2012 premium changes for both the Foreign Service Benefit Plan and Blue Cross/Blue Shield – the two most popular plans among Foreign Service enrollees.

Foreign Service Benefit Plan premiums for self-only remain the same as last year: \$56.99 biweekly for employees and \$123.49 monthly for retirees. Self and family premiums increase by \$.54 biweekly and \$1.17 monthly to \$123.49 biweekly for employees and \$307.34 monthly for retirees.

Blue Cross/Blue Shield standard option enrollees with self-only coverage will pay \$0.81 (employees) or \$1.76 (retirees) less than last year. Those with the standard family option will pay \$.72 (employees biweekly) or \$1.56 (retirees monthly) less. Basic self option premiums will increase by \$3.93 (employees biweekly) or \$8.51 (retirees monthly). Basic family will increase \$9.20 for employees biweekly and \$19.93 monthly for retirees.

According to the Office of Personnel Management, about 10 percent of federal employees and 3 percent of retirees change to less expensive health plans each year. The Blue Cross Standard Plan has lost 10 percent of its enrollees since 2007. However, this loss has been more than compensated for by the growth in enrollment in its basic plan.

Medicare B Premiums

In an unexpected piece of good news, Medicare B premiums will increase by less than expected – by 3.6 percent for most enrollees – and decrease significantly for other enrollees.

Most beneficiaries with incomes under \$85,000 (or \$170,000 for couples) will see a small increase in monthly premiums from \$96.40 to \$99.90 – an increase of 3.6 percent.

For the past two years, in the absence of COLA adjustments, these beneficiaries continued to pay the 2009 premium of \$96.40. A “hold harmless” provision guarantees that Medicare B premiums shall rise no more than the amount of the COLA for Medicare enrollees whose Part B premiums are withheld from their monthly Social Security benefits.

The “hold-harmless” protection, however, did not apply to the other 25 percent of Part B enrollees who did not have Medicare B premiums withheld from their Social Security Benefits. These beneficiaries were called on to cover the all the increases in Medicare costs and to maintain the Medicare contingency fund. As a result, they paid a monthly premium of \$115.40 and new enrollees paid \$110.50. Because the new standard premium is \$99.00, these enrollees will see their premiums decrease by \$10.60 or \$15.50 a month, respectively.

About 5 percent of enrollees will pay higher premiums based on their modified adjusted gross income. The monthly premiums for these beneficiaries will be \$139.90, \$199.80, \$259.70, or \$319.70, depending on the extent to which an individual's beneficiary's modified adjusted gross income exceeds \$85,000 (or \$170,000 for a married couple). The highest premium rate applies to beneficiaries whose incomes exceed \$214,000 (or \$428,000 for a married couple). Income determinations in most cases will be based on 2010 tax returns.

Consumer Checkbook

AFSA is pleased to offer the *Consumer Checkbook Guide to Health Plans for Federal Employees for 2012* to its members again this year. The Guide provides valuable information and aides for comparing the costs and coverage features of federal health, dental and vision plans. To gain access to the *Guide*, click on the Consumer Checkbook icon at www.afsa.org/retiree/.



We have a limited number of hard copies of the *Guide* (and FSBP Brochures) that we can send to those retiree members who are not on-line. Send an e-mail to Bonnie Brown at brown@afsa.org or call her at (202) 944-5509 to request a hard copy.



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FEHB Open Season

The 2012 Open Season for health, dental, and vision insurance and flexible spending accounts will be held from Nov. 14 to Dec. 12, 2011.

The annual Open Season gives federal employees and retirees the opportunity to review their health plan choices and make changes. FEHB enrollees are advised to review the benefits and premiums for their health plan choices and decide what coverage will best fit their healthcare needs and financial abilities. Active-duty employees may also re-enroll in flexible spending account plans during Open Season. According to the Office of Personnel Management, there are no significant benefit changes for 2012.

In addition to the *Consumer Checkbook Guide* and the Retirement Office's *Annual Annuitant Newsletter*, there are a number of OPM resources available.

- OPM Open Season information about FEHB and dental and vision plans can be found at www.opm.gov/insure/openseason/index.asp and www.opm.gov/insure/openseason/resources.asp.
- FEHB health plan brochures are available online. At www.opm.gov/insure/health/planinfo/index.asp.

Enrollees are encouraged to study their plan brochures, giving particular attention to Section 2, which list 2012 changes, and Section 9, which explains coordination with other health coverage, such as Medicare B. If enrollees do nothing during Open Season, they will continue to be covered by their present FEHB plans unless their plans drop out of FEHB or reduce their service areas. Similarly, enrollees will continue to be covered by their present dental and vision plans, but may see benefit and premium changes. Employees who wish to continue flexible spending coverage must re-enroll.

