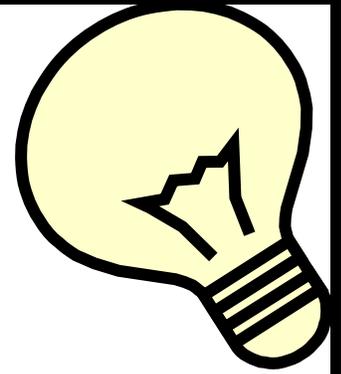


The

Illuminator

Shedding Light on the HR World

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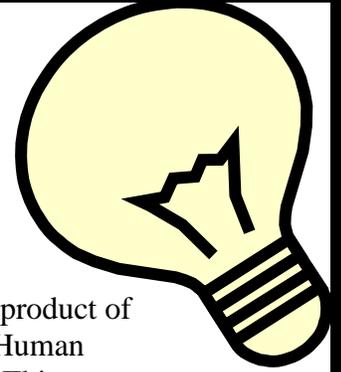
This publication is issued to ensure the Fort Benning commanders, managers, supervisors, and employees are kept informed of employment and staffing issues. Monthly issuances will contain updated information on specific employment topics (i.e., compensation, recruiting procedures, travel entitlements, classification issues, NSPS implementation information, etc.).

This newsletter is an apercu of articles written by CPAC staff [members] as well as information excerpted from various sources which include, but is not limited to, the Government Executive Newsletter, FedWEEK, the Federal Manager's Daily Report, and the ABC-C Newsletter .

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OPM Launches Hiring Initiative. The End-to-End (E2E) Hiring Roadmap is a product of the partnership between the Office of Personnel Management and the Chief Human Capital Officers Council Subcommittee for Hiring and Succession Planning. This new approach to Federal hiring is designed to focus on the applicant: his or her expectations, needs and interests. One of the challenges facing Federal agencies is how to attract and recruit qualified individuals by meeting their expectations for user-friendly application procedures, clear communication about the hiring process and an engaging orientation experience. The E2E Hiring Roadmap puts into practice the principles underlying the following Pledge to Applicants.

Pledge to Applicants

We recognize that a Government's most important asset is its people. To attract talented people to the service of the Nation, we believe the application process should enable rather than deter job seekers. To that end, we will work to ensure a process that reflects these principles.

1. A user-friendly application process that is not unduly burdensome or time consuming.
2. Clear, understandable job announcements and instructions for applying.
3. Timely and informed responses to questions about the requirements and the process.
4. Prompt acknowledgement that their application has been received.
5. Regular updates on the status of their applications as significant decisions are reached.
6. A timely decision-making process.

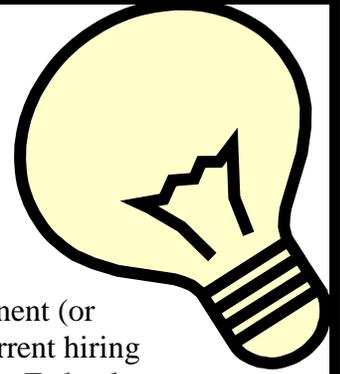
In the next five years, the Federal Government will lose a significant portion of its valued workforce through attrition, primarily due to retirement. The Government's ability to replace this loss of skills and experience with new talent will depend on our capability to efficiently and effectively recruit, hire and retain high performing employees.

There is broad agreement that the current competitive hiring process could be improved. Applicants regularly report confusion about differences among agencies' application processes, complex application requirements that are difficult to meet, and lack of communications from the agencies as to the hiring process and the applicant's status. Human Resources (HR) professionals express frustration at a perceived lack of managerial commitment to participate fully in the key elements of hiring such as workforce planning and delays in decision making that slows the process. Managers complain that HR policies and procedures are unclear, overly bureaucratic and non-responsive to their needs.

These combined frustrations make it more difficult for the Federal Government to hire qualified employees in the stiff competition for the top talent.

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Past attempts to address hiring processes have taken a component-by-component (or stovepiped) approach. Based on these previous experiences and agencies' current hiring needs, OPM decided to take a new, comprehensive and integrated approach to Federal hiring. In 2008, OPM launched four initiatives, all designed to honor the Pledge to Applicants by transforming the hiring experience for applicants, managers and HR. These initiatives are:

Streamlined job opportunity announcement: In early April, OPM created a new job announcement template for Government-wide entry-level accounting and secretarial vacancies. Since April, OPM has collaborated with the Federal Acquisition Institute, along with the Chief Information Officer Council, and Patent and Trade Office, and the Chief Financial Officer Council (to name a few) in developing additional streamlined job announcements for the acquisition, information technology, patent and trademark, and law enforcement communities. The new templates reduce the length and complexity of traditional announcements—OPM's model is now approximately four pages written in plain language and eliminates the additional requirement, beyond the resume, for further explaining the applicants' knowledge, skills and abilities (KSAs).

Centralized repository of qualified applicants for the acquisition community: OPM brokered an agreement across major agencies and organizations involved in recruitment for the Government-wide mission critical occupations (for example: Contract Specialist). The agreement creates a centralized repository of qualified applicants for entry-level acquisition positions. Participating agencies will be able to draw from this central repository for immediate placement of individuals who have already been certified as qualified for these positions. Currently, participants include DOD, the Federal Acquisition Institute (FAI) OPM and others.

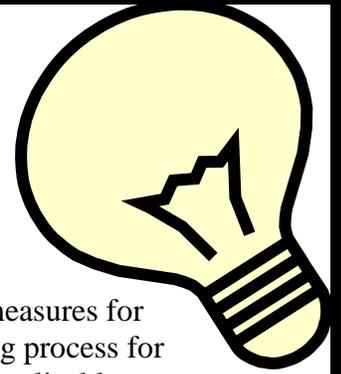
Senior Executive Service (SES) Pilot: OPM initiated a two-pronged approach to hiring at the Government's highest levels: one approach provides for ascertaining that the applicant possesses Executive Core Qualifications (ECQs) based solely upon his or her resume and the other approach stays more in line with traditional hiring by requiring the applicant to demonstrate possession of ECQs in a more narrative form. This new practice, which has been implemented as a pilot, will allow OPM to determine whether more streamlined job announcements for its executive leadership will result.

End-to-End (E2E) Hiring Initiative: OPM joined with the Chief Human Capital Officers Council Subcommittee for Hiring and Succession Planning to transform Federal hiring by strategically integrating and reengineering its five components: workforce planning, recruitment, hiring process, security and suitability and orientation.

This document presents the E2E Hiring Roadmap. The Roadmap explains each of the five components of hiring, shows how the five are strategically integrated, provides step-

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by-step implementation instructions and establishes key Government-wide measures for effective hiring. The Roadmap is designed to transform the competitive hiring process for applicants from outside the Federal Government while still complying with applicable law.

The E2E Roadmap begins with Workforce Planning. Workforce planning is a systematic process for identifying the human resources required to meet an agency's mission and goals and developing strategies to meet these requirements. This includes: 1) determining the number as well as the skills (and proficiency level) of required workers and where and when they will be required; 2) identifying actions that must be taken to attract, develop and retain the number and types of workers the agency requires. Workforce planning is also an essential tool for aligning human resource requirements through workforce shaping with budget decisions so organizations can meet their strategic objectives.

The second component of the E2E Roadmap is Recruitment. Recruitment is an on-going process requiring attention even at times when the agency is not "actively" seeking to fill jobs. Recruitment strategies should be directly informed by workforce planning in order to target anticipated talent requirements. Posting a job opportunity announcement is not a substitute for the more focused recruiting that agencies need to undertake to fill positions with the best qualified applicants. It is essential that agencies use all of the tools available to ensure a sufficient pool of qualified and diverse applicants.

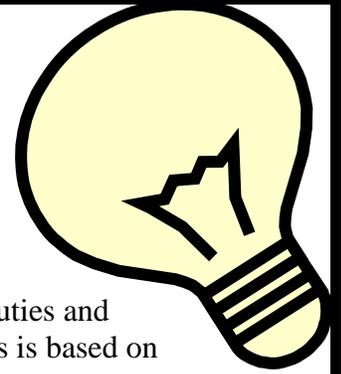
The third component of the E2E Roadmap is the Hiring Process. Effectively attracting and evaluating candidates, while following merit system principles and meeting veterans' preference requirements, drives the components within the hiring process. It is imperative that the HR servicing office and line management engage in hiring as a collaborative process with open communications and shared accountability. Advanced planning, the effective use of technology and clear and continuous communication are keys to an effective hiring process.

The fourth component of the E2E Roadmap is Security and Suitability. Suitability is the process by which the character and conduct of applicants and employees are assessed to assure that their Federal employment will protect the integrity and promote the efficiency of the Federal service. The security clearance process includes investigating and adjudicating the background of applicants and employees to determine their eligibility for access to classified information, as appropriate.

The fifth and final component of the E2E Roadmap is Orientation. Orientation is the agency's effort to acculturate a new employee into the organization. As with any new relationship, how the agency treats a new employee during the first interactions leaves a lasting impression. It is the responsibility of every agency to inform and educate new

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Federal employees about the civil service, their specific organization, their duties and responsibilities and the pay and benefits aspects of Federal employment. This is based on the assumption that the sooner a new employee experiences the benefits of a comprehensive and well-implemented orientation program, the sooner the employee will become a contributing member of that organization and the more likely that individual is to stay with the agency.

