

S.O.S. NEWSLETTER

“SERVICE OFFICERS FOR SERVICE”

SERVICE OFFICER NEWSLETTER

VOLUME 4 –4

DECEMBER 2004

SERVICE CHAIRS MESSAGE

2004 has been a year of change, member losses and increased expenses as a result of gas price increase. This is all the more reason for Service Officers to use their meetings and newsletter articles to pass on important information to our members. During the year I have had contacts with Service Officers regarding questions that they could not answer. I hope this newsletter will shed some light on information we don't get questions about very often.

As I have previously indicated, the Service Officer is a great source for new members either from those who are currently employed, recently retired or surviving spouses. We must continue to be alert to any opportunity to gain new members. My experience this year has been beneficial in increasing current employee membership. I conducted several retirement benefit presentations with a local Social Security Office, EEOC offices in Los Angeles and San Diego and HUD in Los Angeles. These presentations were made under the condition that I could provide a NARFE briefing with Pre-retirement packet distribution. To date I have earned \$8 for each new member and have gained access to current employees who were not aware of NARFE. I encourage Service Officers to order the Pre-retirement packets and place them with your Post Office and Federal agencies in your areas. Be sure to include your member ID. WE NEED NEW MEMBERS!

Mary Venerable
Chair, Service Committee

FEDERATION OFFICERS

President – Helen L Zajac
Exec. VP – H. Ray Harrington
Secretary – Joyce Ross
Treasurer – Wener Gumpert
Immediate Past President –
Kenneth G. Boffin
Region VIII Field Vice President
Forney A. Lundy

DISTRICT VICE PRESIDENT'S

Dist. I - Robert “Bob” Davidson
Dist. II - George R. Bardwil
Dist. III - Andrew C/ Morgen
Dist. IV - Polly Stonich
Dist. V - James E. McClenahan
Dist. VI - Edna Steger Angove
Dist. VII - Lea D. Zajac
Dist. VIII - Earl J. Wilson
Dist. IX - Robert A. Wheir
Dist. X - Don R. Ross
John L. Ellis, Director California
State Legislation
Joyce Ross, CSFC Historian

SERVICE COMMITTEE MEMBERS

Chair - Mary E. Venerable, 1662 (951) 443-4551 – maryv65@juno.com
Vice Chair – Duane A. Peterson, #0531
(925) 825-2109 – duanep@astound.net
Dist. I - Bertram Zucker, #1689 –
(949) 587-9096 – BERTZUCKER@hotmail.com
Dist II. - Jeannie Sprenger #0021
(562) 425-1392 – cesprenger@aol.com

Dist III. - Vaudis Pennell - #0073
(909) 862-7685 - quovau@aol.com
Dist IV. - Duane A. Peterson, #0531 –
(925) 825-2109 – duanep@astound.net
Dist. V. – Gale Fullerton #1317
(650) 325-6894 - gfullerton@earthlink.net
Dist. VI – Deanna Smith, #1503 –
(209) 483-3029 – dsmith15@cwnet.com
Dist. VII. - Sammy Brick, #0903
(707) 448-3695, - ZoeDoggy@aol.com
Dist. VIII - Walter T. Washington, #0010
(626) 798-1778
Dist. IX. - Joanne C. Rowles, #0068
661) 833-1647 – jrowles@bak.rr.com
Dist. X. - Chester H. Olson, #1655
(530) 527-8034, - Amcho@aol.com

NARFE SERVICE CENTERS IN STATE OF CALIFORNIA

35 –3916 Marilyn Place,
Bakersfield, Ca. 93309 (661) 833-
1647– JoAnne Rowles– By Appt.
8 – NARFE Federal Civilian
Service Center 5440 Dudley Blvd,
McClellan, CA. 95652 (916)971-2888
or 2889 – Ann Kehoe. Mon. &
Thurs. 9 a.m. to Noon. Robert
Johnson (916) 635-4576.
1 – NARFE Service Center,
Residence - P.O. Box 69, Patton, CA.
92369, (951) 862-7685 – Vaudis
Pennell - By Appointment.
#21 - Elderhelp of San Diego, 4069
30th St., San Diego, (619) 274-3786 –
William Doll – Thurs. 9 a.m. to 12
Noon

