



ACCOUNT FOR YOUR HEALTH: UNDERSTANDING FEDERAL INSURANCE PROGRAMS

**A WEBINAR FOR EMPLOYEES FROM YOUR
EMPLOYEE ASSISTANCE PROGRAM**

October 12, 2022

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OBJECTIVES

- Understand the pivotal role insurance plays in your life
- Break down the types of federal insurance coverage
- Review how insurance works in retirement
- Discuss how to efficiently coordinate

TYPES OF FEDERAL INSURANCE COVERAGE

FEHB

Federal Employees'
Health Benefits

FEGLI

Federal Employees'
Group Life
Insurance

FLTCIP

Federal Long Term
Care Insurance
Program

OASDI

Old Age, Survivors,
and Disability
Insurance

SS

Social Security
Supplement

SECTION 1

FEHB

Federal Employees' Health
Benefits Program

FEHB GROUP HEALTH INSURANCE

Plans vary
across carriers,
providers, and
geographic
service area

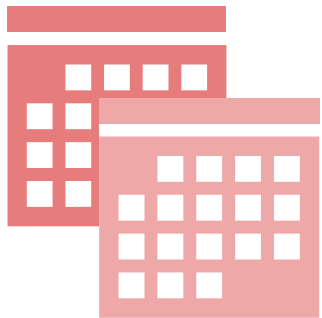
- **Fee-for-service**
 - Reimburses the enrollee/healthcare provider for the cost of services
 - Preferred Provider Organization (PPO)
-
- **Health Maintenance Organization (HMO)**
 - Prepaid basis through designated providers
 - All care goes through a primary care physician first

FEHB ENROLLMENT



Enroll or cancel

Only during open season



Change coverage

Within 60 days of a qualifying life event

What is a
qualifying life
event

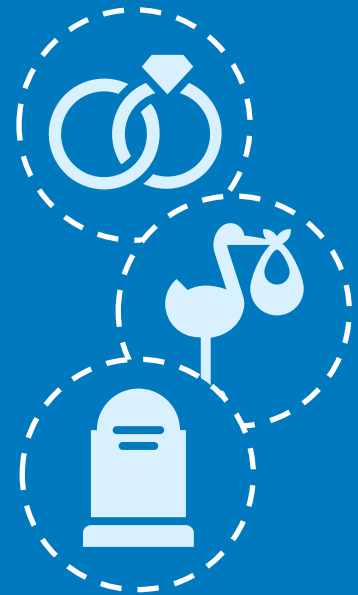


FEHB ENROLLMENT

– Change in family status

- Marriage, divorce, annulment
- Birth, adoption, acquiring a foster or stepchild, court order
- Last child turns 26 or marries
- Death of spouse or dependent

Adjust or
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FEHB ENROLLMENT

- Change in family status
 - Marriage, divorce, annulment
 - Birth, adoption, acquiring a foster or stepchild, court order
 - Last child turns 26 or marries
 - Death of spouse or dependent
- **Change in employment status**
 - Employed or re-employed after a break longer than three days

Adjust or
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- Change in employment status
 - Employed or re-employed after a break longer than three days
- **Relocation outside of a covered area (if using an HMO)**

Adjust or change coverage within 60 days of a qualifying life event



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 - Employed or re-employed after a break longer than three days
- Relocation outside of a covered area (if using an HMO)
- **Loss of coverage from a non-federal plan by spouse**

Adjust or change coverage within 60 days of a qualifying life event



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 - Employed or re-employed after a break longer than three days
- Relocation outside of a covered area (if using an HMO)
- Loss of coverage from a non-federal plan by spouse
- **You become eligible for Medicare**

Adjust or
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FEHB IN RETIREMENT

You can continue benefits through retirement if you:

Are entitled to an immediate annuity, **AND**

Have been enrolled continuously for the five years of service immediately prior to the annuity start date

Have MRA+10
(Minimum Retirement Age +10 years of service)

- **If you defer your annuity, you:**
 - Will not be eligible for FEHB during the deferment period
 - » You can apply for temporary coverage or convert FEHB to an individual contract
 - Can resume FEHB on the annuity start date
- **Your spouse can:**
 - Continue the benefit after your death, but **ONLY** if a survivor benefit is selected on the annuity
 - Be added during open enrollment

FEHB AND MEDICARE

Medicare is federal health insurance for those 65 and older

– Medicare Part A

- Extra hospital insurance and free upon enrolling when eligible

– Medicare Part B

- \$170 a month and covers 80% of medical expenses
- Not required to sign up if covered by FEHB
- If you decide to sign up:
 - » Coordinate properly to avoid paying for unneeded coverage
 - Part B becomes your primary, FEHB becomes your secondary and covers the 20% not covered by Part B
- If you do not select a survivor benefit, after your passing, your spouse would enroll in Medicare Part B

TRI-CARE

Health insurance for military and former military personnel

Tri-Care at 65:

- Must sign up for Medicare Parts A and B
- Turns into “Tri-Care for Life” for a fee, and acts as a supplement to cover the extra 20% of medical costs not covered by Part B

