Survey: Feds register high satisfaction with TSP

A survey of Thrift Savings Plan participants released last week shows that 87 percent of participants are satisfied with the retirement investment program. About 5,500 respondents participated in the poll.

The survey—conducted last fall by the consulting firm Aon Hewitt under contract to the Federal Retirement Thrift Investment Board, which oversees the TSP—also found that overall satisfaction rose with the age and income of participants. Among those under 30 years of age, 80 percent expressed overall satisfaction with the TSP, while among those age 70 and older, 90 percent expressed overall satisfaction.

Likewise, among those with the lowest household income—$25,000 per year or less—73 percent registered overall satisfaction with the program, but as income rose, the rate of satisfaction gradually increased to 90 percent for those with balances greater than $150,000.

Overall satisfaction expressed by men and women was identical at 87 percent of each gender.

More than half of survey participants—58 percent—said the TSP ranks above or well above other similar retirement plans, a sentiment more prevalent among respondents older than 50 (63 percent) and among those with balances greater than $50,000 (66 percent).

Seventy-three percent of respondents said they were comfortable choosing among TSP investment options—but only about half of participants said they were confident they understood the Roth TSP option and L Fund investments.

The TSP website was tops among communications methods preferred by respondents, with 81 percent saying they currently use it. About 72 percent currently use annual and quarterly mail statements, and 31 percent said they use telephone representative/ThriftLine.

Average TSP Deferral Rates by Retirement Systems*

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<td>10.3%</td>
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*Includes active participants of the federal government who are currently contributing a portion of pay to the TSP and provided their contribution rate on the survey (N=2,581). Contribution amounts were derived using self-reported contribution rates at the time of the survey times the mid-point of their annual pay group. Amounts could be over- or underestimated due to changes over the year and annual pay which is estimated based on participants’ survey response. (Source: FRTIB/Aon Hewitt)
first cousin. This includes a child, a parent or a sibling. Under Office of Personnel Management rules, only one individual can receive a full CSRS or FERS survivor annuity. This means that if a retiring employee wants to give a full survivor annuity benefit to more than one individual, they cannot.

Many retiring employees give a full survivor annuity benefit to a spouse. If there is a court order, a retiring spouse may have to give a survivor annuity to a former spouse. And with some employees, there may be a relative or other individual who needs a survivor annuity benefit but is ineligible to receive one. Naming someone as a beneficiary for a life insurance policy may be a good substitute for a survivor annuity. For federal employees who have life insurance coverage through the Federal Employees Group Life Insurance program, this means retaining their FEGLI coverage during retirement and naming someone other than their designated CSRS or FERS survivor annuitant as beneficiary of their FEGLI insurance.

A retiring employee also may want to retain at least some of their life insurance coverage during retirement for another reason: an insurance rider that is included with many life insurance policies sold today—including FEGLI—called an “accelerated death benefit” (ADB) or “living benefits” rider.

A life insurance policy ordinarily pays a death benefit to a beneficiary after the policyowner dies. But with such a rider, if the policyowner is chronically or terminally ill, the policy dies. But with such a rider, if the policyowner is chronically or terminally ill, some of policy's face amount can be paid out before the policyowner dies.

Certain medical circumstances can trigger eligibility for early payment of all or a portion of a policyowner's life insurance proceeds. These circumstances include: (1) terminal illness with death expected within 24 months; (2) acute illness, such as acute heart disease, which could result in a drastically reduced life span without extensive treatment; (3) catastrophic illness requiring extraordinary treatment such as an organ transplant; and (4) long-term care needed because the individual cannot perform a number of activities of daily living, such as eating and dressing.

A permanent (cash-value) life insurance policy with a face amount of at least $25,000 usually provides for living benefits, as do some term life insurance policies. Employees enrolled in FEGLI have access to living benefits through the "Basic" coverage. They should view the living benefits section of the FEGLI Handbook, available at www.opm.gov/insure/life. Those employees who own individual term life insurance policies purchased from a private insurance company should check with their agent or company to see if their policy has an ADB rider or if one can be added.

The cost for having an ADB rider is usually included in the insurance premium or added to the insurance premium for a small amount, usually a percentage of the base premium. FEGLI does not add any cost to the Basic premium for the living benefits rider.