Together, these five components create a strategic hiring process that is focused on positive outcomes for applicants, hiring managers and human resources officials. The outcome measures that accompany the Roadmap will be used by OPM and the CHCO Council to assess Government-wide progress toward the initiative's goal to ensure the Federal hiring process is clear, communicative and effective

Many Ideas Fall by the Wayside. Congress has left behind numerous proposals favored by members of one party or the other, and in some cases by the Bush administration, that probably will have to await the new political leadership of 2009 for attention. Both chambers will return on November 17 for organizational meetings and may also take up substantive matters, depending on a variety of considerations, although federal employment matters likely would not be on the plate in any event. Among priority items for federal employees, the major achievement this year was to enact a pay raise effective with the first pay period of January averaging 3.9 percent. For general schedule employees, that likely will mean raises ranging from about 3.5 to about 5 percent, varying by locality, while increases for wage grade employees will once again be capped at the local GS amount. Raises for senior executives are paid on a performance-based system, up to a cap that will increase along with congressional pay by 2.8 percent. President Bush has signed into law (P.L. 110-372) a measure to increase pay caps for senior level and senior scientific and technical employees, and eliminate their eligibility for locality pay, but that change won't take effect until April.

Among the last major Bush administration initiatives for federal personnel was a proposal unveiled earlier this year to create a short-term disability insurance benefit. Officials argued that this was one of the identifiable gaps in federal benefits coverage--conditions (such as pregnancy) that do not qualify for workers' compensation but that keep employees away from work for extended periods. The idea drew some interest, although federal unions and some in Congress pushed a plan that became an alternative, to create some paid parental leave time.

The original idea was for eight weeks, but that was pared back to four weeks due to cost concerns but meanwhile sponsors dropped even language to study the short-term disability benefit idea. The paid leave bill passed the House but stalled in the Senate because of a veto threat.

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Some bipartisan agreement was reached on a retirement-related idea that has been circulating for many years, to repeal a provision that has the effect of discouraging CSRS employees from switching to part-time work late in their careers because it reduces their retirement benefits. Backers argued that the change would help both employees and the government by making room for phased retirement at a time when large numbers of employees, most of them under CSRS, are reaching retirement eligibility. However, the idea never progressed beyond a House committee vote, in part because of cost concerns.

Also stalling after clearing a House committee was a proposal to allow federal retirees to participate in the "premium conversion" arrangement that allows active employees to pay FEHB premiums with pre-tax money. Two other widely watched retirement proposals, to repeal or soften the windfall elimination provision and government pension offset provisions of Social Security law that primarily affect CSRS retirees who also are eligible for Social Security benefits, did not even reach committee votes. More progress was made on a proposal to give FERS employees credit for unused sick leave as time served toward their retirement benefits, as the House passed such a provision as part of an unrelated tobacco policy bill.

But the White House threat to veto that bill over other issues ultimately stymied that plan.

Also as part of the tobacco policy bill, the House approved language that would have made several important changes in the TSP's design. The measure would have required the TSP to create a "Roth" option in which money would go in after-tax but come out with its earnings tax-free, and to automatically enroll all new hires with a required contribution, presumably 3 percent, unless they opted out. It also would have given the TSP the discretion to add new investment options and to make a lifecycle fund the default fund for investors who do not choose investment funds.

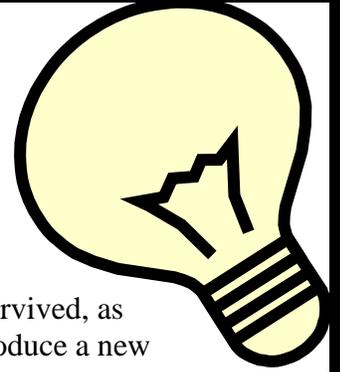
Concerns were raised about the various provisions even as they progressed, but those concerns were left for another day when the host bill stalled.

The year also produced a mixed bag of results on an issue of long-running conflict between the White House on one side and federal unions and many Democrats in Congress on the other, contracting out. In recent years numerous provisions were enacted, over the administration's objections, to limit cost comparison studies and to give in-house employees greater rights--provisions that in many cases reversed policy decisions the administration made in overhauling OMB Circular A-76 in 2003.

Congress this year moved in appropriations bills to impose a one-year moratorium on new studies government-wide and a three-year moratorium at DoD, which does the bulk of such studies, along with imposing new reporting requirements, new deadlines and other restrictions. However, all of those provisions were dropped as part of the temporary

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government funding measure that carries into March; the only change that survived, as part of a separate DoD authorization bill, requires the executive branch to produce a new definition of what type of work is inherently governmental.

Another of the final administration initiatives was to replace the "non-foreign area" cost-of-living adjustment paid to employees outside the contiguous 48 states who are not in foreign countries--primarily in Alaska, Hawaii and certain territories--with locality pay under the GS locality pay system. That proposal also drew some bipartisan interest, although differences emerged regarding how long the phase-in period would be and whether employees should get the choice of staying with the current system. The Senate passed a bill just before recessing calling for a mandatory three-year phaseout, but the House did not take it up.

There also is concern about lack of data--and lack of funds to collect data--on pay comparisons between federal and non-federal work in those locations.

What Constitutes a Disability? How the ADA Defines It. There's no denying that the battle to level the playing field for people with disabilities has been ongoing for decades. And while the Americans with Disabilities Act (ADA) of 1990 protects some people with disabilities from employment discrimination, countless others, thanks to a narrow interpretation by the U.S. Supreme Court, still head to work with the looming threat of losing their job because of how their employer defines "disability."

"The Supreme Court misconstrued our intent," Rep. Steny H. Hoyer, D-Md., who has spearheaded the effort to amend the act to be more inclusive, told The New York Times. "Our intent was to be inclusive. The definition of disability in this act shall be construed in favor of broad coverage."

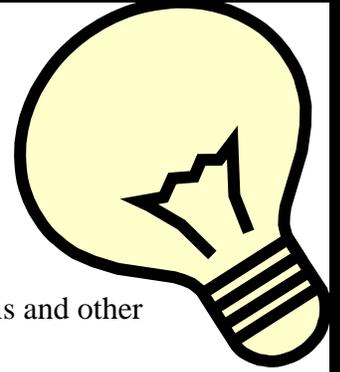
Last year, the EEOC <<http://www.diversityinc.com/public/2260.cfm>> received 17,734 discrimination claims--up nearly 14 percent from 2006--and settled 15,708. But many say tighter interpretation of the law has made seeking protection increasingly difficult.

"The Supreme Court has slowly chipped away at [ADA] core protections, and as a result, the promise of equal employment is not currently extended to all people with disabilities," says Joanne Lin, legislative counsel with the Americans Civil Liberties Union's Washington Legislative Office.

What Constitutes a Disability? How the ADAThe ADA currently defines an individual with a disability as a person who "has a physical or mental impairment that substantially limits one or more major life activities; has a record of such an impairment; or is regarded as having such an impairment." But the narrow scope of the definition has made it

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increasingly hard for people with epilepsy, diabetes, cancer, multiple sclerosis and other diseases to claim protection under the act.

Last month, Congress unanimously passed, and President Bush signed, the ADA Amendments Act of 2008, which more clearly defines "disability." The new amendment states that a disability should "be constructed in favor of broad coverage" and that impairments in remission are also protected under the ADA. The bill also says that the courts may not consider "mitigating measures" such as prescription drugs or other remedies in cases involving disabilities.

In addition, the new bill also protects employees who are discriminated against because they are regarded as "having a disability."

"This is one of the most important pieces of civil-rights legislation of our time," Rep. Jim Langevin, D-R.I., who uses a wheelchair, told the Times.

MSPB Recommends that Agencies Provide More Information and Flexibility to Supervisors on Alternative Discipline. The U.S. Merit Systems Protection Board (MSPB) has just released a report, *Alternative Discipline: Creative Solutions for Agencies to Address Misconduct*, that looks at what agencies are doing in this area. One of the report's major findings is that few agencies have a formal policy on alternative discipline, and many agencies do not provide formal training or guidance. This leaves supervisors and organizations to learn about alternative discipline on their own.

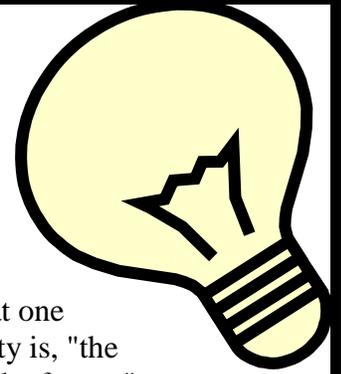
Alternative discipline is an approach to addressing misconduct that enables supervisors to consider the nature of the offense, and the personality of the employee, when crafting a response that has the greatest potential to help the employee to avoid future misconduct. For example, under traditional discipline, Federal supervisors have the authority to suspend an employee without pay if the employee misbehaves- but what if the supervisor thinks another method may have a better chance of changing the employee's behavior?