#42 – Residence of Vernon Rood,
2318 Northwood Dr., Santa Rosa,
CA. 95404 (707) 545-8608 – Q &
A's by phone -mail Vrood@aol.com
145 – NARFE Retiree Affairs,
Naval Air Warfare Station, Bldg.
2302, Rm. C, Blandly St., China
Lake, CA. 93555 (760) 939-0978 –
Theresa Gonzales – Mon – Fri. 9 –
11 a.m. & 1 - 3 p.m.
4 – Mare Island Naval Shipyard,
Bldg 535, 2nd Floor, Vallejo, Ca. (707)
562-3179 - Everett Crockett, - Mon. –
12 Noon to 4 p.m. Mail – 312
Hampshire St., Vallejo, CA 94590.
171 – Residence of Katie Karikka,
Los Osos, CA. (805) 528-2422 –
Questions & Service by phone 24 hr.
183 – Residence of Emile Lapointe,
204 E. Viesta Green, Port Hueneme,
CA. 93041 (805) 984-3341
Questions & Service by phone.
149 – Antelope Valley Senior
Center, 777 W. Jackman Street,
Lancaster, CA 93534 - Norma
Keipe, (661) 726-4400. – Mondays 9
a.m. to Noon (except in July, August
& holidays)
12 - Oceanside Senior Center, 455
Country Club Lane, Oceanside, CA.
92054 Josephine M. Murphy - (760)
433-8933 - Weds. 12 Noon to 3 p.m.
78 - Fresno Veterans of Foreign
Wars, 530 N. Parkway Dr., Fresno,
CA. (559)266-9604 – Victor Horg –
1st & 3rd Tuesday – 1 p.m. to 5 p.m.

55 – NARFE Service Center, 1524 Jefferson St., Napa, CA 94558 – Oliver E. Sheridan - (707) 257-2228 Monday thru Saturday – By appt.

133 – NARFE Service Center, Member 1 Credit Union, 1380 Hilltop Dr., Redding, CA 96003 – Glenn Shaw (530) 222-6060 - 4th Wednesday each mo. From 10 a.m. to 2 p.m.

#202 -NARFE Service Center, Norman P. Murray Com. & Senior Center, 24932 Veterans Way, Mission Viejo 92692. Bert Zucker – (949) 470-3063 – 2nd & 4th Monday ea. Month from 1-3 p.m.

Notice: The status and information about Service Centers is subject to change. For up-to-date information see the Federation’s website. Notify Jo Murphy of changes by FAX (760) 439-5277 or E-mail at mjojo@worldnet.att.net

REMEMBER VOLUNTEERS ARE NEEDED!

WEBSITES OF INTEREST

Issues of all SOS Newsletter are available on line through NARFE California Federation Web Site – <http://csfncnarfe.org>
NARFE National Office at <http://www.narfe.org> - Publications
FEGLI Life Insurance at <http://www.opm.gov/insure/life/index.htm>
(800)633-4542 OPM Retirement www.opm.gov.retire

HEALTH INSURANCE

By now, retirees should be checking on the information about their current health plans to insure continuation of their Health Insurance or you have made Open Season changes that will be effective January 1, 2005. It should be noted that those with Blue Cross Blue Shield who did not elect Basic Option were automatically enrolled in the new Blue Cross Blue Shield Standard Option coverage.

I also note that Kaiser has added a new option to their health plan. They now offer a Standard Option and High

Option. They also have the Senior Advantage (Medicare Advantage) plan for those are or will be 65 in 2005. It is important that all read the information sent them about your plans and everyone should make a thorough review of the differences between the Basic and the Standard Options in each of these plans. Of course there are other plans available and information about these plans should be requested immediately before the end of open season on December 13, 2004. Other plans include: GEHA, APWV, Mail Handlers, and NA of Letter Carriers.

Service Officers should also remind your members that their health plan should “NEVER” be cancelled. Plans can only be “SUSPENDED” with the possibility of re-enrolling in an FEHBP during the next Open Season.

Members should also be encouraged to use mail order procedures for prescriptions for better rates. Remember, if your doctor recommends and stands by a brand name – non-generic medicine for whatever reason, you must obtain a certification from the doctor to justify the lesser charge. **This applies to any health plan!**

See the November Retirement Life (pgs. 26-31) for more details.

TRICARE FOR LIFE FOR MILITARY RETIREES

Service Officers are reminded of the new program entitled: “Tricare for Life” which became effective on October 1, 2001 for military-eligible uniformed service retirees, including retired guard and reservists; Medicare-eligible family members, including widows/widowers; and certain former spouses if they were eligible for TRICARE before age 65. Medicare eligible refers to reaching age 65 and purchasing Medicare Part B (\$78.20-2005). Tricare for Life program replaced the old CHAMPUS program and supplements Medicare Part B benefits for military retirees at NO COST to the enrolled military member. Military retirees and their spouses are given the opportunity to “suspend” their

health plan under the Federal Employee Health Benefits Program (FEHBP) and enroll in Tricare for Life.