SECTION 2

FEGLI

Federal Employees' Group
Life Insurance

FEGLI GROUP TERM LIFE INSURANCE

– Types of FEGLI

- Basic
- Option A
- Option B
- Option C

– Cost of FEGLI

- Basic: \$.3467/month per \$1,000 of coverage
- Same cost for everyone until age 64 and has no cash value

FEGLI OPTIONS

Basic

Your salary, rounded up to the next \$1,000, plus \$2,000

\$.3467 a month per
\$1,000

Example: \$100,000 =
\$34.67/month

FEGLI OPTIONS

Option A: Standard

\$10,000 in
additional
coverage on
your life

Cost increases
every five years

Age Group	Biweekly	Monthly
Under 35	\$0.20	\$0.43
35–39	\$0.20	\$0.43
40–44	\$0.30	\$0.65
45–49	\$0.60	\$1.30
50–54	\$1.00	\$2.17
55–59	\$1.80	\$3.90
60+	\$6.00	\$13.00

FEGLI OPTIONS

Option B: Additional

1-5x your
salary in
additional
coverage
on your life

Age Group	Biweekly per \$1,000	Monthly per \$1,000
Under 35	\$0.02	\$0.043
35-39	\$0.02	\$0.043
40-44	\$0.03	\$0.065
45-49	\$0.06	\$0.130
50-54	\$0.10	\$0.217
55-59	\$0.18	\$0.390
60-64	\$0.40	\$0.867
65-69	\$0.48	\$1.040
70-74	\$0.86	\$1.863
75-79	\$1.80	\$3.900
80+	\$2.88	\$6.240

FEGLI OPTIONS

Option C: Family

1-5x multiples on
your eligible family
members' lives

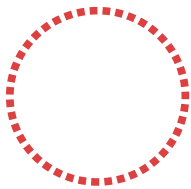
Each multiple equals:

- \$5,000 for your spouse
- \$2,500 for eligible dependent children

Age Group	Biweekly per multiple	Monthly per multiple
Under 35	\$0.20	\$0.43
35-39	\$0.24	\$0.52
40-44	\$0.37	\$0.80
45-49	\$0.53	\$1.15
50-54	\$0.83	\$1.80
55-59	\$1.33	\$2.88
60-64	\$2.43	\$5.27
65-69	\$2.83	\$6.13
70-74	\$3.83	\$8.30
75-79	\$5.76	\$12.48
80+	\$7.80	\$16.90

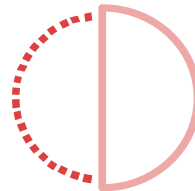
FEGLI IN RETIREMENT

If you meet the requirements, you must choose what will happen to your Basic FEGLI when you turn 65 or retire (whichever is later)



No reduction

Basic coverage does not reduce.
Cost is equal to what was deducted from your paycheck.



50% reduction

Basic coverage reduces 1% each month until it reaches 50% of its pre-reduction amount.



75% reduction

Basic coverage reduces 2% each month until it reaches 25% of its pre-reduction amount.

Cost is free starting at age 65.

Keep in mind: Carrying FEGLI into retirement can get increasingly costly as you age, especially if you have Option B

SECTION 3

FLTCIP

Federal Long Term Care
Insurance Program

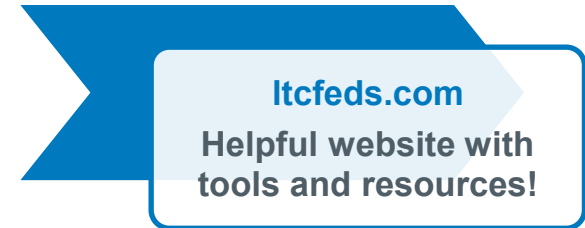
FLTCIP

- Who can apply?
 - Employee
 - Annuitants (regardless of FEHB eligibility)
 - Qualifying relatives
 - Spouse, domestic partner, adult children, and parents
- Use to help cover care for a qualifying LTC event
 - Requires certification by a medical doctor stating cognitive impairment OR no ability to perform two of the six Activities of Daily Living (ADLs)
- FLTCIP 3.0 (Current plan offered)
 - Premiums are not guaranteed
 - Decisions: Daily benefit amount, benefit period/length, and inflation protection
 - Refund of premium
 - » If LTC insurance is unused upon death, a portion of your premium could be refunded



ADLS

- Bathing
- Dressing
- Transferring
- Toileting
- Eating
- Continence



SECTION 4

OASDI

Old Age, Survivors, and
Disability Insurance

OASDI BENEFITS

Fancy term for Social Security

- Cost of living is protected
- Benefit fully accrues at your Full Retirement Age (FRA)
 - 66-67, depending on when you were born
- Increases by about 8% each year you delay claiming Social Security
- When can you claim?
 - Age 62 is the earliest you can claim, age 60 if widowed
- Claiming before FRA
 - Any income you make above the federal limit (approximately \$18,960), \$1 for every \$2 above the limit will be reduced from your benefit