"Alternative discipline is a great tool for supervisors to consider if they have an employee who is engaging in misconduct," says MSPB Chairman Neil A.G. McPhie. "It empowers proposing and deciding officials to work with the misbehaving employee in order to craft a solution that has the greatest potential to change that employee's conduct. Traditional discipline should remain an option for management. If the supervisor and the employee can agree on a better approach, however, we encourage agencies to consider alternative discipline."

The MSPB's support for using alternative approaches to traditional discipline dates back to its early days after its formation following the Civil Service Reform Act of 1978. In a

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landmark 1981 case, *Douglas v. Veterans Administration*, the Board held that one important factor for agencies to consider when determining the correct penalty is, "the adequacy and effectiveness of alternative sanctions to deter such conduct in the future."

The MSPB report contains information on how different agencies are using- or not using- alternative discipline and includes a helpful section on important case law for parties to consider when drafting an alternative discipline agreement.

The Voluntary Contributions Program. Attention all of you employees out there who are covered by the Civil Service Retirement System. This is directed at you and you alone. There's a program that can help you earn additional annuity when you retire. Not such a bad thing with the economy wallowing around the way it is. I'm talking about the Voluntary Contributions Program.

By law, as a CSRS employee, you are permitted to contribute up to 10 percent of your total lifetime earnings while working for the government and earn interest on those deposits, compounded annually. Since 1985, VCP accounts have been earning market rates. In 2008, they are earning 4.75 percent.

When you retire you can buy additional annuity with that money. Here are the rules. If you retire at age 55 or earlier, you'll get \$7 of additional annuity for every \$100 in your account. For example, if you had \$10,000 in your account, you could buy \$700 of additional annuity. For every year you were over age 55, the amount would increase by 20 cents. So, if you retired at age 60, each \$100 in you account would buy you \$8 of additional annuity. An extra benefit is that, you could also purchase a survivor annuity for whomever you chose.

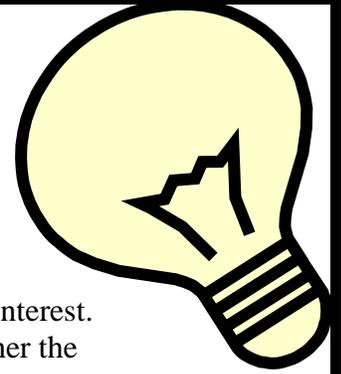
Any annuity you purchase will continue to be paid to you for the rest of your life (or your survivor's, if you elected a survivor benefit). That's the good news. The bad news is that VCP-purchased annuities aren't increased by COLAs.

In all honesty, few contributors to VCP buy additional annuity with their money. Instead they use it as a place to park investment money, but only after they have contributed the maximum amount to their TSP accounts, where they get a tax deduction for their investments; in contrast, VCP investments are made with after-tax money.

If you are one of those who would like to contribute to the VCP but who doesn't want to buy additional annuity, you can – whenever you want to, before or after retirement – close out your account and take a penalty-free withdrawal. However, if you do that, you won't be able to reopen it unless you leave government and come back later on to a CSRS-covered position.

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If you do close out your account, taxes will only be due on the accumulated interest. However, to postpone payment of those taxes to a later date, you can roll either the interest or the entire amount of your VCP account into an IRA.

If you want to know more about the Voluntary Contributions Program, go to your personnel office and ask for a copy of OPM's Retirement Facts 10: Voluntary Contributions Under the Civil Service Retirement System or you can download a copy by going to www.opm.gov/asd/pdf/ri83-010.pdf.

Career Help is Within the Click of a Mouse. Instead of squandering your next Internet surfing session on aimless cyber-wandering, mouse on over to Web sites that provide free, savvy career advice for feds:

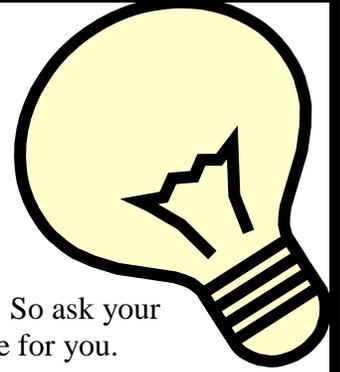
- www.federalnewsradio.com. Federal News Radio — at 1500 AM on the dial in Washington — has a new weekly hourlong show on federal careers, Fed Access. It airs Thursdays at noon Eastern time and is archived at federalnewsradio.com/?nid=453. The show is hosted by Derrick Dortch, president of the Diversa Group and a career counselor specializing in federal careers and security clearances.
- www.washingtonpost.com. Dortch also hosts an hourlong online chat about federal careers on the first Wednesday of every month at 11 a.m. Eastern. To access an archive of the chats, click on the site's Jobs tab; then on "Get Expert Advice."
- The Web sites of professional organizations for feds. Join these organizations even if your city doesn't have a chapter. Organizations' Web sites and newsletters are likely to announce conferences, training opportunities and other events that you may want to attend. They also may invite applications for career-boosting awards that you may be eligible to win; discuss innovations that will help you stay current in your field; mention luminaries in your field that you may want to contact for trouble-shooting advice, informational interviews or job leads; and announce job openings that you would otherwise not learn about.

In addition, many professional organizations sponsor electronic mailing lists that enable you to interact with other professionals in your field and solicit advice from a distance. What's more, when you are job hunting, you may want to use organizations' electronic mailing to announce your availability and circulate your résumé.

If you are a GS-14 or GS-15 aiming for the Senior Executive Service, apply to join the Senior Executives Association at www.seniorexecs.org. By doing so, you will probably generate contacts and insights that will help you land an SES job.

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Even many active professional organizations for feds are not well advertised. So ask your colleagues and managers for leads on organizations that would be appropriate for you.

- www.feb.gov. The Federal Executive Boards site has hyperlinks to boards in cities nationwide. FEBs frequently offer resources similar to those offered by professional organizations.
- www.usa.gov. This Web site has an A-to-Z index of agency Web sites. Regularly check the career section of the site of each of your target agencies for openings; contact managers in your target offices for informational interviews; and review the press releases of any agency that invites you for an interview.
- www.govloop.org. This new, fast-growing social networking site is run by Steve Ressler, a federal information technology program manager and a co-founder of Young Government Leaders.
- www.federaltimes.com. Click on the Career Information tab to read *Federal Times* articles on career issues.

Speaking of computer resources, did you know that Microsoft Word has built-in résumé templates and a résumé wizard for creating eye-catching hard-copy résumés? To find these resources, open a Word file, click on “New” under the File tab, then click on “General Templates,” then “Other Documents.”

To access more résumé templates from Microsoft’s Office Online Web site, again open a Word file, click on “New,” then click on “Templates on Microsoft.com.”

Whenever you e-mail your hard-copy résumé, send it as a PDF attachment so that its formatting won’t get fouled up during its electronic journey. Quickly convert documents into PDFs at www.pdfonline.com/convert_pdf.asp.

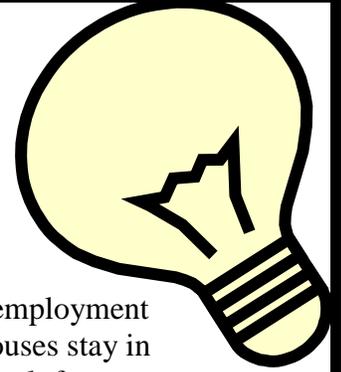
Military Spouses get Boost for Federal Jobs. The door to employment with the federal government is being pushed open a little wider for military spouses whose service members have been incapacitated or killed or who are moving with their service members on permanent change-of-station orders.

An executive order signed Sept. 25 by President Bush allows hiring managers for all federal agencies to hire qualified military spouses without going through the competitive process.

The new hiring authorities for federal managers probably will not be put into place until some time after the first of the year, said Patricia Bradshaw, deputy undersecretary of Defense for civilian personnel policy. The Office of Personnel Management must issue regulations implementing Bush’s order.

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“One of the key things to recruiting and retention of service members is the employment of spouses,” Bradshaw said, noting that only about 10 percent of military spouses stay in the same location for as long as five years. Frequent relocations make it difficult for spouses to build a career.

Spouses must be qualified for the federal positions for which they apply. But the new policy would allow federal hiring managers in some cases to hire spouses without advertising the jobs, depending on other hiring requirements.

“Here’s a quick hiring authority for them to get to another bucket of talent that may have perhaps gone unnoticed in the past,” Bradshaw said.

About 20,000 new employees join the federal work force each month.

Many details are yet to be worked out, such as instructions for spouses in how to request consideration under this new authority. But in broad terms, the executive order states that the new hiring authority will apply to:

- Spouses of active-duty members on PCS orders, if the spouse is relocating to the member’s new permanent duty station. This will include members of the National Guard and Reserve on active duty. Details have not yet been worked out on the length of time that the new hiring authority will be in effect before and after a PCS move.
- Spouses of 100-percent disabled retired or separated military members.
- Un-remarried widows or widowers of a military member who is killed while on active duty.

Bradshaw stresses that this is not a hiring preference program, and it does not require any federal agency to hire a military spouse. The language in the order states that heads of federal agencies “may” make noncompetitive appointments of spouses.

