Guide to Federal Benefits Programs for New Federal Employees (https://www.opm.gov/insure/health/new_employees.asp)

As a new employee, there are some decisions that you will need to make, most within 31 or 60 days from your appointment date. See the information on these decisions in the beginning of the benefit descriptions below.

Health Insurance

You have *60 days* from your entry on duty date to sign-up for a health insurance plan. If you do not make an election, you are considered to have declined coverage and you must wait until the next open season to enroll.

VERY IMPORTANT: Enrollment is not retroactive, and it cannot be made effective the day you enter on duty as you must have been in a pay status during some part of the pay period which precedes the one in which your enrollment becomes effective. Once this requirement has been met, your enrollment will become effective on the first day of the first pay period that begins after your employing office receives your enrollment request. Thus, the earliest that your health insurance can possibly become effective is the beginning of the pay period that begins after the pay period in which you are hired. You cannot be reimbursed for any medical expenses incurred prior to the effective date. You need to consider this in cancelling any other health insurance coverage you may already have, and for scheduling of doctor visits or tests.

The **Federal Employees Health Benefits Program (FEHB)** is one of the most valuable benefits of Federal employment, but coverage is ***not*** automatic — you must select one of the more than 100 available health plans in order to be covered.

Although you have 60 days to make your election, it is to your advantage to make this election soon in order to be covered in case of accident or illness. There is no retroactive coverage of your expenses prior to the effective date of your coverage. The policy will begin coverage on the effective date, however, and will cover expenses occurring on or after that date, even for conditions occurring before that date.

Premium Conversion is a "pre-tax" arrangement under which the part of your salary that goes for health insurance premiums will be non-taxable. This means that you save on Federal income tax and FICA taxes (Social Security and Medicare taxes). In most cases, you will also save on State income tax and local income tax. The payroll office will sign you up for Premium Conversion automatically. You do not need to fill out a form. You do have a choice, though, to waive premium conversion despite the savings.

Life Insurance

If you are in a FEGLI-eligible position, you are automatically enrolled in *Basic* life insurance, which is effective on the first day you enter in a pay and duty status UNLESS you waive this coverage before the end of your first pay period. You do NOT get any *Optional* insurance automatically – you have to take action to elect it.

You have 31 days from your entry date to sign up for any *Optional* life insurance. If you do not make an election, you are considered to have waived optional insurance.

No proof of insurability is required for the Basic insurance you get upon being hired or any optional insurance you sign-up for during the first 31 days. Proof of insurability may be required for insurance changes after that time.

The **Federal Employees' Group Life Insurance Program (FEGLI)** offers:

> **Basic Life Insurance —** equal to your annual basic pay, rounded to the next higher $1,000, plus $2,000.

Plus three types of optional insurance:

- **Option A, Standard —** in the amount of $10,000.
- **Option B, Additional —** in an amount from one to five times your annual basic pay (after rounding up to the next $1,000).
- **Option C, Family —** provides coverage for your spouse and eligible dependent children.

Retirement Program

If your appointment confers, eligibility for the Federal Employees Retirement System your agency will automatically enroll you in this program.

Almost all new employees are automatically covered by the **Federal Employees Retirement System (FERS)**. FERS is a three-tiered retirement plan. The three tiers are:

- Social Security Benefits
- Basic Benefit Plan
- Thrift Savings Plan

You pay full Social Security taxes and a small contribution to the Basic Benefit Plan. In addition, your agency will set up a Thrift Savings Plan account for you and will automatically contribute an amount equal to 1% of your basic pay each pay period. These Agency Automatic (1%) Contributions are not taken out of your salary, and your agency makes these contributions whether or not you contribute your own money to the TSP.

You are also able to make tax-deferred contributions to the TSP and a portion is matched by the Government. Your agency will invest $1.00 for every $1.00 you invest for the first 3 percent of your basic salary, and 50 cents for each $1.00 you invest for the next 2 percent of your basic salary. The agency contributions are not taken out of your salary; they are an extra benefit to you.