Each life insurance policy specifies how accelerated benefits are paid out. Sometimes payments are paid monthly; others are paid in a lump sum. Proceeds can be used to pay for anything, including paying off a mortgage, medical bills, or gifts to relatives. In most cases accelerated benefits are not subject to federal and state income taxes. A chronically ill person is usually exempt from paying taxes on the insurance payments but may have to qualify for the exemption by being certified chronically ill each year.

Those individuals who use their ADB rider and do not die within the 24-month period do not have to refund the life insurance proceeds to the insurance company if their health improves. But policyowners should be aware that filing a false claim or concealing information to obtain a benefit under an insurance policy is considered fraud in many states and subject to criminal or civil penalties.

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Among active participants currently contributing and answering the survey question on deferral rates, the average savings rate was 11.6 percent of basic pay—roughly the same rate reported in a 2011 survey.

While the median deferral rate among active participants remained unchanged at 10 percent compared to 2011, that rate is higher than the average pre-tax contribution of 7.3 percent of pay among those who contribute to private-sector savings plans, according to the report.

**Military contribute more**

“Deferral rates are highest among uniformed services and lowest among FERS respondents,” the report stated. “The median rate across uniformed services and CSRS is 10.0 percent, while the median for FERS is 8 percent (down from 10 percent in 2011). Most respondents self-report deferral rates above the ‘match’ rate of 5 percent.”

“Interestingly,” the report stated, “respondents with household incomes of $25,000 or less report a higher average deferral rate of 14.8 percent compared to other income ranges, except those with over $150,000, who defer at an average of 14.1 percent. Female respondents defer at lower average rates compared to their male counterparts (10.9 percent versus 12.0 percent).”

See more at: https://www.tsp.gov/whatsnew/survey/overview.shtml.

**IG releases interim report on Phoenix VA**

The Department of Veterans Affairs Inspector General in its ongoing review of the Phoenix Health Care System has identified 1,700 vets who were waiting for primary care appointments but were not on the system’s waiting list, according to an interim report issued by the OIG.

The May 28 report said the OIG also identified about 1,400 vets who did not have primary care appointments, but who in fact were appropriately included on the waiting list.

The OIG is investigating two primary questions concerning the center—first, whether the facility’s electronic wait list (EWL) purposely omitted the names of veterans waiting for care and, if so, who ordered the move; and second, whether the deaths of any veterans were related to delays in care.

“Allegations at the Phoenix HCS include gross mismanagement of VA resources and criminal misconduct by VA senior hospital leadership, creating systemic patient safety issues and possible wrongful deaths,” the report stated. “While the review is still underway, OIG has substantiated that significant delays in access to care negatively impacted the quality care at this medical facility.”

The report said that reviews so far “have identified multiple types of scheduling practices that are not in compliance with [Veterans Health Administration] policy.”

“Since the multiple lists we found were something other than the official EWL,” the report said, “these additional lists may be the basis for allegations of creating ‘secret’ wait lists.”

The report highlighted the connection between VA waiting lists and managers’ performance appraisals.

“A direct consequence of not appropriately placing veterans on EWLs is that the Phoenix HCS leadership significantly understated the time new patients waited for their primary care appointment in their FY 2013 performance appraisal accomplishments, which is one of the factors considered for awards and salary increases,” the report stated.

To reveal discrepancies in reporting, the OIG examined a statistical sample of 226 vets who waited for appointments at the Phoenix HCS. While the Phoenix HCS reported that the 226 vets waited on average 24 days for their first primary care appointment and only 43 percent waited more than 14 days, the OIG’s review showed that those 226 vets actually waited on average 115 days for their first primary care appointment, with about 84 percent waiting more than 14 days.

“At this time,” the OIG said, “we believe that most of the waiting time discrepancies occurred because of delays between the veteran’s requested appointment date and the date the appointment was created.”

In terms of patient deaths, the OIG noted that because it is still investigating
whether scheduling was at fault, it did not include information on that aspect of the review in the interim report.

“The assessments needed to draw any conclusions [on the deaths] require analysis of VA and non-VA medical records, death certificates, and autopsy results,” the report stated. “We have made requests to appropriate state agencies and have issued subpoenas to obtain non-VA medical records. All of these records will require a detailed review by our clinical teams.”