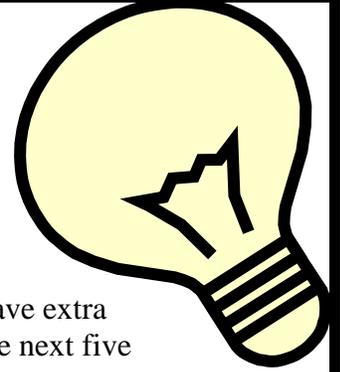
The order does not affect the Defense Department’s existing spouse preference program, designed to help spouses who are already in civil service in obtaining jobs within that department.

That program does not help new spouses get into the federal civil service system; the new policy is designed to do that, Bradshaw said, adding that the policy will give Defense Department managers more flexibility in hiring.

The initiative also does not affect existing policies on veterans’ preference for federal jobs.

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CR Will Slow Federal Hiring, Training, Managers Say. Agencies may have extra difficulty replacing departing employees and training existing ones during the next five months.

President Bush signed a continuing resolution Sept. 30 that will keep most agencies operating at 2008 levels through March 6. Fiscal 2009 appropriations for the Defense, Homeland Security and Veterans Affairs departments were approved.

Richard Warsinskey, at the Social Security Administration office in Cleveland, is one manager who's frustrated by the extended delay of his agency's 2009 appropriation. During a CR, hiring slows down considerably, he said.

"We spend a lot of money recruiting, but we're only able to hire in these short windows when we're not under a CR. We should be able to hire when we have an opening and the right person," he said.

The CR will frustrate the agency's ability to catch up on a 750,000-case backlog for benefits claims, Warsinskey said. Cases wait more than 18 months on average to be heard by administrative law judges because not enough staff members are on hand to prepare the cases for review.

Congress appropriated \$150 million more than the president requested in 2008 in order to reduce that backlog, said Jessica Klement, government affairs director for the Federal Managers Association.

"Constituents were calling because they weren't getting their benefits, and they were dying while they waited," she said.

The extra money in 2008 allowed SSA to hire nearly 200 administrative law judges and make a dent in the backlog, although that progress may be lost after five months under a CR.

For now, SSA will cut back on spending for needs such as replacing aging computers and software. It will also order fewer office supplies, keeping a bare minimum on hand, said Warsinskey, who until recently served as president of National Council of Social Security Management Associations.

There also will be more training by satellite and less travel, he said.

The CR is also painful for the Labor Department's Office of Workers' Compensation Programs, said Shelby Hallmark, deputy assistant secretary for OWCP.

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The office had its budget cut last year. Combine that with inflation, and the CR will bring constraints on hiring, travel and discretionary spending, he said.

Hiring is a particular concern because processing workers' comp claims is labor-intensive and time-consuming.

"It would really hurt us in keeping productivity going and providing a level of service," Hallmark said.

Warsinskey said he's worried about what might happen if the CR should be extended through the 2009 fiscal year.

"We could do some limited hiring as we lose people, but we have to [be able to] pay them their entire salary for the year. If we don't get a budget and go to a yearlong CR, it would be really hard to find that money for the entire year. ... A whole year would just be devastating."

SSA could be forced to furlough employees, further obstructing attempts to clear the case backlog, he said. SSA tried to petition appropriators for additional money in the CR, but the response was "If we do it for one, we'd have to do it for everyone," Warsinskey said.

FMA National President Darryl Perkinson said training, infrastructure, information technology and efficiency programs would all likely be cut if a CR is extended.

It's frustrating to see inefficient aspects of government, such as a CR, enacted while politicians tell bureaucrats to operate more efficiently, he said.

"There are not many businesses who'd have to operate on something like a CR," said Perkinson, nuclear training manager at Norfolk Naval Shipyard, Va. Instead of railing against bureaucrats, the new administration should give federal workers the money they need on time so they can work together, Perkinson said.

"We would see vast improvements in services and productivity if, for once, agencies used to having a CR impact their choices are given money so they can plan for next year," Perkinson said. "The new president should look at civil servants as partners and not enemies."

Federal Legal Corner: Burden for Proving Reprisal. In *Caldwell v. Johnson, Environmental Protection Agency*, No. 05-1706 (Aug. 15, 2008), the United States Court of Appeals for Fourth Circuit held that Supreme Court's ruling in *Burlington N. & Santa Fe Ry. Co. v. White*, 548 U.S. 53, 67-68 (2006), which lowered the burden for private sector plaintiffs alleging retaliation, also applies to federal employees. Under *White*, an

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employee need not suffer an "adverse action" to establish a prima facie case of retaliation, but instead must show only that a reasonable employee would have found the challenged action "materially adverse," meaning that "it might well have dissuaded a reasonable worker from making or supporting a charge of discrimination."

In *Caldwell*, the appellant suffered various forms of retaliation, including interference with her promotion opportunities, delay in approving her alternative work schedule, being set up to miss a deadline, and receiving a formal letter of warning. The district court granted summary judgment in favor of EPA, finding that the appellant failed to show that EPA took an "adverse employment action" against her, e.g., removal or suspension, because none of the actions she complained of affected the "terms, conditions or benefits" of her employment.

On appeal, the appellant argued that the district court erred because it should have applied the standard set forth in *White* where the Supreme Court determined that the private sector anti-retaliation statute provides substantially broader protection than had previously been applied and that plaintiffs were not required to show that he/she suffered an "adverse action" to make out a retaliation claim.

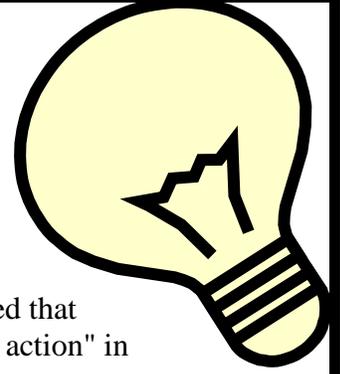
In its decision, the Fourth Circuit noted that, unlike the statute that protects private sector employees, the statute barring retaliation against federal employees requires that the challenged action be a "personnel action," a term which Congress did not define. The EPA contended that "personnel actions" included only actions that had a direct monetary impact on an employee. The Fourth Circuit, however, held that the relevant statutory language contradicts this contention.

The EPA then claimed that Congress must have intended to include the "adverse action" requirement because otherwise it would have adopted the identical language from the private employment context. The Fourth Circuit likewise found this contention unsupported, explaining that cases decided before *White* supported the proposition that the anti-retaliation standard that applies to private employees also applies to federal employees.

The Fourth Circuit concluded that "it would be illogical for Congress to impose an additional element of proof on federal employees when it has provided identical remedies for federal and private employees who allege retaliation." The Court noted that other circuits that have addressed the question have also all applied the *White* standard. See e.g., *Lapka v. Chertoff*, 517 F.3d 974, 985-86 (7th Cir. 2008) (applying *White* standard to DHS employee); *Patterson v. Johnson*, 505 F.3d 1296, 1299 (D.C. Cir. 2007) (applying *White* to EPA employee); *Nair v.*

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Nicholson, 464 F.3d 766, 768-69 (7th Cir. 2006) (stating that "it is now settled that retaliation to be actionable need not take the form of an adverse employment action" in case involving federal employee).

Thus, for a federal employee to establish a prima facie case of retaliation, she must show: 1) that she engaged in protected activity, 2) that her agency took materially adverse action against her, such that it could dissuade a reasonable worker from making or supporting a charge of discrimination, and 3) that a causal relationship existed between the protected activity and the materially adverse activity.

* This information is provided by the attorneys at Passman & Kaplan, P.C., a law firm dedicated to the representation of federal employees worldwide.

Reducing Savings, Postponing Retirement. For now, Debra Cacciatore is at peace with her retirement account.

It didn't come easily. She used to look at her 401(k) balance frequently and move investments around. She decreased the amount she contributed, then bumped it back up after realizing she was just hurting herself.

Now, though, with the Dow Jones industrial average down 22 percent for the year and her account statements left in unopened envelopes, the Bridgewater resident has arrived at acceptance.

"It was driving me crazy, seeing it drop, seeing it drop," said Cacciatore, 45, who works in sales administration at Brother International. "I'm just going to leave it. Over the next two years, it's going to get worse."

Welcome to 401(k) management, 2008-style. Investors are spooked by a rabbit punch series of bad news -- failing banks, companies being bailed out by the government and a stock market that could use some Prozac and a few counseling sessions.

The effect of those events shows up in the bottom line of their retirement accounts -- 401(k)s, 403(b)s, IRAs and others. And that's making people just a little bit panicky about how much longer they're going to have to work to make up the shortfall.

"We are seeing participants having significant angst," said Jamie Kalamarides, senior vice president with Prudential Retirement, which administers retirement plans at more than 3,000 organizations with 2.4 million participants.

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Daily call volume at Prudential call centers has doubled on some days recently, to about 11,000 calls, Kalamarides said. "We find individuals have concerns and they want to talk to someone about them," he said.

But he said the division of Newark-based Prudential Financial has seen relatively few investors change their asset allocation from stocks to bonds or withdraw money from their accounts.

