

S.O.S. NEWSLETTER

"SERVICE OFFICERS FOR SERVICE"

SERVICE OFFICER NEWSLETTER

VOLUME 5 -3

SEPTEMBER 2005

EDITORS MESSAGE

Preparation of this newsletter for Service Officers involves research and imagination. Research is done through my Internet connections with OPM website which all can go to at: OPM gov. The Imagination is from what I believe SO's may be interested in knowing about. Since I can't read minds, I can only write about subjects of interest and suggestions from SO's. This newsletter was started with an idea from a very active SO Jeannie Sprenger, of the Long Beach Chapter, who believes in checking out the information she gives out. As a result of her suggestions, you will find a few articles specifically directed to Active Members under FERS and CSRS employees. I hope that SO's will pass on information in this Newsletter at meetings, in their Newsletters and during Pre-Retirement meetings.

Mary Venerable

Chair, Service Committee

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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) 284-9281 – William Doll – Thurs. 9 a.m. to 12 Noon
#42 – Residence of Vernon Rood, 2318 Northwood Dr., Santa Rosa, CA. 95404 (707) 578-3180 – Q & A's by phone -mail Vrood@aol.com
145 – NARFE Retiree Affairs, Naval Air Warfare Station, Bldg. 2302, Rm. C, Blandy 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@oco.net

REMEMBER VOLUNTEERS ARE NEEDED!

WEBSITES OF INTEREST

Issues of all SOS Newsletter are available on line through NARFE California Federation Web Site – <http://csfcnarfe.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

RULES/REGULATIONS FOR CURRENT FEDERAL EMPLOYEES

Service Officer's (SO's) have information about retirement benefits for current CSRS and FERS employees. But the question has been raised by our SO Jeannie Sprenger, regarding the survivor benefits for a spouse of a current employee. To explain the benefits, establish that the employee was a current CSRS or FERS employee. You must also ask about years of service of the current/deceased employee and number of years of marriage. You should then advise the spouse to call the servicing Personnel Office. They will contact OPM using a CSRS Death-in-Service Quick Pay form or a FERS Basic Death-in-Service form. That will allow OPM to begin making expedited interim payments to the survivors. The agency will also provide the surviving spouse with the necessary forms to complete the process. These include the application for death benefits and life insurance (FEGLI). The agency will be responsible for assisting the survivor to complete the paperwork. Once the forms are submitted, **OPM will be the survivor's point of contact.**

At the point of determining benefits, we will discuss the surviving spouse's benefit under the CSRS and FERS Rules.

Under CSRS, no lump-sum death benefit is payable immediately to a currently employed worker's survivors who qualify for an annuity. A lump-sum death benefit may be payable later if annuity amounts paid out do not equal a retiree's contribution, plus interest.

Under FERS, a "basic death benefit" is payable to an actively employed worker's surviving spouse provided the employee completed at least 18 months but less than 10 years of civilian creditable service and is survived by a current spouse who was married to the current employee for a least 9 months.

(a) The current spouse is entitled to the basic employee death benefit equal to the sum of –

- (1) Fifty percent of the final annual rate of basic pay and
- (2) Fifteen thousand dollars as adjusted by COLA's

(b) The current spouse may elect to receive the basic employee death benefit in one of the following forms

- (1) A one-time payment; or
- (2) For deaths occurring on or after October 1, 2004, 36 equal monthly installments of 3.037..% of the of the amount of the basic employee death benefit.

(Note this is a shorter version of the rules and should be check with the Personnel Office.)

(c) If an employee dies after completing at least 10 years of service, a current spouse is entitled to an annuity under FERS equal to 50% of the annuity computed under basic annuity formula (without reduction of age) with respect to the employee.

1. Any Social Security benefits that may be payable, plus
2. Any thrift plan death benefits 1, 2, 3 and 4 above, with 10 or more years of service, plus

Under CSRS and FERS, if there are no survivors (spouse or children) who qualify for an annuity, your retirement contributions, plus interest, is paid as a lump sum that includes the following:

- CSRS: Retirement deductions withheld from your pay, redeposit of refunds previously paid, deposits for civilian service where no deductions were taken, deposits for post 1956 military service and interest on deductions through December 31, 1956 (if any). Annuity benefits under CSRS will be 55% of the

High-3 Average salary and years and months of service at the time of death.