OASDI BENEFITS

Spousal benefits

Spouse or ex-spouse/s are entitled to 50% of your benefit, **OR** 100% of their benefit (whichever is higher)

Death benefits

Surviving spouse or ex-spouse is entitled to 100% of your benefit, **OR** 100% of their benefit (whichever is higher)

Taxes

Up to 85% of Social Security is considered taxable income federally

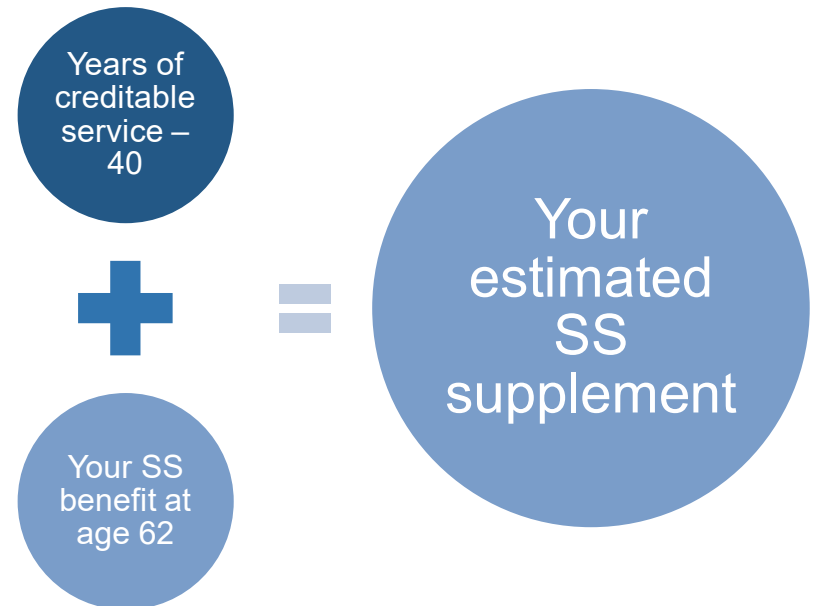
SECTION 5

SOCIAL SECURITY SUPPLEMENT

SOCIAL SECURITY SUPPLEMENT

In addition to Federal Pension, the equivalent of Social Security accrued from your years of federal service is paid to you until age 62

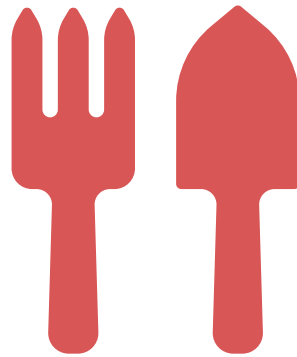
- Must be eligible for immediate annuity:
 - MRA +30
 - 20 years of service and at least 60 years old
- Once you turn 62, the supplement goes away, and you can choose to start Social Security...**but you don't have to!**



COORDINATION OF BENEFITS



Financial planning
isn't product oriented;
it's **plan oriented**



Insurance is just
the **tool**



Keep in mind **what**
you're trying to
accomplish

SUMMARY

– FEHB:

- Can carry into retirement
 - » Must be enrolled for five years prior
- Must have a spousal annuity for survivor benefit
- Medicare isn't required, but can coordinate

– FEGLI

- Group insurance; increases in cost
- 75% coverage reduction is free in retirement
- You may keep 100% coverage in retirement, but cost can increase significantly

– FLTCIP

- 70% of people need LTC at some point
- Premiums are not guaranteed
- [LTCFeds.com](https://www.LTCFeds.com) is your one-stop shop

– OASDI

- Critical income stream for retirees
- Coordinate with your income, spousal benefit, and tax strategy

– Social Security Supplement

- Will receive until 62
 - » Must retire prior to 62, with MRA +30 or 20 and 60 rule

RESOURCES

From OPM

- FEGLI Handbook
 - [opm.gov/healthcare-insurance/life-insurance/reference-materials/publications-forms/fegli-handbook](https://www.opm.gov/healthcare-insurance/life-insurance/reference-materials/publications-forms/fegli-handbook)
- Compare Plans
 - [opm.gov/healthcare-insurance/healthcare/plan-information/compare-plans](https://www.opm.gov/healthcare-insurance/healthcare/plan-information/compare-plans)
- Healthcare
 - [opm.gov/healthcare-insurance/healthcare](https://www.opm.gov/healthcare-insurance/healthcare)
- Insurance FAQs
 - [opm.gov/healthcare-insurance/insurance-faqs](https://www.opm.gov/healthcare-insurance/insurance-faqs)

Websites

- The Institute for Financial Education
 - ifeonline.org | myife.org
- Federal Long Term Care Insurance Program
 - ltcfeds.com

Podcast

- FedImpact: Candid Insights for Your Federal Retirement with Chris Kowalik
 - fedimpact.com/podcast

Online Articles

- How Life Insurance Fits Into a Financial Plan
 - forbes.com/advisor/life-insurance/financial-plan
- Insurance Programs for Federal Employees, Retirees, and Annuitants
 - myfederalretirement.com/insurance

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