

OHR Employee Benefits



September 2000

Premium Conversion is Coming!!!

Starting in October, Federal employees can use pre-tax dollars to pay health insurance premiums to the Federal Employees Health Benefits (FEHB) Program under a new "Premium Conversion" program. Premium conversion uses Federal tax rules to let employees deduct their share of health insurance premiums from their taxable income, thereby reducing their taxes. This plan is similar to the private sector, which has allowed their employees to deduct health insurance premiums from their taxable incomes for many years.

Premium conversion for Federal employees enrolled in the FEHB Program takes effect the first pay period that begins on or after October 1, 2000.

Premium conversion is a tax benefit. It allows you to allot a portion of your pay to your employer, who will in turn use that amount to pay your contribution for FEHB coverage. This allotment is made on a pre-tax basis, which means that the money is not subject to Federal income, Medicare, or Social Security taxes. The allotment reduces your taxable income, so less tax is withheld, and your paycheck will be larger.

The Government will still pay the Government share of premiums as provided in the Federal Employees Health Benefits Act. Premiums are not affected; however, paying health insurance premiums pre-tax will make FEHB coverage more affordable to you.

All employees in the Executive Branch of the Federal Government who are participating in the FEHB Program, and whose pay is issued by an Executive Branch agency, are eligible to have their FEHB premiums paid under the premium conversion plan. Also, individual enrolled in the FEHB Program who are employed outside the Executive Branch, or whose pay is not issued by an agency of the Executive Branch, may be eligible if their employer agrees to offer participation in the plan. This pre-tax benefit does not apply to retirees, survivors, or former spouses. If you are reemployed in a position that conveys FEHB eligibility, you may participate in premium conversion. Full-time and part-time career and career-conditional employment offers the opportunity to enroll in FEHB; temporary and intermittent employment does not.

OPM will achieve two objectives by offering this benefit:

1. Equal treatment for Federal employees. Currently, the majority of private sector employees and state and local government employees pay their health insurance premiums with pre-tax dollars. Employees of the United States Postal Service, the Federal Judiciary, and a number of smaller Federal agencies also have this tax advantage. This action enables all employees of Executive Branch agencies to have the same tax benefit as private sector, state and local government, and Federal employees who already have premium conversion.
2. Improving the Government's ability to recruit and retain staff. OPM's plan will enhance the Government's competitive position as an employer by making the Federal benefits package more attractive.

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Based on information from the Department of the Treasury, the average Federal employee who participates in the FEHB Program will save \$434 per year in Federal income, Social Security, and Medicare taxes. In most jurisdictions, state and local income taxes will also be reduced.

Participation in premium conversion is automatic for eligible employees. Employees who wish to waive this option will be allowed to waive participation. Waiver forms will be available soon in the Benefits Office, the Office of Human Resources, or Employee Express. If you want to opt out, you must file a waiver prior to the October 8, 2000, effective date (no later than the day before the effective date of coverage).

Once you participate in premium conversion, your participation continues automatically until you elect not to participate. Each year, during FEHB Open Season, you may decide whether or not to participate for the following year.

You may change your participation status in premium conversion during the annual FEHB open enrollment period, or during the calendar year upon experiencing a qualifying life event. Qualifying life events include marriage, birth of a child, or change in a spouse's employment.

Additional information will be forwarded to you prior to the effective date. If you have any questions call the Benefits Office at extension 3-2507 or 3-8550.

PIN Numbers, PIN Numbers, PIN Numbers...?????

We just completed an open season for the Thrift Savings Plan (TSP). This was the first open season that we required the use of Employee Express for electing changes. There lies the confusion: using Employee Express for making TSP changes. Why would you use Employee Express to do that, when you can go to the TSP Web site and find all the information you need to know about TSP?

Most of the calls we received related to 1) "I know my TSP PIN number, went into the TSP Web site, but it will not allow me to make the change," or 2) "I went into Employee Express and used my TSP PIN number and it will not work." There were two different PIN numbers issued. One from TSP, which used to be printed on your statements and allow access to the TSP Web page or Thriftline, and one from OPM for Employee Express.