In fact, liquidating their positions to go to cash is the worst thing investors can do, said Michael Palazzolo, a financial planner at Access Wealth Planning in Roseland.

"Bear markets can be very difficult to withstand," he said. "It is impossible to time them with any consistency and that is why most financial professionals stress that you have a diversified portfolio."

Mark Cortazzo, senior partner with financial planning firm Macro Consulting Group in Parsippany, put it another way. "If your risk profile and goals haven't changed, no one's going to ring a bell at the bottom and tell you when to get back in," he said.

In the past several weeks, a few clients -- his customers are mostly retired or near retirement -- have wanted to cash out or move into fixed-income investments. "We talked them off the ledge from doing something radical, but compromised and moved to something a bit more conservative," Cortazzo said.

He and other financial planners are quick to point out that huge drops in the stock market -- like the more than 777-point plummet Monday -- have in many historical cases been followed by run-ups in the following three months and three years.

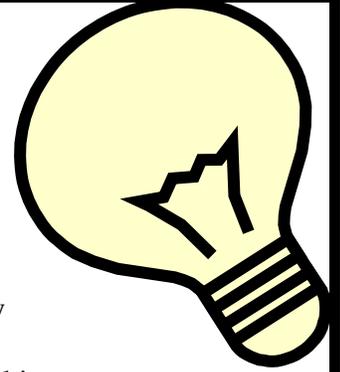
For example, the stock market swooned after the 9/11 attacks, but by mid-December had regained all those losses and was right back where it was in early September. The Standard & Poor's 500 index, which dropped 4.9 percent on Sept. 17, 2001, was up 9.2 percent after three months and up 8.6 percent after three years.

(It doesn't always work. On April 14, 2000, the S&P 500 dipped 5.8 percent during the bursting of the tech bubble. Three years later, that index had lost 34.7 percent.) More than half of people surveyed in an Associated Press-GfK poll released recently said they worry that they will have to work longer because the value of their retirement savings has declined.

Fifty-five percent of people surveyed for the AP-GfK poll said they were worried that the financial crisis would reduce their savings and force them to postpone retirement. The

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poll, conducted Sept. 27-30, was based on phone interviews with a nationally representative sample of 1,160 adults. It had a margin of error of 2.9 percent. Jim Kuchta of Nutley, a retired MetLife employee, said he sometimes closes his eyes when he looks at his IRA, which was converted from a 401(k) several years ago. "If you look at it day to day, it will drive you nuts," he said. "A lot of my neighbors are nervous."

Kathy Brehm is a federal employee who invests through a thrift savings plan that is a type of 401(k) program. "I look at it every day," the 61-year-old Union resident said. "I'm obsessive compulsive over it."

She and her husband had 60 percent of their assets in stocks last year. However, they changed their asset allocation well before the market crashed and now have only 10 percent in stocks and the rest in CDs or fixed income securities.

"It doesn't guarantee you are making money, it just means you are losing less than if you have a lot of money in stocks," she said.

The urge to move to cash can be comforting, but also may mean investors will miss out on the early part of a market rebound. In October 2002, investors had parked nearly 35 percent of all mutual fund assets in money markets, an all-time high, according to Fidelity Investments.

That coincided with a low in the S&P 500 and a spike in headlines about a bear market. That month also marked the beginning of a new bull market, but investors maintained an above-average level of cash until February 2004.

In 1980, 60 percent of workers were covered by defined-benefit pension plans and just 17 percent relied on defined-contribution plans, such as a 401(k), according to the Center for Retirement Research at Boston College.

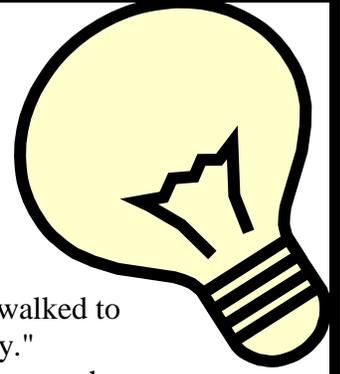
By 2004, the numbers had changed dramatically: 11 percent of workers were covered by defined-benefit plans and 61 percent were covered by defined-contribution plans.

The market craziness hasn't stopped Tony Kono of Westfield, who has two 401(k) plans and decided to buy shares of some stocks last week.

"I put some money into stocks after Warren Buffett said he was investing in General Electric and Goldman Sachs," Kono said. "Most of the bad news is behind us." Of course, Buffett subsequently has described the current situation as an "economic Pearl Harbor." The noise isn't a concern to Bob Nadolski, though, who said he isn't making any changes to his retirement plan.

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"I'm too young to look at it," the 47-year-old Toms River resident said as he walked to Penn Station in Newark one day last week. "Let the chips fall where they may." Ken Denno of Totowa said his 401(k) is "more like a 201(k)" because it lost so much money. But like Nadolski, he isn't making any moves. "I'm a long-term investor," Denno said while waiting for a train inside Penn Station. "I'm staying put."

Time to Reform FECA? Given federal budget woes, if you were asked to save taxpayers as much money as possible without harming occupational health and safety (OHS) efforts, how would you answer? This article was written by Dave Ermer and posted in Environment Health and Safety Today.

I would consider reforming the administration of the Federal Employees Compensation Act (FECA) in two fundamental ways.

[Caveat: FECA is the federal workers' compensation (WC) program. My FECA understanding is on thin ice – brief readings and short discussions with a handful of federal OHS professionals. My financial estimates are rudimentary. Is what follows on or off target? I'm not sure; you tell me.]

The U.S. Department of Labor (DOL) centrally administers FECA. The other 17 participating departments appear at the mercy of management decisions outside their control and suffer a charge-back system that makes them pay for DOL policy – good, bad or indifferent. This reminds me of discredited central planning.

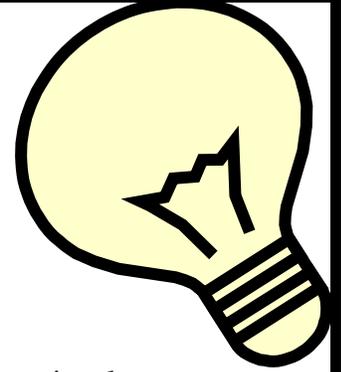
WC claims management should be at the lowest viable administrative unit, managed by the lead OHS professional. This is the optimal point and integrates the local OHS program with this fundamental OHS performance measure. The DOL function could be reorganized along the lines of state WC commissions.

Currently, FECA administration rewards injury. States recognize rewarding injury leads to waste, fraud and abuse. An incentive to return to gainful employment is required. The federal system appears to violate this principle in two ways. First, claims below a certain threshold are not contested. Those of us who have improved WC management efforts know dealing with questionable claims means skirmishing, not just battles.

Second, employees can elect 45 days of continuation of regular pay while out on a claim. Nearly all private sector workers accept a sum below their own or a state average weekly income and the duration is dependent on injury recovery. The lack of equivalent pay in the private sector might appear unfair, unless one recalls the legal defenses employers surrendered during the formation of WC systems (e.g., assumed risk, own negligence, co-worker negligence). Also, 45 days exceeds the generally recognized 30-day threshold

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after which workers risk long-term social problems.

I estimate federal WC performance at \$1.60 in benefits per \$100 payroll. The national average appears to be \$1.20 in benefits per \$100. My own state averages \$0.80 of benefits per \$100.

The total federal WC benefit payout is running about \$2.4 billion. I suspect costs could be halved by both decentralized WC oversight and eliminating disincentives regarding return-to-work.

My Retirement Plan: Work Until I Die. As traditional pensions fade from the retirement landscape and workers are forced to take a lot more responsibility for their own financial futures, employers are rolling out a variety of features to help workers prepare for retirement.

The key, according to retirement experts: Get workers started automatically and set them on a course of escalating retirement contributions through their working lives.

Auto-enrollment in company 401(k) plans has gained steam since the government passed the 2006 Pension Protection Act, which gave employers and plan sponsors incentives to adopt such plans. According to consulting firm Watson Wyatt, the number of companies offering automatic 401(k) plans has grown to 39 percent this year from 28 percent in 2006. Companies also have stepped up retirement education seminars.

Mark Iwry, principal at the Retirement Security Project and nonresident senior fellow at the Brookings Institution, thinks automated features are more helpful in preparing workers for retirement than employer seminars. "Intelligent use of defaults is more powerful than the education," Iwry said. Such features, he added, can get "people across the goal line rather than just pointing them to where the goal line is."

Like half of working Americans, Bob Becchia, a restaurant manager in Annapolis, doesn't have access to an employer-sponsored retirement savings plan. Such workplace assistance would be a big step forward, Becchia said, and he'd welcome automation. At age 54, he has about \$40,000 in retirement savings and doesn't plan to stop working anytime soon. Becchia has done advocacy work with AARP in support of a bill to require certain small businesses to offer automatic individual retirement accounts. A spokeswoman for Sen. Jeff Bingaman (D-N.M.), one of the bill's sponsors, expects Congress to take up the legislation next year.

Becchia says that auto-IRAs might be particularly helpful for starting his younger colleagues on a more secure path to retirement. "If the money gets in their pockets, it doesn't make it to a savings plan most of the time," he says.