FSI Mid-Career Retirement Workshop

Mindful that many people will spend 30 years or more in retirement, the Foreign Service Institute announced two 2012 mid-career retirement planning workshops. At these workshops, employees have the benefit of hearing experts talk about annuities, benefits, the Thrift Savings Plan, financial management, life after retirement, and estate planning. The workshops will be held at the Foreign Service Institute, 4000 Arlington Blvd, Arlington VA, 22204, on May 2-3 and June 13-14, 2012.

Employees within 10-15 years of retirement eligibility may apply. Department of State employees should submit an online application to attend a workshop through the following OpenNet link: <http://fsiweb.fsi.state.gov/admin/reg/default.asp?EventID=RV105>. Non-State employees and spouses/partners, who are encouraged to attend, should submit an SF-182 training form or call (703) 302-7407 to register. The tuition rate is \$375.

Worried About Long Term Care?

The Federal Long Term Care Insurance Program (FLTCIP) **has raised its rates by as much as 25%**

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Supercommittee Update

The supercommittee has until Nov. 23 to make its recommendations for cutting the budget by \$1.2 trillion over the next 10 years. In practical effect, the deadline is sooner, since the Congressional Budget Office will have to score the recommendations before the Nov. 23 deadline.

The committee is authorized to consider cuts in mandatory spending, including cuts in federal and military retirement systems, Social Security, Medicare and Medicaid.

Congressional committees and groups have proposed a wide range of proposals for cutting federal benefits and the federal work force for super committee consideration. Some would make severe changes: for example, there are proposals to reduce the federal work force by 10 percent, extend the pay freeze through 2015, change the period for calculating annuities from three to five years, increase employee contributions to FERS (the equivalent of FSPS) and CSRS (the equivalent of FSRDS) by 6.2 and 3 percent, respectively, eliminate FERS for new employees, and convert the federal health program (FEHB) to a voucher system. Other proposals recommend more modest cuts or resist any cuts in federal benefits.

A relatively modest White House proposal would increase employee annuity contributions by 1.2 percent over a period of three years, eliminate the FERS annuity supplement for new hires and provide for a single government wide contract for FEHB prescription drug benefits as a cost-saving measure. This proposal is likely to be the floor for any negotiations.

There are other proposals or lack of proposals that warrant mention, including recommendations to cap government contractor salaries and to change the COLA calculation through use of a chained CPI. Also, so far Congress has failed to address the im-

pending cut of 30 percent in Medicare physician payments, which will otherwise go into effect in 2012.

At this point it is difficult to make any predictions, other than there will be federal work force and benefit reductions. The White House proposal is probably the best, but not the most likely, outcome we can expect from the supercommittee.

In the event the supercommittee cannot reach agreement or Congress does not approve its recommendations, automatic spending reductions or sequestration will apply across the board. However, if sequestration goes into effect, Social Security and Medicare benefits, as well as federal Civil Service and military retirement systems and federal low-income programs, will be exempt from mandatory cuts.

AFSA is working hard in this difficult environment to protect its members. We are a member of the Federal and Postal Union Coalition, which is composed of more than two dozen federal organizations, such as NTEU, AFGE and NARFE. Over the past year, the coalition has sent letters to major decision makers at all the significant stages of the debt reduction discussions, including members of Congress, OMB,



Super Committee Update

the White House and, most recently, to the members of the supercommittee. We were pleased to see that the President's modest proposal for changing federal benefits reflected many of the arguments advanced by the coalition.

You can find AFSA's legislative letters on our Web site at http://afsa.org/retiree_services.aspx.

What Can You Do?

Let your members of Congress know that federal employees and retirees have already contributed to debt reduction and that they should not be singled out for further unfair cuts.

The two-year pay freeze that has gone into effect has already saved \$60 billion. Further cuts would harm the livelihood of federal employees and undercut their ability to provide essential services to Americans.

Here is how to take action:

- Call the Capitol at (202) 224-3121 and ask the operator to connect you to your representative's and/or senators' offices. You can also find the direct numbers for your representative and senators by finding their personal sites on the House (www.house.gov) and Senate web site, www.senate.gov.
- Tell the staff person who answers the telephone where you live so they know you are a constituent, then say:
- "I am a retired active-duty federal employee (then tell the staff person a little about your work).
- "[Senator or Representative X] represents thousands of federal workers and retirees and their survivors, and any recommendations the super committee makes should not unfairly single us out to bear the burden of fixing a budget problem we didn't create.
- Federal workers, retirees, and survivors did not cause the budget crisis – and making extreme cuts to pay,

earned health and retirement benefits, or making changes to cost-of-living adjustments, would unfairly single out those who protected our nation, including many now on a fixed income."

- Leave your mailing address and request that your lawmaker respond in writing to your phone call.

It is illegal to lobby Congress using official time or government resources. If you write or call your representative, do not use government time or resources (such as a government computer, letterhead or telephone). If you meet in person with a representative, take annual leave or schedule the meeting on your lunch hour. Also make it clear that you are writing or speaking in your individual capacity as a constituent and not as a representative of your agency. Before acting, read up on the [Hatch Act \(rules governing political activity by federal employees\)](#) and the regulations in the [Anti-Lobbying Act](#).