The TSP Web site, www.tsp.gov, allows you to access all forms and publications, check rates of return on the funds, calculate your savings, access your account to check available loan amounts and account balances, and to make interfund transfers. It does not allow you to make open season changes or to stop your contributions. You can also request a new TSP PIN or change your current PIN.

Employee Express, www.employeeexpress.gov, is used to change personal information, tax deductions, direct deposit changes, voluntary allotments, address changes, savings bond elections, and TSP or Federal Employee Health Benefits (FEHB) open season elections. Employee Express also allows you to cancel your TSP or FEHB contributions throughout the year.

There will be two open seasons in the fall of 2000. The FEHB open season will be held November 13 through December 11, 2000. The TSP open season will be held November 15, 2000, through January 31, 2001. Again, we will require the use of Employee Express to make these changes. If you have misplaced or cannot remember your Employee Express PIN, you can be issued a new one by calling 912-757-2030. A new number will be issued within 5 to 10 workdays. Keep the number where you can find it, or change it to one that will easily be remembered.



Retirement Planning Seminars

September 11, 12, and 13, 2000
8:30 a.m. to 4 p.m.

For all employees who plan to retire from Federal service. The time to attend this seminar is now, regardless of how far away from retirement you are.

September 12, 2000
6:30 to 9:30 p.m.

An evening seminar for civil service employees and their spouses.

September 14, 2000
8:30 a.m. to 2 p.m.

For all employees who have taken a retirement seminar and would like to have information updates.

Designation of Beneficiary

Under FEGLI, a child is considered a minor until he/she reaches the age of 18, unless the state in which the "minor" lives has set a lower age; in that case, the lower applies. In Ohio, a child is considered a minor until age 18.

FEGLI cannot, by law, pay benefits to a minor.

If an employee designates a minor as beneficiary, there are three possibilities for payment:

1. Payment will be made to the child's guardian. **Please note that being a child's natural parent does not make a person the child's guardian.** The guardian must be appointed by a court. This can be expensive and cause a delay in receiving the funds.
2. If there is no court-appointed guardian, payment may be made to the child's natural parent(s) if the benefits are less than \$10,000.
3. If there is no court-appointed guardian (and there are no plans to appoint one) and benefits exceed \$10,000, the money will be held in an interest-bearing account, until the child reached age of majority.

This is a reminder to periodically check your records and, if necessary, update your beneficiary forms. The most recent copy of your FEGLI beneficiary form can be found in your Official Personnel Folder located in room 1145, DEB. FEGLI Designation of Beneficiary form (SF-2823) can be accessed at www.opm.gov/forms/index.htm.

Are You Resigning?

If a resignation from NASA is in your future, please remember the following:

A completed, signed Request for Personnel Action (SF-52) should be received by the Benefits Office, M.S. 15-1, at least 2 weeks prior to your resignation date. Counseling is necessary to discuss continuation of health insurance, life insurance, TSP, etc.

Separating employees are required to obtain clearance from several areas at the Center including, but not limited to, the library, computer services, travel, security/keys, property custodian, training office, and other areas if applicable.

Further information can be obtained by calling the Benefits Office at extension 3-2507.

NEBA Premium Refund

Due to a good experience within the plan, a refund of premium will be enacted for a third straight year. The refund will be set in the amount of premium on the basic plan, plus dependent coverage for 9 pay periods. All members who have been in the plan for at least 1 year as of a specified date in late June or early July 2000 will be eligible.

It is anticipated that the checks will be sent by early October and members will have up to 6 months to cash their checks. Checks will not be reissued and those not cashed will be returned to the fund. More information will be provided when the time grows near.



Voluntary Contributions Under CSRS

If you are an employee covered by the Civil Service Retirement System (CSRS) or CSRS Offset and you want to receive a larger annuity than would be payable based on your "high-3," you may establish a voluntary contribution account to purchase additional annuity. (If you are covered by FERS, you are not eligible to make voluntary contributions.)

At retirement, each \$100 in your voluntary contributions account (including interest earned) will provide an additional annuity of \$7 per year. Voluntary contributions earn a variable interest rate determined by the Treasury Department each year. The interest rate in 1999 was 5.75 percent.

Additional information can be obtained from OPM's Web site (www.opm.gov/asd). Application forms may be obtained by calling the Benefits office at extension 3-2507.