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The Employee Benefits Research Institute has found that younger, lower-wage workers are more likely to benefit from auto-enrollment and auto-escalation plans.

Robyn Credico, national director of defined contribution consulting at Watson Wyatt, said auto-enrollment plans can hurt some workers who default to a lower savings rate than would be advisable. If they weren't in an auto-enrolled plan, they might have chosen a higher percentage of their earnings to direct to their 401(k). "It's not the only good idea and not a perfect solution," Credico said.

Employers are searching for the best ways to inform workers about retirement planning. The Corporate Executive Board, a research firm, says companies are more active than they have been in seeking advice from retirement plan providers on topics such as investment selection and workers' retirement security.

"You need to educate them so they understand what they're paying for. Communicating just the right amount of information in a way they can digest it. . . . Employers are still trying to figure out the best practice in doing that," said Suzanne Raffaele, a consultant with the Corporate Executive Board.

Pepco, with more than 2,000 Washington area employees, holds nighttime workshops with Vanguard at locations close to workers' homes to encourage workers and their spouses to attend. And the National Institutes of Health gives employees time off to attend three-day planning seminars run by an independent company that helps federal workers manage their benefits.

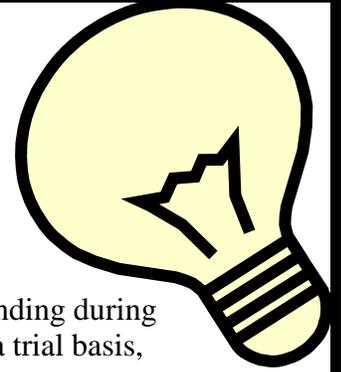
Cornell University, which employs about 12,000 people in Upstate New York and which AARP recently named the top workplace for employees 50 and older, is pushing retirement planning as an early career concern. Paul Bursic, director of Cornell's benefits services office, says that while the university concentrates on giving mid- to late-career employees financial advice from its plan sponsors (TIAA-CREF and Fidelity) and a third party (Ernst & Young), it is going to roll out a pre-retirement seminar for people in their 30s and 40s.

Bursic says Cornell also has separate seminars for salaried and hourly employees so their distinct needs can more appropriately be addressed, a tactic that Credico of Watson Wyatt supports. She says education campaigns should be customized based on demographics and issues.

"Targeted campaigns tend to work really well," Credico said, adding that companies should look at their participation rates and say "let's go after this group and figure out why they're not saving."

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Once workers have built their 401(k) balances, how should they manage spending during retirement? Iwry and some of his colleagues recently proposed annuities on a trial basis, arguing that automation might be part of the answer.

Aiming to marry the stability of a pension with workers' growing balances in 401(k)-type plans, these scholars are encouraging plan sponsors to test offering automatic income products that retirees could opt out of after two years. While private annuities make up less than 2 percent of retiree income, the proposal argues that an increased sales volume would make such products a better value and help people better manage their retirement funds.

The recent market turmoil might encourage more people to consider the value of predictable, regular income for life, Iwry says. But he notes that questions remain as to whether such an idea can be built in a practical way and whether plan sponsors will offer such a product.

And some people with traditional pensions are realizing they should have saved more to supplement those defined-benefit plans. John Palguta, who spent more than 30 years in federal human resources management and now works for the Partnership for Public Service, says that while it may be easier for government workers to plan for retirement because they have more of a financial base to start from, government workers can tend to have "a little more relaxed attitude" about putting money into their 401(k)-type savings plan than private-sector workers without defined-benefit plans.

Palguta added: "I talked to someone recently who's approaching 55 and I asked about money in the 401(k), and he said, '\$5,000 -- that's it. I kind of realized that my retirement plan is that I work until I die.'

Thirty Years of the Civil Service Reform Act. Thirty years ago, the Civil Service Reform Act of 1978 became a reality with a goal of improving the federal civil service system. While the government changed in some respects, the law has not met expectations.

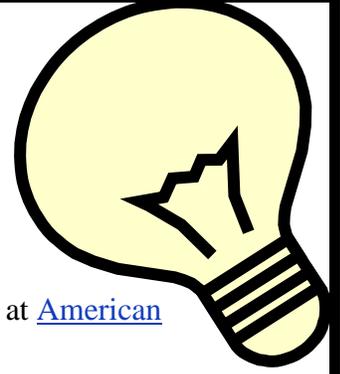
The week of 13 October marked the 30th anniversary of the Civil Service Reform Act of 1978, but gala celebrations did not take place.

The Coalition for Effective Change, an organization of current and retired federal managers and professionals, did hold a forum to mark the occasion, but it was hardly a festive affair.

In fact, featured speaker [Paul C. Light](#), a professor of public service at [New York University](#), began the day by announcing: "The state of the federal service is not good."

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A little later, Robert M. Tobias, director of public sector executive education at [American University](#), was no less critical.

Citing the portion of the law that deals with labor-management relations, Tobias said if its vision and purpose was to achieve " 'the highest standards of employee performance,' we have failed."

Not everyone at the forum delivered such bad news, but no one was in a merrymaking mood.

"I think it's fitting to note there is no anniversary party for civil service reform . . ." Light said, "or at least that I've been invited to."

His problems with the civil service are many.

"I see significant morale problems, problems with ratings of leadership of agencies, the quality of appointments, staffing shortages just about everywhere on the front lines," he said in an interview after this talk.

"I'm very concerned that we are not investing in actual delivery of service."

For examples, he cited the length of time it takes to review claims for Social Security disability and veterans benefits, or problems with food safety inspections and in the air traffic control system.

And, of course, the federal hiring process has become a cliché for broken government despite many attempts to fix it.

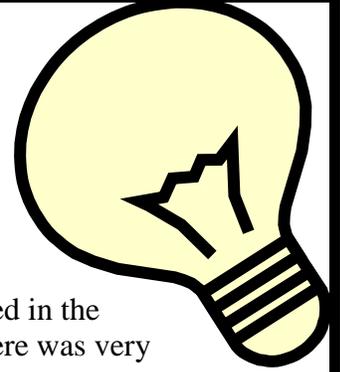
For those who have been hired by the government, Light is concerned that too many of them display too little enthusiasm for the work they do.

"We really need people who are committed to the mission and being called by the mission . . ." he said. "I want federal employees to come to work in the morning motivated by the chance to do something worthwhile."

But that motivation can be seriously injured by such things as the scandal involving partisan politics in hiring and firing at the [Justice Department](#). Before he was run out of office, former attorney general [Alberto R. Gonzales](#) "did as much to destroy interest in federal careers in public service than we've done over the last few years to create it," Light said.

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He also was critical of good-government groups -- and many were represented in the audience -- for being too quiet during the Gonzales scandal. "I don't think there was very much outrage," he said. "I didn't see too many people angered about it."

For Tobias, good government was hampered by negative relations between labor and management, particularly before the Clinton administration changed the atmosphere.

"Managers believed that union leaders only wanted to get in their way of doing what is right," he said. "Union leaders believed that managers are only interested in doing what they want to do no matter what kind of an adverse impact it has on the workforce."

He took a swing at [President Bush](#)'s policies, saying they "have begun the inexorable slide back to the pre-1992 hostile labor-management relations atmosphere."

Among those with a more positive assessment, but certainly not unbridled praise, was John Palguta, vice president for policy at the Partnership for Public Service. Where Light sees the government's financial rescue plan, which farms out much of the work, as an "indictment of the federal government's ability to deliver the goods," Palguta believes the financial crisis has reinforced the value of government and the need to have highly talented people running it.

He pointed to a variety of Civil Service Reform Act accomplishments: the creation of the [Office of Personnel Management](#), the [Merit Systems Protection Board](#), the [Federal Labor Relations Authority](#), the Senior Executive Service, and collective bargaining rights for unions.

The act also defined nine merit system principles and prohibited 12 personnel practices.

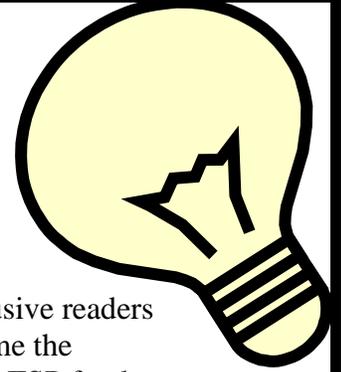
"We're better off for having the Civil Service Reform Act of '78 than if we didn't," Palguta said. The law hasn't done everything it was suppose to, he added, "but the values of the merit system were put into law. . . . it's a job that's incomplete."

Why Invest in Risky TSP Stock Funds? To Make More Money. The rapid fall in the value of stocks has upset many people. No one likes watching their future retirement funds (or current retirement funds) draining away on a daily basis. Apparently some who are retired spend much of their day sitting in front of a television set watching the latest stock market returns and calculating how much their retirement funds have dwindled away in the last 24 hours or so.

Current federal employees do not have the option of sitting in front of a TV set all day but there is little doubt that many of them are following the market closely. Some are planning to delay their retirement, some are dumping all of their stock funds, and some

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are just in a state of panic and can't decide what to do. Some of the more effusive readers are patting themselves on the back for having learned how to successfully time the market so that they can sell stocks when prices are near a peak and buy more TSP funds when the market is near a bottom.