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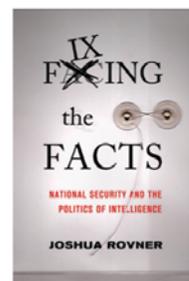
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Manuscript Clearance Procedures for Retirees

On Oct. 11 the Office of Information Programs and Services, Global Information Services, Bureau of Administration, issued the following guidance about manuscript clearance procedures for former employees and some WAEs. The guidance applies to full-length books, articles, speeches and op-eds, among other communications.

A/GIS/IPS coordinates all USG clearances as below. Contact is Jane Diedrich, (202) 261-8340 or Alden Fahy (202) 261-8431 or via email: classification@state.gov

Submit paper copy, by either hand-delivery, FedEx, DHL, or registered mail, to Acting Co-Director, Office of Information Programs and Services, Alex Galovich, A/GIS/IPS, SA-2, 515 22nd Street NW, Washington, D.C. 20522. Do not submit text by unregistered mail, CD, email attachment, or fax. Text is presumed to be, and handled as, classified until cleared. Write "ATTN: Pre-Publication Review" on the envelope; do NOT require signature receipt.

Allow at least two weeks review time for articles and long speeches, five months for full-length non-fiction manuscripts, and a few days for op-eds, and short speeches or works of fiction. Do not share uncleared text with potential publishers, or anyone else without a security clearance. Brief text, or a single chapter intended for publishers, may possibly be cleared on an expedited schedule.

Authors who have only been employed by the Department, even though their text contains information concerning other executive branch entities or the White House, should not contact those agencies directly for clearance. Authors employed by multiple agencies can usually have A/GIS/IPS handle all external coordination necessary.

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When clearance is final, you will receive a letter, the cleared version of your manuscript showing required redactions or rewritten text as agreed upon, and our requested disclaimer clause. Any additions or substantive rewrites may require additional review.

A/GIS/IPS looks forward to working with you. (Authority: 3 FAM 4172.1-3F).

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AFSA Honors Gold Medal Recipient James Iso



Family members, former colleagues, Foreign Agriculture Service employees and dignitaries (including Acting Administrator Suzanne Heinen and Associate Administrator Janet Nuzum) joined AFSA in honoring Foreign Service retiree and Congressional Gold Medal recipient James Iso at a reception on Nov. 3.

On Nov. 2 Congress awarded the Gold Medal to the U.S. Army's 100th Infantry Battalion, the 442nd Regimental Combat Team in the European Theater of operation, and the Military Intelligence Service in the Pacific Theater for their extraordinary accomplishments during World War II. The soldiers in these units, comprised almost entirely of persons of Japanese American ancestry or "Nisei", were largely volunteers or draftees from ten internment camps in the United States.

James Iso served in the Military Intelligence Service headquarters in the Pacific in World War II and in the Allied Occupation Forces of Japan. In the Pacific Theater, the accomplishments of Japanese-Americans in the Military Intelligence Service battle-front took many forms – from frontline language interrogation of captured prisoners, translation of intelligence documents and the flushing out of fortified enemy caves, to the highly effective breaking of secret military communication codes.

The head of Military Intelligence Operations in the Pacific, General Charles Willoughby, stated: "The

Japanese-American "Nisei" soldiers saved countless allied lives, and shortened the Pacific War by two years."

After his military service, Iso became a career U.S. Foreign Service officer, He is also a retired reserve U.S. Army officer.

Iso was introduced by AFSA Executive Director Ian Houston, whose uncle, Col. James Hanley, had served in the 442nd and was posthumously awarded the Gold Medal.

In his remarks James Iso spoke with pride about what had motivated the men who collectively were awarded the Gold Medal, about their patriotism and valor. Modest about his own accomplishments, Iso exemplifies selfless service to his country.

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TSP Contributions

The investment limit in the Thrift Savings Plan, the retirement savings program for federal employees, will increase in 2012 for the first time since 2009. Employees will now be able to contribute up to \$17,000 to the plan.

The same increase will apply to 401(k) and similar tax-advantage plans, and reflects the effects of an inflation-related adjustment. The current “elective deferral limit” is \$16,500.

HR Service Center

The department’s Human Resources Service Center is a valuable resource for employees and retirees.

If you have questions or problems with your benefits, you can call HRSC at 1 (866) 300-7419 (Toll Free) or 1 (843) 308 -5539 (Outside the U.S.). HRSC can also be reached by e-mail at HRSC@state.gov or by Fax at 1 (843) 202-3807.

FSJ Obits Now More Accessible

AFSA’s online archive of *Foreign Service Journal* obituaries are now easier to find. Members can search for obituaries by date at www.afsa.org/fsj by clicking on “Foreign Service Obituaries” on the right hand side of that page. To date, 2009, 2010 and 2011 obituaries are available.

The “In Memory” section is published every other month in the *Journal*. Submissions should be sent to the *FSJ* editorial staff at journal@afsa.org.

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