The Phoenix investigation has also sparked other allegations concerning the facility, the report noted—with on-site OIG staff and the OIG Hotline alike receiving “numerous allegations daily of mismanagement, inappropriate hiring decisions, sexual harassment, and bullying behavior by mid- and senior-level managers at this facility.”

“We are assessing the validity of these complaints and if true, the impact to the facility’s senior leadership’s ability to make effective improvements to patients’ access to care,” the report said.

Omitted vets triaged

Hours after the release of the report last week, VA Secretary Eric Shinseki released a statement in which he called the findings so far “reprehensible to me, to this department, and to veterans,” and announced he had ordered the Phoenix system to immediately triage each of the 1,700 veterans identified by the OIG to ensure their care.

“I have already placed the Phoenix VAHCS leadership on administrative leave, and have directed an independent site team to assess scheduling and administrative practices at the Phoenix VAHCS,” he added. “This team began their work in April, and we are already taking action on multiple recommendations from this report.”

Shinseki noted that VHA already had been directed to conduct a full nationwide review of patient access, and that VA had launched a new program to accelerate access to care. That program includes speeding access to care by tapping into private-sector health care resources when necessary.

Other actions

Also last month—impatient with VA’s response—the House passed a bill May 21 that would give Shinseki new authority to fire senior executives for poor performance.

The Department of Veterans Affairs Management Accountability Act (H.R. 4031), sponsored by Veterans Affairs Committee Chairman Jeff Miller (R-Fla.), would allow the VA secretary to remove any person from the Senior Executive Service after determining that the individual’s performance warranted removal, and either remove the person from federal service or transfer him or her to “a General Schedule position at any grade that the Secretary deems appropriate.”

“The House has voted to take an important first step toward ending the culture of complacency that is jeopardizing patient safety within the Department of Veterans Affairs health care system,” Miller said in a statement after the bill’s passage. Miller said the “vast majority” of VA employees and executives are “dedicated and hard-working,” but that the department’s “well-documented reluctance to ensure its leaders are held accountable for negligence and mismanagement is tarnishing the reputation of the organization...”

The Senior Executives Association released a statement in which it expressed “deep disappointment” in the House’s passage of the measure, maintaining that rather than ensuring veterans get high quality care, the bill would drive well qualified applicants from seeking executive positions at the department.

“Veterans have fought on behalf of the founding tenets and freedoms that make America great and keep democracy strong,” said SEA President Carol Bonosaro. “These ideals include due process, the assumption of innocence until proven guilty, and an impartial justice system.”

“Instead of wasting time on H.R. 4031,” she said, “[Congress] should be moving quickly to deal with the systemic drivers of a growing VA population, lack of sufficient medical staff and resources, and the laws already in place to ensure employee accountability and performance.”

AFGE: staffing shortage

The American Federation of Government Employees, for its part, agreed that “understaffing and inadequate funding of frontline services” were the main causes of veterans’ long wait times for appointments.

“The agency made promises and set standards that, in many locations, may have been impossible to fulfill, given the inadequate allocation of resources to frontline caregivers,” AFGE said in a press release. “In such an environment, instances of wait list gaming become almost inevitable.”

The union said its members at the department report there are not enough providers and support personnel to provide timely access care at most VHA medical facilities.

“When we look deeper into this issue of extended wait times for veterans to receive an appointment, we have to recognize that understaffing is a major culprit,” AFGE National President J. David Cox Sr. said in a statement. “All around the country, medical facilities are understaffed, with numerous frontline care positions going unfilled.”

The leader of the union’s VA organization agreed.

“Understaffing has a strong, negative impact on employees’ ability to do their jobs,” said AFGE National VA Council President Alma Lee. “Our medical professionals are dealing with excessive caseloads and insufficient support staff. This is the reason why there are problems scheduling patient appointments.”


Bill would provide 3.3 percent pay hike

Federal employee organizations applauded the introduction of Senate legislation that would provide federal workers with a 3.3 percent pay raise in 2015.

The bill (S. 2397), introduced last week by Democratic Sens. Ben Cardin (Md.) And Brian Schatz (Hawaii), would...
provide a raise for General Schedule employees and hourly workers under the prevailing wage system. The proposed increase is more than three times the 1 percent raise President Obama has proposed for next year. Union leaders say the larger pay bump is justified.

