

>> Don Tollefson: I'm here with Rebekah Giddings, chief of employee relations and benefits section in the Division of Human Capital in the Washington office.

We asked her to come to be part of the broadcast because if you paid attention at all last year, there were a bunch of changes with our federal benefits.

Some of them were new additions. Some of them are things that were there and have changed the way they're implemented a little bit.

So I figured let's bring the expert to come share some of those things.

The reason we're doing it for you guys, as supervisors, have to explain to your employees what's going on.

They may have heard some of these things on the news.

If they have, it gives you an opportunity to share with them when they ask those questions.

Another reason is you are going to hire new employees hopefully over the year. When you hire new employees you want to be able to explain benefits to them and how some of these things may impact that.

The first question I have for you, Rebekah, and this impacts me directly because I'm a FERS employee, I've heard a lot of things about sick leave and retirement. Can you tell me what's going on?

>> Rebekah Giddings: Employees under the old system, the CSRS system, could always use their sick leave to increase their pension amount.

Now FERS employees can do that, as well.

Right now, they can get 50 percent of the time that they have as sick leave can be used towards their pension, and starting in 2014, they will get 100 percent of that time.

You can't use the sick leave to become eligible for

retirement, but you can use it to increase your pension amount. It increases the amount of service that they use to calculate your pension.

>> Don: OK, so how does that work? I'm not exactly sure I understand.

>> Rebekah: For every 30 days of sick leave you have accrued and stored up, they will use that and add it to your length of service and pension will be calculated on that higher amount of time.

>> Don: You did say that that doesn't mean that if I'm eligible to retire at 56 and two months, it doesn't mean if I've got two months I can retire at 56, right?

>> Rebekah: No and it also doesn't mean if you have 29-1/2 years of service and six months of sick leave saved up you can use that to meet the eligibility. It's like the whipped cream on top.

>> Don: OK, that sounds like a good one.

>> Rebekah: And now it makes the FERS employees equal to the CSRS employees.

>> Don: And that one came about because I've heard of FERS sickness, have you heard that term used too?

>> Rebekah: The FERS flu.

>> Don: Since FERS folks couldn't use it for anything, we used it.

>> Rebekah: Exactly, and now you can profit from it now.

>> Don: What else has happened around retirement?

>> Rebekah: Another thing that FERS employees can now do that CSRS employees always could do is if you had some years in the federal government and you went and worked for the private industry or state, and withdrew your money from the retirement system, in the past FERS employees could not redeposit that money so there could never be credit for the prior time if they came back to the government.

Now they can make those deposits and they have to pay interest, but that time will count toward retirement.

>> Don: That's for FERS employees now and CSRS already had that?

>> Rebekah: That is correct. But there is a change in that same kind of concept for CSRS employees. Before, they could, instead of making a deposit; they could have an actuarial reduction from their pension which means they didn't have to put the money into the retirement system to get credit for it. A small amount of money would come out of their pension each month.

Before, they could do that for time up to 1990.

Now, they can do it for time up to 1991.

It gives a little more flexibility for CSRS people. That is going to affect a small number of people, but it's still there for them.

>> Don: Sounds good so far, what else do you have for us?

>> Rebekah: Another one is for CSRS employees who want to work part-time at the end of their career. In the past, if you worked part-time, your salary was pro-rated, so your high three salary, the highest three years of payment, was actually reduced because you weren't making a full annual salary.

Now there's a deemed high three salary.

They use what your salary would be if you worked full time to make your pension calculations.

So you get credit for full time work even though you might be slowing down the number of hours that you're working.

>> Don: That would be a benefit then because if, for instance, I worked part-time, had the locality pay increase, the salary increase, within grades, that kind of stuff they are going to use a calculated salary versus what it actually is?

>> Rebekah: Exactly.

And you will get, most likely, the highest, last three years of your employment instead of a couple years back.

>> Don: That sounds good too. Sounds like we're on a roll. Anything else around retirement.

>> Rebekah: There's one more.

Right now, if you retire and come back to work for the federal government, you're considered a re-employed annuitant.

Your Federal salary is offset by the amount of pension that you receive so you only get what your federal salary would be and your pension is removed.

This new rule will allow, in some cases, part time employees to receive both their full salary and their full pension.

That removes any negatives for people to come back and work a few months, a year after they retire.

>> Don: That sounds like they're all good things, and they can benefit us. Do you know, on a lot of these, why they came about? Was it to even out the systems?

>> Rebekah: I think part of it was to even out the system and also to allow more flexibility for our employees if they want to have multiple kind of careers, a Federal career, state career and even a nonprofit.

There is no hindrance to coming back to the Federal government.

>> Don: So that was retirement. I have heard a little bit, some fairly significant changes in the way that pay is calculated for folks in Alaska and Hawaii. Around locality pay.

>> Rebekah: Right.

People in Alaska, Hawaii, people living outside of the continental U.S., in the past received cost of living allowances, referred to as COLAS.

Those could be up to 25 percent of the salary, but their base salary was "rest of U.S." and did not have a locality pay.