Remember, if those who suspend their FEHBP enrollment later change their mind, they can rejoin FEHBP during a future FEHBP Open Season.

In this plan, Medicare would be the primary payer and Tricare for Life would be the secondary payer.

Editorial Comments:

I was encouraged, after the publication of the July issue of SOS Newsletter, when I received e-mail messages challenging my statement about “retirement contributions being used up in three years after retirement.” A few wrote me and said that they were entitled to recover their contributions for up to 20 years.

Well, the matter brought some doubt, since I have been retired for a while so I wrote to NARFE to get clarification on what I stated. As it turns out, my statement was correct (*I have not lost it*) the following explanation was also found on page 10 in the NARFE publication entitled “Questions and Answers.

“What is confusing is the difference between retirement contributions upon the annuitant’s death (unexpended balance) and the tax-free portion of annuity for income tax purposes (*contributions spread out over an actuarially determined period*).

Thus the retirement contributions are used up as “a monthly annuity” within a period of up to 3 years – leaving no balance available for the children/relatives. This is known as the 3-year recovery rule. Of course, if the annuitant provided survivor benefits for a spouse, the spouse is entitled to 55% of the annuitant’s benefits for the rest of his or her life.

After July 2, 1986, the IRS came up with a General Rule or Simplified Method used for tax purposes to treat retirement contributions. The Simplified Method provided a potential survivor benefit and both annuitant and spouse

age 55 has a recovery period of over 34 years. Information regarding this is included in IRS Publication 721.

I hope this clarifies what was previously stated.

MEDICARE SAVINGS PROGRAM

Some of you have heard about the Medicare Savings Program (MSP) which is suppose to help people who have limited income and resources pay for their Medicare expenses. This was identified as being worth almost \$800 a year. It was indicated that the MS programs can help you if:

- You have Medicare Part A, also known as Hospital Insurance (if you are paying a premium for Medicare Part A, the Medicare Savings Programs may pay the Part A premium for you), and
- You have resources (such as money in the bank o stocks or bonds worth \$4,000 or less, or you and your spouse together have resources of \$6,000 or less. (Resources do not include certain items, such as the home where you live, your home furnishings, a car, burial plots, and \$1,500 in burial account), and
- Your monthly income is less than \$1,068 or you and your spouse's monthly income together is less than \$1,426. These income limits will change slightly in 2005.

If you think you might be able to get this help with your Medicare costs, or if you are not sure, call your medical assistance (Medicaid) office or your social service or welfare office. You can get the local phone number for these organizations by calling 1-800-633-4227.

You may be able to get a \$600 credit towards your prescription drug expenses if:

- You have Medicare Part A and/or Part B, and
- You sign up for a Drug Discount Card with a Medicare-approved company, and

- Your annual income is \$12,569 or less if you are single, or \$16,862 or less if married. (Which includes your income and your spouse's income).
- You do not have Medicaid or other outpatient drug coverage.



QUESTION & ANSWERS

A good resource for Service Officers is the Q & A publication put out by NARFE. The publication is in its 2nd edition. This publication is now with members of the Service Committee and all Service Centers have a copy. (Thanks to the budget of the Service Committee Chair).

The publication can be ordered from NARFE headquarters for \$9 (\$6 plus \$3 shipping & handling) Seepage 37 in your NARFE magazine for order form.

You will find it well worth the wait and expense.

TAX QUESTIONS - SOCIAL SECURITY BENEFITS

Do I have to pay income tax on my Social Security Benefits?

A – Maybe – Some people who get SSA benefits have to pay income taxes on them. This will apply to you only if you have other substantial income in addition to your SSA benefits. (E.g. wages, self-employment, interest, dividends and other taxable income that you have to report on your tax return) No one pays taxes on more than 85% of his or her Social Security benefits and some pay on a smaller amount based on IRS rules.

Social Security recipients should receive Form SSA-1099 by January 31, 2005. This form shows the total benefits received and then requires the taxpayer to put pencil to paper. For a quick computation, add one-half of your Social Security benefits to all your other income, including tax-

exempt interest. If this amount is greater than the base amount for your filing status, a part of your benefits will be taxable. The 2004 base amounts are:

- \$25,000 for single, head of household, or qualifying widow/widower with a dependent child.
- \$25,000 for married individuals filing separately who did not live with their spouses at any time during the year
- \$32,000 for married couples filing jointly
- \$0 for married persons filing separately who lived together.