You can start, change, stop, and resume TSP contributions at any time. There is no waiting period.

The best way to assure that your retirement income meets your needs is to start investing in the Thrift Savings Plan at the beginning of your Federal service, and to continue to do so throughout your career. It is particularly important for higher-paid employees to save enough through the TSP since Social Security replaces a smaller percentage of the income of higher-paid workers than it does for lower-paid workers. You may contribute up to the maximum amount permitted by Internal Revenue Service regulations, currently 15 percent of your basic pay.

Leave

Most Federal employees earn both annual and sick leave...

Annual Leave is used for vacations, rest and relaxation, and personal business or emergencies. New full-time employees earn 4 hours of annual leave each 2-week pay period. When you have 3 years of service, this increases to 6 hours every 2 weeks, and at 15 years, it increases to 8 hours every 2 weeks. Most military service counts toward the time required to go into the next higher annual leave category. Most employees can carry over no more than 30 days of annual leave into the next leave year.

Sick Leave is used for

- personal medical needs
- care of a family member
- care of a family member with a serious health condition
- adoption related purposes

Full-time employees earn 4 hours of sick leave every 2 weeks. You can accrue this leave without limit.

Flexible Spending Accounts

You have *60 days* from your entry on duty to sign-up for Flexible Spending Account(s), or until October 1, whichever comes first. Applications for the current calendar year are not accepted from October 1 through December 31. If you wish to enroll after October 1, you will need to do so during open season for the following year.

The Federal Flexible Spending Accounts Program (FSAFeds) allows you to pay for certain health and dependent care expenses with pre-tax dollars. You may choose to make a voluntary allotment from your salary to your FSAFEDS account(s). You will not pay employment or income taxes on your allotments and your employing agency also avoids paying employment taxes.

FSAs are not carried over from one Plan Year to the next, so each fall during the annual open season; you must make a new election for the upcoming Plan Year.

Two FSAs are being offered to eligible employees:

- A **Health Care FSA (HCFSA)**, through which you may use pre-tax allotments to pay for certain health care expenses that are not reimbursed by FEHB or any other source and not claimed on your income tax return. The maximum amount you may set aside in any tax year is $4,000 and the minimum is $250.
- A **Dependent Care FSA (DCFSA)**, through which you may use pre-tax allotments to pay for eligible dependent care expenses. The maximum amount you may set aside in any tax year is $5,000 ($2,500 if you are married and filing a separate income tax return) and the minimum amount is $250.

Long Term Care Insurance

You (and your spouse, if you're married) have *60 days* from your entrance date to apply for Long Term Care Insurance using the abbreviated underwriting application with only a few health-related questions.

If you apply AFTER the 60-day period, you will have to use the long underwriting application with numerous health-related questions, and possibly a review of medical records and/or an interview with a nurse.

The **Federal Long Term Care Insurance Program (FLTCIP)** provides long term care insurance for Federal employees and their parents, parents-in-law, stepparents, spouses, and adult children.

If you are newly employed in a position that conveys eligibility for FEHB coverage, you can apply for long term care insurance, even if you do not enroll in the FEHB Program. Check with your human resources office if you are unsure about your eligibility.

Long term care insurance is **NOT** just for older people. Forty percent of the persons receiving long term care are working age adults between the ages of 18 and 64, with many of these people receiving it as they recover from an accident or crippling disease. The cost of the insurance is based on your age when you apply - the older you are when you apply, the higher the premiums. Certain medical conditions, or combination of conditions, will prevent some people from being approved for coverage. Not everyone who applies will be approved for the insurance coverage.

Designations of Beneficiary

If you die while you are a Federal employee, payments will be made in a particular order set by law from:

- Life Insurance (FEGLI)
- Unpaid Salary
- Thrift Savings Plan funds
- Retirement Lump Sum

Standard rules determine who is eligible to receive these payments. If you are satisfied with the order of payment for that program, you do not have to take any action. However, if you want these funds to go to someone else, you need to file a **Designation of Beneficiary** for that program.