- FERS: Retirement deduction include: CSRS Interim and CSRS-Offset withheld from pay, deposits for civilian service performed before January 1, 1989, deposits for post 1956 military service, redeposit of CSRS refunds previously made, the balance left after the return of excess deductions (civilian and military), and the variable interest on deductions and deposits, if the service covered totals at least one year. **Note:** For transferees with a CSRS component, interest on the CSRS component of the lump sum accrues under CSRS rules.

Questions regarding other benefits available to a worker at the time of death should be raised by the surviving spouse with the Personnel Office.

SOCIAL SECURITY INFORMATION

A question regarding Widow/Widower benefits was raised recently and I learned at lot. First, a spouse who is reaching age 65 and married to the worker for at least 9 months before the worker died may be entitled to benefits equal to 100 percent of the deceased worker's primary insurance.

However, what about the widow or widower who is not age 65 and has a child under age 16? Well, that is a different situation because the widow or widower is eligible to receive 75% of the insurance benefits until the child reaches age 16. Once the child reaches age 16, the benefits of the widow or widower are **stopped**. Social Security will notify the widow/widower within 60 days of the month the child reaching age 16. The child will continue to receive benefits until age 18 or under age 19, as long as he/she is unmarried and is a full-time Elementary or secondary school student; or Age 19 and a full-time elementary or secondary school

student. (There are other conditions but which may qualify and should be checked with Social Security.)

Anyone interested in additional information on the subject, should contact the nearest Social Security Office or check on the internet at: www.SSA.gov.

COURT ORDERED BENEFITS

A number of questions have come to me regarding the subject of Court Ordered Benefits. For those contemplating divorce, you should first be aware that OPM will ask for a copy of your divorce decree at the time of retirement. If the worker is not retired, action should be taken by the former spouse to make sure a copy of the court order is on file with the current employer and should also send a copy to OPM. The former spouse should provide the husband/wife's full name, date of birth and Social Security number with the court order so that when his/her retirement papers come in, OPM will be able to associate the court order with his/her case. The worker is required by law to inform OPM at retirement, of any court order affecting annuity benefits. It is also an action to make sure that OPM is aware of the spouse's current address. The mailing address is: OPM, Court-Ordered Benefits Branch, and P.O. Box 17, Washington, DC 20044.

Another concern I have is with those who have a divorce decree that is "Open ended". For the life of me I don't understand this because of the problems that could be created later. In any case, I advise anyone who contemplates divorce or change the "open ended" divorce decree to purchase or have your attorney purchase the "A Handbook for Attorneys on Court-Ordered Retirement, Health Benefits, and Life Insurance under CSRS, FERS... RI 38-116. S/N 006-000-01408-9.

This cost was \$14. it may have gone up a bit but I consider it worth while to avoid problems later. Order from the Superintendent of Documents, P. O. Box 371954, Pittsburgh, PA 15250-7954 or calls with Credit card to (202) 512-1800.

Another question came up regarding payments of annuity to a former spouse after retirement. Many divorcees believe they are entitled to their spouse's annuity if they have been married at least 9 months and the worker has at least 18 months of Civilian Service creditable under CSRS or FERS, and whose marriage to the employee or retiree was terminated prior to the death of the employee or retiree.

I have heard spouses complaining that their husband would not retire thereby denying her a portion of his annuity. *There is nothing that can be put in a divorce decree that says when an employee must retire.*

There are provisions for the award to the former spouse of a share of the employee's annuity based on a formula stated in the court order. The formula and method of payment is discussed in the above referenced publication.

Remember OPM must have specific information in the divorced decree or court order before they will take any payment action.

MILITARY PAY BACK "Catch 62 Provisions"

Current employees under FERS and CSRS should consider the matter of paying back to the governments for the military service performed during the period before December 31, 1956. The provisions pertaining to this payback is known as the "Catch 62 Provisions".

The principles of the Catch 62 provisions are that military service

performed after December 1956 represents the time of military service that was subject to Social Security taxes which is creditable towards Social Security benefits. (Note: Service in the military before December 1956 was not subject to Social Security tax and does not require pay back).

If the employee wishes to use the time in the computation of their annuity, they must ("buy") or make a military deposit to pay back the service time plus interest. Key features of this are that if the employee does not wish to pay back for the service before retirement - at the age of 62 their annuity will be recomputed and adjusted to take back the military service they did not pay back that was included at retirement in the computation of their annuity. If, on the other hand the employee arranges for payroll deductions to pay back the military service, there will be no future deduction of the years of military service from their annuity upon reaching age 62. **Paying back will also entitle the retiree to Social Security Benefits for the same included period of service.** Chapter members, who are still employed, should contact their servicing Personnel Office for more details and procedures for making the military deposit.