“Federal employees have seen their standard of living deteriorate in recent years due to a three-year pay freeze, unpaid furloughs, and higher retirement contributions for newer workers,” American Federation of Government Employees National President J. David Cox Sr. said in a statement. “This legislation by Sens. Schatz and Cardin would help federal employees recoup some of that lost income and ensure the government is able to recruit and retain the high-caliber workers that taxpayers expect.”

Reps. Gerry Connolly and Jim Moran, both Virginia Democrats who represent districts in the national capital region, introduced a similar measure—the Federal Adjustment of Income Rates (FAIR) Act—in the House in March.

“Federal employees are on the hook for $138 billion in lost earnings thanks to years of policies that put slashing the deficit ahead of creating new jobs,” Cox said. “A 3.3 percent increase would provide employees with a fair and meaningful raise for the first time this decade.”

William R. Dougan, national president of the National Federation of Federal Employees, said that federal employees have been “left behind with stagnant wages” as the cost of living rose.

“A 3.3 percent pay adjustment is a step in the right direction to account for the increased cost of living over the past years.” Dougan said in a statement. “Federal workers deserve a pay adjustment that actually reflects the cost of living.”

National Treasury Employees Union President Colleen Kelley, who called for a 3.3 percent pay increase at the union’s legislative conference earlier this year, noted that federal employees have persevered even amid frozen wages and agency budget cuts.

“Severely squeezed agency budgets as a result of sequestration are making it increasingly difficult for federal employees to do their jobs,” Kelley said. “Even so, and despite the continuing attacks on their pay and their contributions to America, they continue to do their jobs with skill and dedication. Clearly, a fair pay increase is in order.”

NTEU said it based the proposed increase on the Employment Cost Index and the formula for federal pay raises outlined in law.

...  

In Brief

**Bill would end to-the-door delivery for 15M addresses**

The House Oversight and Government Reform Committee last month advanced legislation that would trim postal personnel costs by shifting 15 million postal customers who currently have mail delivered to their doors either to curbside mailboxes or to clusters of neighborhood lockboxes that provide “secure centralized delivery.”

The panel approved the Secure Delivery for America Act of 2014 (H.R. 4670), introduced by committee Chairman Darrell Issa (R-Calif.), on a vote of 18-13.

The legislation would require the U.S. Postal Service to convert 1.5 million addresses per year over the next 10 years from to-the-door delivery to cheaper modes of delivery, including the lockboxes and curbside delivery. USPS projects that switching the 15 million addresses will save more than $2 billion a year.

A committee fact sheet states that USPS would recoup the $73 per address cost of the lockboxes after five months due to lower delivery costs. Currently, USPS provides curbside delivery to 55 million addresses, centralized delivery to 40.5 million addresses, and to-the-door delivery to 37.7 million addresses.

Fredric Rolando, president of the National Association of Letter Carriers, blasted the bill.

“We are confident that the majority of lawmakers will understand that degrading a now-profitable postal network not only makes no sense, it would stop the postal turnaround by driving mail—and revenue—out of the system,” he said in a statement.

“It would inconvenience millions of Americans and small businesses,” Rolando stated. “And it would weaken the personal contact between residents and letter carriers—a bond that not only has led the public to name letter carriers the most trusted federal employees year after year, but also has resulted in the saving of countless lives as letter carriers deliver the mail.”

To see more, go to: http://oversight.house.gov/wp-content/uploads/2014/05/Secure-Delivery-Handout.pdf.

**House OKs waiver authority for re-employed annuitants**

A measure in the fiscal 2015 National Defense Authorization Act would grant a five-year extension of federal agencies’ authority to rehire federal annuitants without a salary offset.

Without the waiver provided under the authority, the salary of re-employed annuitants generally is offset by the amount of their annuity.

The amendment to the NDAA, offered by Rep. Gerald E. Connolly (D-Va.), was approved by the House by voice vote May 21. The House passed the overall bill (H.R. 4435) May 22.

“This authority is important for the successful recruitment, retention and mentorship of our federal civil servants,” National Active and Retired Federal Employees Association President Joseph Beaudoin said in a statement.

“Prior to the enactment of this waiver authority in 2009, an agency rehiring an annuitant needed to request a waiver from the Office of Personnel Management to ensure the employee’s pay was not offset by his or her annuity,” he said. “Those case-by-case waivers often were not approved in a timely manner and were reserved only for emergency or unusual circumstances.”