If your benefits are taxable, you can avoid estimated tax payments and minimize your tax bill next year by having federal income tax withheld from your benefits. Complete and file with SSA, Form 4V. See also IRS Publication 915.

NO NURSING HOME FOR ME!

No nursing home for me. I am checking into the Holiday Inn! With the average cost for a nursing home per day reaching \$188. There is a better way when we get old and feeble. I have already checked on reservations at the Holiday Inn. For a combined long-term stay discount and senior discount, it's \$49.23 per night. That leaves \$138.77 for: breakfast, lunch and dinner in any restaurant I want or room service. Laundry, gratuities and special TV movies. Plus, they provide a swimming pool, a workout room, a lounge, washer, dryer, etc. Most have free toothpaste and razors, and all have free shampoo and soap. They treat you like a customer, not a patient, \$5 worth of tips a day will have the entire staff scrambling to help you.

There is a city bus stop out front, and seniors ride free. The handicap bus will also pick you up if you fake a decent limp. To meet other nice people, call a church

bus on Sundays. For a change of scenery, take the airport shuttle bus and eat at one of the nice restaurants there. While you are at the airport, fly somewhere. Otherwise, the cash keeps building up.

It takes months to get into decent nursing homes. Holiday Inn will take your reservation today. And you are not stuck in one place forever, you can move from Inn to Inn, or even from city to city.

Want to see Hawaii? They have a Holiday Inn there too. T.V. broken? Light bulbs need changing? Need a mattress replaced? No problem. They fix everything, and apologize for the inconvenience. The Inn has a night security person and daily room service. The maid checks to see if you are OK. If not, they will call the undertaker or an ambulance. If you fall and break a hip, Medicare will pay for the hip, and Holiday Inn will upgrade you to a suite for the rest of your life. And no worries about visits from family, they will always be glad to find you, and probably check in for a few days mini-vacation. The grand kids can use the pool. What more can you ask for?

So, when I reach the golden age I'll face it with a grin. Just forward all my e-mail to: me@Holiday.Inn

(Editors Note: I hope you enjoyed the humor as it does have some food for thought.)

INFORMATION FOR NEW FEDERAL EMPLOYEES

Just a short note for current Federal employees regarding membership with NARFE. You only need to be employee for one day to join NARFE.

OPM WEB SITE

You can use the OPM web site if you receive benefits under the Civil Service Retirement System (CSRS), Federal Employee Retirement System (FERS) or FERS Special, or the Organization Retirement and Disability System (ODS). To access your information or to make changes go to <http://www.servicesonline.opm.gov/main/ainris.asp>. You must have your CSA, or CSF number and your assigned PIN number that was issued to you by OPM. If you do not have your PIN and need a new one, contact OPM at their toll free number (888)767-6738. You may also e-mail your request to OPM at retire@opm.gov. Examples of changes that can be made using this system include: Start or change the direct deposit of your payment; Change your mailing address; Start, change, or stop Federal and State tax withholdings; request a duplicate 1099R; start, or change or stop a checking or savings allotment; view or print a copy of your annuity statement which you may use as verification of annuity, or Change your Personal Identification Number (PIN) for accessing OPM's automated systems.

BE PREPARED FOR LIFE'S EVENTS

This is the title of a new publication, identified as a **NARFE Guide for Federal Employees and Annuitants. The form No. is F-100.** This document has the space for personal information formerly collected on the old form F-76. In addition, beginning on page 6 of this document are excellent presentations of Benefits payable after Death of an Annuitant, procedures for death of an annuitant's spouse and death of a Survivor Annuitant. Page 11 has information for every NARFE member regarding services provided by Service Officers and Service Centers. As indicated, this is an excellent publication for Service Officers to pass out to members

I have been given some valuable information by **Joanna Selby, District IV, Albany #1282 Chapter**, in which she shows the information that should also be gathered by a NARFE member and placed with the F-100 form. Because this information has value for everyone, the Chair is planning to prepare a packet for each Service officer. The material should be available early in 2005. ***In the mean time, Service Officers should order the F-100 publication for their members.***

DEATH OF SPOUSE

The Chair also wishes to thank **Merlynn Doll from our San Diego Chapter 4.** (Merlynn is the wife of Bill Doll, Service Officer for the Chapter). Merlynn suggests the following actions in the case of death of a spouse:

1. Notify Social Security, Medicare, Retired Military Pension Provides, OPM, private pension providers (as applicable)
2. File claims for Life insurance (certified copy of death certificate required)
3. Contact financial institutions and provide required documentation to close, transfer or remove spouse from accounts. Institutions will provide routing/transit number for direct deposit. Contact legal, accountant, financial advisor prior to selling property, redeeming stocks, bonds, IRA's, 401k, US Savings Bonds, filing taxes for year of death.
4. To qualify for \$5000,000. tax exclusion on sale of owner-occupied home, sale must be concluded by December 31 of year of death of spouse. Vacant land, rental properties, vacation homes incur different tax liabilities. (Contact your accountant)
5. 401k, Traditional IRA, Roth IRA, TSP, TSA, ERIA Rules and Regulations are different for each of these retirement products. Contact the financial

institution (IRA), employer (401k), or local, state, federal government (TSP, TSA) where funds are on deposit to determine available options and documentation requirements.

6. US Savings Bonds – Information and current value is available at www.treasurydirect.gov. (This site has additional information such as t-notes, etc. Go to TOOLS under this option for US Savings bonds) any financial institution that sells US Savings Bonds is required to redeem it. Federal taxes (no state) apply at redemption. Transfer of title to remove deceased joint owner or transfers to a trust incur no tax liability.
7. For Social Security, you can report the death to a Service Representative or by calling 1-800-772-1213 between the hours of 7 a.m. and 7 p.m.

TAX ON DISABILITY RETIREMENT INCOME

IRS has provided the following general information about the taxation of your monthly annuity payments. If you retire for disability, your entire disability annuity payments are fully taxable until you reach the age at which you would have first been eligible to retire based on your age and years of service. This is called the minimum retirement age (MRA). Generally, the combination of minimum age and service for retirement are:

- Age 55 and 30 years of service
- Age 60 and 20 years of service
- Age 62 and five years of service

As soon as you reach the age shown in the combinations above, for tax purposes, you would treat your annuity payments as show below, as if you did not retire for disability.

If you did not retire for disability, part of each payment is taxable and part is a tax-free return of the retirement contributions you made while you worked.

To figure the tax-free portions of your annuity if retirement was after January 1, 1998 divide the amount of your retirement contributions by the appropriate factor below:

- Age 55 and under – Divide by 360
- Age 56-60 – Divide by 310
- Age 61-65 – Divide by 260
- Age 66-70 – Divide by 210
- Age 71 and over – Divide by 160

Additional information can be found in IRS Publication 721.

DISABILITY INCOME

Q. – I am receiving long-term disability. Is it considered taxable?

A. – Generally, you must report as income any amount you receive for your disability through an accident or health insurance plan paid for by your employer. If both you and your employer have paid the premiums for the plan, only the amount you receive for your disability that is due to your employer's payments is reported as income. If you pay the entire cost of a health or accident insurance plan, do not include any amounts you receive for your disability as income on your tax return. Ref: IRS Publication 525, Taxable & Nontaxable Income.

Q. – Are Social Security disability benefits taxed just like social security retirement?

A. – There is no difference in the formula for determining the taxation of social security benefits, whether the benefits are age-related or disability-related, except social security benefits do not include supplemental security income (SSI) payments, which are not taxable.

RULES DEEM FEHB SUSPENDED, NOT CANCELED

In general, FEHB policy bars annuitants who cancel their coverage from getting back into the program; the rules provide an exception to that policy by deeming the action a suspension of FEHB coverage rather than a cancellation.

The rules allow covered individuals to return to FEHB coverage immediately if they involuntarily lose the other coverage or during the next annual FEHB open season regardless of whether they remain eligible for the other coverage. The rules also clarify a similar situation involving FEHB-covered annuitants and former spouses by allowing an individual who drops FEHB coverage when he/she enrolls in a Medicare-sponsored plan, or in Medicaid or a similar state-sponsored program of medical assistance for the needy, to return to FEHB coverage during the annual open season or immediately upon being involuntarily disenrolled from the non-FEHB coverage.

NEW HEALTH CARE PROGRAMS OFFERED FOR 2005

The OPM Director, Kay Coles James, indicated that Federal employees and retirees would have more choice in their health care in 2005. However, there must be homework when shopping around for the best price. For another year there will be an average rise of 7.9% in health insurance premiums. Several plans have introduced a "high-deductible health plan". There are plans that will provide a "health savings account" or HSA, that allows for tax-free contributions and payments for medical expenses.

HAS's will be available to people who do not qualify for Medicare benefits or those who have other insurance plans that might pay the deductible.

The problem with the above is that HAS's have high deductible catastrophic health insurance. This requires thorough investigation of both short term and long term benefits.

I wish everyone a Happy Holiday and best wishes for a prosperous New Year.