The CSRS employee should also ask about the matter of not being eligible for Social Security at retirement and not paying back the military service time. FERS employees will not have that question because they are now subject to Social Security deductions.

There is also one point for retired military on this subject and that is regarding their decision to **combine or not combine** their military service. If they combine military with civilian service, they should be encouraged to pay for the military service. If they don't combine military with civilian service, they don't have to worry about paying back for their military service.

MEDICARE PART D INFORMATION

Beginning January 1, 2006, the Medicare Part D Prescription Drug Benefit, which is part of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, will provide elderly and disabled people on Medicare, access to prescription drug coverage. The new law is primarily designed to help low income Medicare enrollees to get extra financial help to pay for the deductible and monthly premiums associated with the program.

SO's should insure that Chapter members are aware of the new Part D provisions but they should pass on the following at Chapter meetings or Newsletter item: "If you are enrolled in an FEHBP health plan and have Medicare, normally it would not be advantageous for you to enroll in the new Medicare prescription drug benefit plan".

Because we have FEHBP coverage, the full provisions of the benefits as it applies to Medicare sponsored plans have not been included in this newsletter. Additional information about the provisions can be obtained by review the Medicare Part D provisions on line under www.medicare.gov or calling Social Security Medicare information.



WORKERS COMPENSATION

It is interesting to find so many retirees's who are on Workers Compensation Annuity as compared to those who receive an annuity by OPM

For many federal employees, workers' compensation benefits and disability retirement are closely related issues, but it is important to realize that these two benefit programs are very different. Each has its own set of eligibility and procedural rules and the two are administered by different agencies – the Labor Department's Office of Workers Compensation Program in the case of Federal

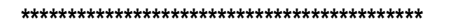
Employees Compensation Act benefits (Their office for our area is in San Francisco) and the Office of Personnel Management (OPM) in the case of disability retirement. An employee's right to receive benefit payments under one program does not ensure entitlement to benefits under the other. However, as long as the workers injury or illness is work-related, many disabled federal works find they may be eligible for benefits under both. Further details should be requested from the servicing Personnel Office.

There is much more discussion about this subject but a most important point applies to the matter of whether a spouse and dependent children will qualify for compensation death benefits from OWCP. It all depend "if an employee dies because of a job-related injury or illness". The spouse will be required to furnish a copy of the death certification which should indicate the cause of death. This may require consultation with the doctor to have in writing the reason(s) for the retiree's death. Service Officers should make sure that the members of your Chapter who are on OWCP are aware of these provisions.

I am aware of a current case which took one year to make a decision regarding a surviving spouses' eligibility to receive benefits from OWCP. During the time of processing (1 year), the surviving spouse received Survivor Benefits from OPM. When OWCP notified the surviving spouse, she was given a choice of continuing OPM benefits or taking OWCP benefits. If the spouse took the option of taking OWCP benefits, there is a requirement to pay back the benefits from OPM. What this means is that OWCP will make a retroactive calculation of what they would have paid the spouse from the date of death to a current date. What would then happen is that OWCP will deduct from the retroactive payment, the amount paid by OPM. (Note: There would be no out of pocket pay back) A major consideration is to look at the amount

that OWCP says they will pay for monthly survivor benefits (which should include deductions for Health Insurance) compared to the benefits payable by OPM. After this comparison, the spouse will make a final decision.

SO's should inform spouses of the above, if they are not members. Of course this will be an excellent opportunity to get them involved in joining the Chapter as a new member.



HEALTH INSURANCE

The "Open Season" period is coming in November. SO's should arrange for speakers or discussion at their November meeting to cover changes in the available health plans in the area. Retiree's and current employees will have the same period. Remember, if you don't have Medicare coverage (those not covered by Social Security), **you still don't have to sign up for Medicare.** However, if you have Medicare coverage, your carrier will require you to inform them of the coverage. SO's should again remind members that late decisions to sign up for Medicare will be subject to a 10% penalty for each full year you are over age 65.

Those retiree's who don't have Medicare are fully covered with health benefits. There is **no requirement** to go out and get additional coverage with another medigap plan.

SO's should remind members that in the case of death of a retiree, the spouse will be allowed to continue health insurance coverage for themselves and qualified children through deduction from their survivor benefit check on a self-only basis or self and family if there are minor children or a disabled child (disabled before the age of 18).