Beaudoin noted that the authority serves the dual purpose of allowing the government to function better during a rising tide of retirements, and helping to
mentor new employees. The waiver authority, which applies only on a limited and part-time basis, is due to expire in October.

To see more, go to: www.narfe.org/departments/home/articles.cfm?ID=3693.

**DOD to review healthcare system**

Defense Secretary Chuck Hagel last week ordered a full review of the military health system.

According to a Defense Department statement issued May 27, the review—led by Dr. Jonathan Woodson, assistant secretary of defense for health affairs—will begin immediately. The review, which DOD said is expected to take 90 days, will focus on access to care and will assess the safety and quality of care in military treatment facilities, as well as health care the department contracts from civilian providers.

"Following the review, the secretary will receive recommendations on areas for improvement with a specific focus on those areas where we are not meeting a nationally defined standard or a DOD policy directed standard," the statement said.

Hagel met with newly confirmed Deputy Defense Secretary Robert Work and the service secretaries to discuss the review, DOD said.

The move comes in the wake of the launch of a similar effort to examine access to care at the Department of Veterans Affairs.


**Postmaster RIF date postponed**

Postmaster organizations were notified that the effective date for a planned reduction-in-force for postmasters has been postponed until Jan. 10, 2015. The RIF is part of POSTPlan—the U.S. Postal Service’s plan to restructure the organization.

"There are a lot of anxious POSTPlan impacted postmasters waiting for final news on the specific RIF timelines and events associated with this phase of POSTPlan implementation," said a notice to members from National Association of Postmasters of the United States President Tony Leonardi. "We continue to meet with Postal Headquarters and minor changes come from each of these meetings which will push back any formal announcement."

"Timelines for notification of impacted postmasters, specific RIF dates and possible [Voluntary Early Retirement] dates will be released in the upcoming weeks," the message stated. "We clearly understand the importance of getting all the dates and events out to impacted postmasters; we hope the extension of the RIF effective date relieves some of that stress."

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continued on page 8
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Federal Benefits Q&A

Question: “Are there any other civilian FERS employees who have made an attempt to request a change in law to the service deposit cut-off time, which would allow those of us to make a deposit for temporary service after Jan. 1, 1989? For example, I have approximately 2.5 years I would like to make a deposit for, but it does not meet the cutoff date (my temporary service time was between 1991-1994) nor do I fall into the exceptions that would allow me to do so.”

Answer: While there have been requests by employees and federal employee unions to change the law regarding making FERS deposits for temporary service after Dec. 31, 1988, there has been no congressional action nor is any expected in the future.

Readers are encouraged to ask questions related to general employee benefits—such as CSRS, FERS, the Thrift Savings Plan, tax and estate planning, insurance, Social Security and Medicare—at the “Federal Benefits Q&A” at www.FederalSoup.com.

Thrift Savings Plan Share Prices

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continued from page 6

While USPS has authorization to offer a VER, any incentives tied to a VER are still under discussion, the notice said. The message also noted that before RIF letters are sent out, USPS still needs to evaluate about 3,200 remaining offices.

“It is still the intent of Postal Headquarters to find a landing spot for every postmaster who wants to stay in the Postal Service,” the notice stated. “Postmasters need to help themselves to become good candidates for available positions and be flexible about new opportunities.”

To see more, go to: http://www.napus.org/postmaster-organizations-informed-that-rif-effective-date-postponed-until-01102015/.

AFGE, BOP sign new contract

The American Federation of Government Employees announced last week that its Council of Prisons Locals (CPL) would sign a new contract with the Bureau of Prisons—the agency’s first new contract in 16 years.

“This is a great victory for all of the men and women working in the Bureau,” said AFGE CPL President Eric Young. “We are proud to have kept all our benefits through the Bush years. We have added new ones including an increased uniform allowance. Our correctional staff are our most valuable resource, and we are happy to see that they will continue to be taken care of with this deal.”

AFGE National President J. David Cox Sr. also applauded the signing.

“This contract is just the first step that we are taking to improve conditions for corrections officers and prison staff,” Cox said in a statement. “AFGE has worked hard to improve the working conditions of prison workers, and continues to do so in the wake of the murders of corrections officers last year. We hope to follow this contract victory with more reforms on mandatory minimum sentencing and pepper spray access for officers.”

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