Federal Benefits Update

November 10, 2020

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Federal Benefits Manager

Topics

• Am I a Federal or State Employee?
• Defined Benefit vs Defined Contribution Retirement
• FEHB Open Season
• Federal Long-Term Care Insurance
• Sources of Federal Retirement Income
• Thrift Savings Plan Changes
• Retirement Planning Calendar
• The SECURE Act
• National Association of Active & Retired Federal Employees

Federal or State Employee?

• State employee with federal benefits
• All K-State employment policies apply except:
  federal retirement
  federal health and
  federal life insurance
Defined Benefit Retirement | Defined Contribution Retirement
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CSRS & FERS | TSP & Board of Regents
“Controlled” by employer | “Controlled” by employee
No account exists with the employee’s name and amount of contributions. | Each employee has an account with employee and employer contributions.
No investment choices to make. | Employee makes investment choices.
Promises a specified monthly income at for life after retirement (and for spouse). | No promise of a specified income – employee determines the stream of income at retirement.
Rare in today’s workplace. (A pension) | Common in today’s workplace.

Federal Employee Health Benefit (FEHB)

- Open Season – November 9 to December 14
- No change desired – No action necessary
- Some changes allowed outside Open Season
- Dental and vision available after retirement

FEHB - BCBS

Three coverage types:

Standard Option
Basic Option
FEP Blue Focus – was new in 2019
FEHB

<table>
<thead>
<tr>
<th></th>
<th>Standard Option</th>
<th>Basic Option</th>
<th>FEP Blue Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bi-weekly</td>
<td>Bi-weekly</td>
<td>Bi-weekly</td>
</tr>
<tr>
<td>Self Only</td>
<td>$123.45 (+$6.54)</td>
<td>$78.60 (+$2.66)</td>
<td>$53.14 (No Change)</td>
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<tr>
<td>Self + One</td>
<td>$280.81 (+$16.32)</td>
<td>$189.17 (+$10.56)</td>
<td>$114.25 (No Change)</td>
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<tr>
<td>Self &amp; Family</td>
<td>$300.12 (+$13.38)</td>
<td>$201.27 (+$10.05)</td>
<td>$125.67 (No Change)</td>
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Watch for enrollment email from Stacey
Watch for plan info from BCBS
Review the BCBS website
Review [https://www.opm.gov/healthcare-insurance/](https://www.opm.gov/healthcare-insurance/)

Federal Long-Term Care

- $85,000 – median cost of a year in a care facility
- Federal Long Term Care is one source of insurance – [www.ltcfeds.com](http://www.ltcfeds.com)
- Can cover in facility care, in home care, adult day care and other resources
Sources of Federal Retirement Income

- CSRS
  - CSRS annuity (up to 80% of pre-retirement income)
  - Thrift Savings Plan – optional, no employer contribution

- FERS
  - FERS annuity – (30 to 40% of pre-retirement income)
  - Social Security OR FERS Annuity Supplement to age 62
  - Thrift Savings Plan – with employer contribution

Thrift Savings Plan Changes

- Multiple withdrawals — while employed and after retirement.
- More installment payment options — monthly, quarterly, annually
- Online tool rather than paper
- Why — to keep participants in the Thrift Savings Plan

TSP

TSP withdrawals are exempt from Kansas income tax.
Planning for Retirement

- Confidentiality
- Meet in person, via Zoom, phone or email
  - 2 to 3 years prior to project income
  - 1 year prior to update income
  - Six weeks prior to sign documents
- Announce retirement
- Retirement date
- Six weeks later – first direct deposit for 60%
- Three months later – retirement processed

Retirement Claims - OPM

<table>
<thead>
<tr>
<th>Months</th>
<th>Claims Received</th>
<th>Claims Processed</th>
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</thead>
<tbody>
<tr>
<td>October 2018 – December 2018</td>
<td>22,104</td>
<td>21,913</td>
</tr>
<tr>
<td>January 2019 – March 2019</td>
<td>34,104</td>
<td>31,922</td>
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<tr>
<td>April 2019 – June 2019</td>
<td>23,071</td>
<td>24,771</td>
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<tr>
<td>July 2019 – September 2019</td>
<td>24,334</td>
<td>25,459</td>
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<tr>
<td>October 2019 – December 2019</td>
<td>20,071</td>
<td>20,539</td>
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<tr>
<td>January 2020 – March 2020</td>
<td>32,973</td>
<td>28,617</td>
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<tr>
<td>April 2020 – June 2020</td>
<td>19,943</td>
<td>23,775</td>
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</table>
SECURE Act

- Setting Every Community Up for Retirement Enhancement – December 2019
- Applies to everyone – not just those with federal benefits
- Required Minimum Distributions – from 70 ½ to 72
- Non-spouse inherited IRAs must be emptied within ten years
- Impacts naming a trust as a beneficiary
- Consult a tax advisor, attorney or financial planner

NARFE

- National Association of Active and Retired Federal Employees
- Local chapters (29 in Kansas)
- Advocate for federal benefits
- Monthly magazine
- Webinars (no cost for members)

Goal – No Surprises!