They are changing that system so they are all on the locality pay system.

That's going to be phased in over a couple of years. The big benefit to that is that under COLA, the whole salary was not used for retirement purposes, so their pension – their high three – was based on that "rest of U.S." figure instead of their full COLA salary.

So now, in theory, the pension is going to be larger because it's going to include the locality pay.

>> Don: I know they have looked at the differences between how it was and how it is now. Does that mean salary reductions for anybody? Or is it coming out about the same?

>> Rebekah: It is supposed to come out about the same. There are different tax rules. Some of the COLAs weren't taxed, some of the locality pay is. The goal is for everyone to maintain the same salary.

It's just calculated in a different manner.

>> Don: That's really interesting.

So let's talk about the last section, now and it's the Thrift Savings Plan. Now I know I've heard something about something called automatic enrollment, I've heard Roth plan, I've heard new funds, different things. Can you enlighten us on changes to the thrift savings plan?

>> Rebekah: Sure, the thrift saving plan is expanding in it's program. New employees will be automatically enrolled so they will automatically begin contributing to the plan. If they don't want to enroll, they will have to make an effort to unenroll themselves.

They will also receive contributions, the government matching contributions right away and there is no longer a wait period for that.

>> Don: I know in the past, it was one percent was the matching, it was the automatic government contribution, and then whatever they put in they would match with the formula.

>> Rebekah: Right, the government matches up to 5 percent and there is a formula to calculate that.

>> Don: So in looking at a new employee, do we know how much is going to be automatically pulled out of their paycheck and put into their thrift saving fund?

>> Rebekah: I don't know that yet but it will be less than 5 percent and it will take place this spring.

Automatic matching is already in place now so employees can start saving for their retirement from the day they start working.

>> Don: Even though they announced it, with a lot of the thrift stuff it might not have been totally in place on the first of January.

>> Rebekah: Exactly and actually, with the TSP, some of the changes may take up to two years to implement.

The Roth IRA option, that's one that TSP says they will have implemented within the next 2 years. That will be a separate account within your TSP account and you will put money that is already taxed in that account. Right now your TSP contributions are pre-tax. These will be post tax but will still be managed by the TSP system, so all of your retirement funds will be in one place in two separate accounts.

>> Don: Have you heard anything with the Roth about like if I already have a Roth will be I able to roll this into this Roth or anything?

>> Rebekah: That's one of the reasons why it will take two

years to implement the plan. They are trying to figure all of those things out.

The talk is you will be able to roll that into the TSP plan.

>> Don: I would like that; I have one out there sitting all by itself.

>> Rebekah: Within that kind of frame, the TSP has two years to study new funds.

They are looking at whether they want to expand beyond the funds that they offer now or just keep the same limited number of funds and they are going to do a study over the next two years and they will announce what their decision is.

Laws have been already signed that would allow them to expand, but it's not mandatory.

>> Don: It doesn't mean they have to.

>> Rebekah: That is correct.

>> Don: Anything else with thrift savings plan we need to know about.

>> Rebekah: There is one other change. In the past if an employee passes away, their survivor would have to remove the money from the TSP, they could not maintain a TSP account.

Starting this fall, survivors can keep the TSP account intact and use the TSP as their bank system.

>> Don: Okay. That's again, nice. It sounds like Congress is looking out for us; trying to help us out.

>> Rebekah: Trying to make it easy to save.

>> Don: That's a good thing. We need to do more of that.

Any other things you are aware of that you have heard coming down the pike or anything with benefits or is that

where we're hanging now?

>> Rebekah: These are the new changes that are going to affect all federal employees.

One thing to keep in mind is the service does offer reimbursement programs for financing planning and fitness fees and professional liability insurance.

This is the time of year when you seek reimbursement for the prior year and make sure you enroll in the programs for the current year.

Information on all of this is available on the human capital website but the financial planning is a really good compliment to the retirement and the TSP.

>> Don: We do a lot of supervisory training that one of the things we talk about a lot, too, even through employee assistance program, there's financial benefits there for folks to get help, too.

>> Rebekah: The employee assistance program has financial planning assistance, legal assistance, they can refer you to an attorney or certified financial planner and they have discounted fees for creating a will or trust that are available to employees.

>> Don: Great.

You kind of have the floor now so I want to ask you one last question.

Anything else that you would like to share with our supervisors out there about benefits to try and help them help their employees?

>> Rebekah: Well, supervisors should know about the benefits in case employees ask, but they should also be aware of them, especially these things that affect new employees because it's a good recruitment tool when you're interviewing to explain to applicants the benefits of working for the federal government.

>> Don: Thank you very much, Rebekah, appreciate you taking

the time to come out here.

I know it's been kind of crazy hectic. We were planning on doing this in December, it got pushed back to here, and you were on travel last week. Great having you out here.

And again folks, if you do have any questions about any of the benefits, I'm gonna let Rebekah share that with you who you need to call.

>> Rebekah: You can always call your service personnel office, or you can go to the human capital website, off of the Fish and Wildlife Service website, and we have links and information on all of these programs.