The most recent bear market is a reminder that investing in stocks involves risk. Some readers do not like this idea and express a combination of fear, resentment and hostility over having their future retirement income tied up in financial investments that can--and sometime do--lose money. Some readers have been commenting on the unfairness of the FERS retirement system when they would have had much more money available to them under the CSRS fund because they would have had a guaranteed annuity with an annual COLA payment. In other words, they prefer a safe, secure retirement without participating in the capitalist economic system that has made the United States one of the wealthiest countries in the world because that always involves risk. In fact, the risk premium that investors receive from stocks is what makes the stock market a more successful investment in the long term.

All of us look at the recent past and focus on that more than the long term. For investors, that is usually a mistake.

There are years when TSP stock funds do not provide a better return than the much safer G fund. In fact, losses in the stock market during a given year are fairly common. The C fund is based on the S&P 500 stock market index. This index has lost money 23 of the 82 years from 1926 through 2007. Obviously, the C fund has not existed that long but a long term perspective is useful when deciding how to invest your future retirement funds and surviving the emotional turmoil of a bear market.

Take a look at [the C fund returns since 1988](#). There are four years in which the C fund has lost money during this time: 1990, 2000, 2001 and 2002. ***In twenty years, the C fund has lost money in four of those years.***

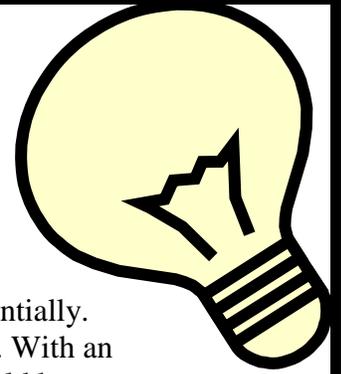
During this same time frame, the G fund has made money every single year. It has never gone down.

So why would anyone invest in stock funds knowing they may go down while the G fund will not? The answer is because, based on long-term market history, you will probably have a lot more money by investing in stocks over the long term. In fact, even after you retire, you will probably live two or three more decades depending on your age and your health. You may need (or at least would like to have) more money when you retire so keeping some of your money in stocks after retirement makes sense.

To put this into perspective, assume you put \$50,000 into the G fund in 1988 and never made another contribution and never withdrew any of your money through 2007. At the

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end of this 20 year period, the value of your G fund will have gone up substantially. During this 20 year period, the G fund had an average return of just over 6%. With an average return of 6% a year, at the end of 20 years, your retirement fund would have an approximate value of about \$160,346.

But what if, during this same time period, you had put your money into the C fund? Using the same scenario of putting \$50,000 into the C fund in 1988, the fund has had an average return of just under 13%. With an average return of 13%, and without adding any more money to your account during that 20 years, your TSP account would have a value of about \$576,154.

During the years that the C fund lost money for three straight years (2000 - 2002) TSP investors treated their TSP investments the same as other individual investors who own stocks. They dumped [millions of dollars from their stock funds and fled to the safety of the G fund](#). We don't have the latest figures from the TSP reflecting the actions of TSP investors during the recent market volatility but, without a doubt, the same has happened again during this bear market. We will find that millions of dollars have been transferred to the safety of the G fund--after the market started going down. Usually, the largest amounts are transferred when the market hits a low point, emotional panic is setting in as stock owners are watching their portfolio value dwindle and the pessimism among investors is at its peak.

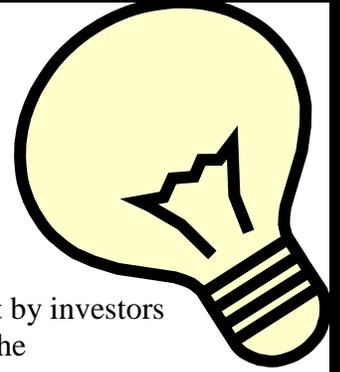
Here are a couple of caveats in anticipation of questions or comments. Most people do not start out with \$50,000 in their fund. When you start out with a smaller amount, the compounding will not be as great or as dramatic. On the other hand, anyone planning to retire should invest some money from each pay check into your TSP. Over time, you will accumulate a substantial amount for use in your retirement. To make your own calculations, [use our retirement calculator](#) to see how much you may have by the time you retire by taking into account your own individual circumstances and your own investment returns based on how much of your TSP you put into the different funds.

And what about the market timers? If you can accurately predict when the market is going to go up or down, you stand to make a great deal of money. Some readers have sent in [comments](#) recently that have a biting edge that state, in effect, [trading restrictions put in place by the TSP](#) have caused many TSP investors to lose considerable money because they could not jump in and out of funds as they were able to do before the restrictions went into place.

But beware of the lure of market timing. Numerous studies show that professional investors cannot accurately time the market without losing more money than they are making. Here is one quote to keep in mind. Peter Lynch is a well-known investor who successfully ran Fidelity's Magellan fund for a number of years. Investors in his fund

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made a great deal of money. His observation: "Far more money has been lost by investors in preparing for corrections or anticipating corrections than has been lost in the corrections themselves."

The answer to sleeping better at night? Diversify your investments. Put a percentage in the G and F funds and a percentage in the TSP stock funds and stick with that percentage as the market inevitable goes up and down. Or, to make it easier, put your money into the appropriate lifecycle fund and let it stay there while the TSP automatically makes adjustments to your portfolio to ensure you are always diversified.

The NAF Corner

The DOD/OPM Interchange Agreement. On September 21, 1991, the Department of Defense (DoD) and the Office of Personnel Management (OPM) approved an interchange agreement permitting employees to move between DoD Nonappropriated Fund (NAF) positions and civil service positions. Employees appointed under this agreement will receive credit for previous service toward career tenure requirements and do not have to serve a new probationary period in the gaining employment system.

To be eligible for consideration under the DoD/OPM Interchange Agreement, an employee must meet all of the following eligibility requirements:

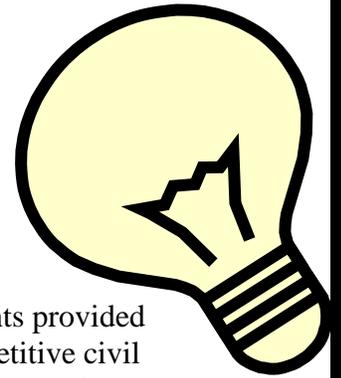
- Have served continuously for at least one (1) year under a career or career-conditional civil service appointment; a continuing NAF appointment without time limits; or have been involuntarily separated from such an appointment without personal cause within the preceding year.
- Be qualified for the position to which applying.
- Be appointed without a break in service of more than one (1) workday, or be appointed within one (1) year after being involuntarily separated from the losing employment system.

NAF employees who meet the above requirements may be considered for appointment to competitive civil service appointments in the same manner that employees of the competitive service may be considered for transfer to such positions. This applies to all Federal competitive service appointments, not just those in DoD. Civil service employees who meet the requirements may be considered for DoD NAF positions on a similar basis.

NAF employees who are appointed in the competitive civil service position under the terms of the Interchange Agreement will receive competitive civil service status.

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Thereafter, such employees will be entitled to certain benefits and entitlements provided by the civil service rules and by OPM's regulations. Employees of the competitive civil service who are appointed to NAF positions under the terms of this agreement will have benefits and entitlements in accordance with Army NAF personnel regulations.

To receive specific information regarding the Interchange Agreement, please contact your servicing Human Resources Specialist.

Reviewing your NAF Official Personnel Folder. A Nonappropriated Fund (NAF) employee's Official Personnel Folder (OPF) is established in the Civilian Personnel Advisory Center, NAF Human Resources Office (HRO) upon the date an employee enters on duty. Each OPF contains a complete work history of all official documents affected during his/her tenure. The work history is divided in two sections, permanent and temporary.

Permanent documents are filed on the right side of the OPF in chronological order with the most recent document filed on top. Included in these documents are the initial employment application, official transcripts, job descriptions, orders, employment verification forms, record of emergency data, Notification of Personnel Actions, as well as documents verifying military service. Other permanent documents that are fastened on the right side of the OPF may include performance ratings, incentive awards, disciplinary actions, completed training, as well as documents related to benefits.

Items placed on the left side on the OPF are considered temporary documents.

Temporary documents may include any document or locally developed form originating during NAF employment, such as Employee Information Sheet, cash award worksheets, copies of voluntary allotments for payment of union dues, copies of employee withholding allowances as well as copies of direct deposit sign-up forms.

Although it is highly recommended that an employee establish and maintain their own file of these documents, all employees have the right to review their OPFs in the presence of a Human Resources Representative. In fact, it is strongly encouraged that each employee review his/her OPF at least once a year to ensure the information is current and accurate. Once an employee has reviewed his/her OPF, he or she should promptly report any changes such as, address change, name change, or change in beneficiaries to the NAF HRO.

To schedule an appointment to review your OPF, please contact your servicing NAF Human Resources Office at (706) 545-1610.

Great Grandparents. Many grandparents give cash, mutual funds, U.S. Savings Bonds, etc., to their grandchildren. However, such gifts might hurt the children's chances for federal aid when they go to college. Children are expected to spend a large portion of their own money for college so they'll be awarded less financial aid if they have substantial assets.

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Instead of making such gifts, funding 529 college savings plans might be a better idea. Grandparent-owned 529 plans don't show up when students apply for financial aid on the standard federal form. The value of 529 plans owned by a grandparent is not counted as an asset; any money withdrawn from the 529 plan to pay for college is not counted as income.

Just because a 529 account is owned by a grandparent, that does not mean that only the grandparent can contribute. The student's parents also can help fund the account. If parents and grandparents get along, having the grandparent own the 529 account to which several people contribute may be a savvy way to maximize federal aid.

For questions contact your personal financial advisor, an attorney, or an investment counselor. While we strive to provide the latest information, the expertise of the HR staff does not extend to financial planning.

Questions and Answers

Roth IRA vs. TSP

Question: I am GS-11 but will be a GS-12 soon. I put 10 percent in the Thrift Savings Plan. My employer only matches 5 percent. Should I drop the TSP back to 5 percent and take the other 5 percent and invest in a Roth IRA? Why is tax-free later not as good as pre-tax dollars now?

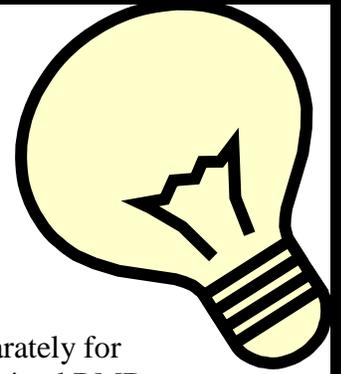
Answer: The choice is whether you want to pay tax now or pay tax later. With the Roth IRA, you're choosing to forgo a certain benefit now in favor of a possible benefit later. In order to profit from the Roth IRA in comparison, your tax rate when the money is withdrawn will have to be lower than it was when it was contributed. It will also have to be enough lower to overcome the additional costs you will have borne in the Roth IRA.

Required Minimum Distribution

Question: I retired under the Federal Employees Retirement System. I turn 70 this year and know I must begin withdrawals from the Thrift Savings Plan in 2009. I also have other IRAs. Is it possible to combine the value of my TSP and IRAs the end of December to determine the required withdrawal for next year and take that amount just out of my TSP as a lump sum? Would that be considered a partial withdrawal and would I be allowed to continue doing it that way each year? My husband (retired under the Civil Service Retirement System) signed a waiver when I retired which was filed with my retirement papers giving up any rights to my TSP. Does he have to repeat that action every time I withdraw funds? Any advice is appreciated.

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Answer: You must calculate the required minimum distribution (RMD) separately for each account, but you can take the entire RMD from one account. Your combined RMD withdrawal will count as a partial withdrawal from the TSP and, so, will be limited. Because of its advantages over any IRA account, you should consider taking the withdrawal(s) from the other accounts first and save the TSP for last. At that point, you can instruct the TSP to automatically send you the RMD each year as a full withdrawal.

TSP, IRA Contributions

Question: Are federal employees allowed to contribute \$5,000 to an IRA in addition to \$15500 to the Thrift Savings Plan? What are the limits if the employee is over 50 years old? Are IRA contributions deductible for a single person making \$53,668 annually?

Answer: You may contribute to the TSP and an IRA. The IRA contribution limit for 2008 is \$6,000 if you are age 50 or over. The deductibility of your IRA contributions depend upon your adjusted gross income. Check IRS Publication 590 for the rules.

Special Retirement Supplement

Question: I plan to retire on Dec. 31, 2010, under the Federal Employees Retirement System. I was told by a co-worker that I need to retire before my 60th birthday (Nov. 11, 2010) to be eligible for the special retirement supplement. Is this correct?

Answer: No it isn't correct. Your co-worker was mistaken. This is further proof, if any is needed, that while it's OK to listen to a co-worker, it's not OK to accept what he or she says without checking.

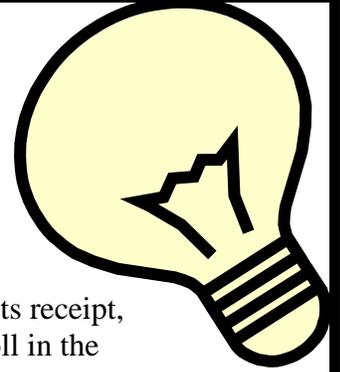
Delaying Annuity

Question: I recently read your article in the Sept. 22 issue of *Federal Times* about early retirement, ["Pros and cons of early retirement offers"] and I saw that you said when you reach minimum retirement age, you will be eligible to start collecting the Social Security special retirement supplement. I was under the impression that if you didn't retire at your MRA with 30 years (not the MRA plus-10 rule), you were not eligible for the SRS. If I have 30 years of service, and I am 50 years old, covered under the Federal Employees Retirement System, can I postpone receipt or defer my retirement, and when I reach my MRA of 56 and two months, can I start collecting my pension and health benefits and my special retirement supplement without penalty?

Answer: If you retire under the MRA-plus 10 provision, you won't be eligible to receive the special retirement supplement, regardless of how long you delay the receipt of your

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annuity. You can, however, reduce or eliminate the age penalty by delaying its receipt, and, if you were eligible to carry your health benefits into retirement, re-enroll in the Federal Employee Health Benefit program when your annuity begins.

Human Resources (HR) for Supervisors Course. The updated HR for Supervisors Course incorporates instruction applicable to the National Security Personnel System (NSPS). The course is 4.5 days long; includes lecture, class discussion and exercises; and, is designed to teach new civilian and military supervisors of appropriated fund civilian employees about their responsibilities for Civilian Human Resource Management.

Course dates are highlighted below. Course registration information will be disseminated not less than 3 weeks from the course start date.

- 1 - 5 December 2008
- 2 - 6 March 2009
- 1 - 5 June 2009
- 14 - 18 September 2009

The instruction includes the following modules:

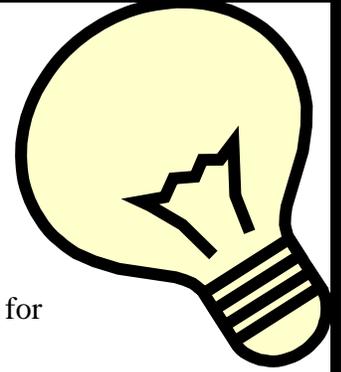
- Introduction of Army CHR which includes coverage of Merit System Principles and Prohibited Personnel Practices, CHRM Life Cycle Functions, Operation Center and CPAC Responsibilities
- Planning
- Structuring – Position Classification
- Acquiring – Staffing and Pay Administration
- Developing – Human Resources Development
- Sustaining – Performance Management, Management Employee Relations, Labor Relations

This instruction does not cover supervision of non-appropriated fund (NAF) or contract employees.

RPA and ART Workshop. The Fort Benning CPAC HR specialists are available to conduct RPA and ART desk-side walkthroughs and/or workshops to assist managers/supervisors and new DCPDS account holders with accessing and using DCPDS, ART, initiating RPAs, creating Gatekeeper Checklists, forwarding and tracking RPAs, generating reports and printing SF 50s. Training can be accomplished via individualized sessions or activity specific workshops upon request. If you desire

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training of this nature, please contact your servicing HR specialist to arrange for scheduling.

Job Aids Available on the Web. Lotus ScreenCams (how-to-movies) are available to assist DCPDS users with DCPDS, Army Regional Tools (ART), Oracle 11i and other automation tools. ScreenCam movies ART Logon, Ghostview, Gatekeeper, Inbox Default, Initiating an RPA, Logging On, Navigator, RPA Overview and RPA Routing are available on the web at: <http://www.chra.army.mil/>. Click on HR Toolkit and then click on the name of the movie to download or play it. Managers/supervisors and administrative personnel responsible for initiating RPAs are encouraged to review this site and check out these new tools. ART Users Guide has been updated and provides descriptions of and instructions for using tools available in ART, including such tools as Employee Data, Inbox Statistics (timeliness and status information about personnel actions), Organization Structure (information about positions in various organizational elements), and many more tools. It is intended for use by managers, resource management officials, administrative officers, and commanders as well as CPAC and CPOC staff members. There is both an on-line and downloadable Word version (suitable for printing).

In addition, to the ART Users Guide, there is a Defense Civilian Personnel Data System (DCPDS) Desk Guide which provides how-to information about tasks and functions that end users might need to perform in DCPDS, such as initiating a Request for Personnel Action (RPA) and creating a Gatekeeper Checklist. The ART Users Guide and the Desk Guide can be accessed from the CHRA web page at: <http://www.chra.army.mil/>, by clicking on HR Toolkit. In addition to these tools the Fort Benning CPAC staff is available to assist you in accessing DCPDS, ART, initiating RPAs, creating a Gatekeeper Checklist, forwarding and tracking RPAs, generating reports and printing an SF 50. If you have any questions or need assistance, please contact your servicing HR specialist to arrange a time so we can come to your office to help you.

Fort Benning CPAC Homepage. Please log on to our website at <https://www.benning.army.mil/Cpac/Index.htm>. If you have suggestions on ways to improve this publication or recommendations for information to add, please contact the undersigned.

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