Retirement potpourri

Dan Toth

On a monthly basis, the Office of Personnel Management (OPM) tracks and publishes the number of retirement applications it receives, the number of cases processed, and average processing time. OPM sets its inventory goal at 13,000 cases.

Back in March, OPM had more than 36,000 cases in its inventory, almost triple its goal. It has since been able to reduce the backlog ahead of the year-end retirement rush, but as of the release of the October data, the backlog was still more than 25,000 cases.

I point this out to make retirees aware that OPM is not living up to its goals and that they should be ready for potential processing delays. This means that OPM might take multiple months to finalize a retirement application and begin regular annuity payments. As interim payments are not always enough or as much as retirees hope for, proper retirement preparation should include setting aside savings to keep the bills paid in the meantime.

Processing delays also are affecting survivor annuities, which are taking as long as three to four months, based on the calls received by the NALC Retirement Department. Delays with survivor annuities are especially troubling, as the affected spouse just lost their loved one, usually unexpectedly, and now has to go several months without the annuity.

Retirees should be sure to let their spouses know of their potential benefits as well as how to claim those benefits if the need arises.

Cost-of-living adjustments

Active letter carriers have received some large cost-of-living adjustments (COLAs) in the last year or two as a result of rising inflation. These COLAs, as well as general wage increases, and the addition of Step P that became effective Nov. 19, will increase employees' high-3 average salaries and therefore increase their future annuities.

However, there sometimes is confusion about the specific impact that a raise has on the high-3 average salary. A good way to think about it is to consider your base wage over 1,095 days (three years). Receiving an increase for a single day will affect the average by a very small amount, because we still need to consider wages from the other 1,094 days.

For example, let's take a top-step letter carrier who had a high-3 average salary of $68,442 and gets a raise to $70,000 on the final day of their career. We will also assume that like most letter carriers, the carrier's high-3 will be the final three years. That single day of work would increase the high-3 average salary by approximately $1.42. Every additional day at the new rate would slowly raise the average, but it would take the full 1,095 days before the high-3 average salary would get all the way up to $70,000, assuming there are no other increases.

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In 2023, annuitants will be receiving the largest COLA in decades. Civil Service Retirement System (CSRS) annuitants will receive 8.7 percent while Federal Employees Retirement System (FERS) annuitants will receive 1 percent less, coming in at 7.7 percent, because FERS COLAs are reduced. If the change in the CPI is greater than 2 percent and no more than 3 percent, the COLA will be reduced to 2 percent. If the change in the CPI is greater than 2 percent and less than 3 percent, the COLA will be reduced to 2 percent. If the CPI increase is greater than 3 percent, the COLA will be the change in CPI minus 1 percent.

If eligible, FERS and CSRS annuitants' first COLA will be prorated based on the number of months from the annuity commencement date to the effective date of the first COLA after the annuity commencement date. Retirees receive one-twelfth of the applicable cost-of-living increase for each month that they are in receipt of an annuity before Dec. 1, not to exceed 12 months.

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Director, Health Benefits

NALC High Option Plan—Aetna Medicare Advantage (continued)

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efit Plan is not licensed to administer Medicare benefits. We needed a partner to help us that was willing to work with the NALC to create a plan of benefits that would be unique and that would match or exceed the benefits our High Option members with Original Medicare already had. We also needed a partner that would have the same standards, values and commitment to our membership that we have. The process to create a Medicare Advantage Plan was long and thorough. We requested information and interviewed several Medicare Advantage candidates before making any decisions. This is how our relationship with Aetna started.

In addition to the benefits, it was extremely important that our members have the ability to opt into the program at any time—and the right to opt out and retain their High Option original Medicare structure if they decided that the program was not the right fit for their needs. Creating this safeguard for our members was essential for any program we would consider. Lastly, we understood that we needed an option not based on a one-size-fits-all approach. The satisfaction of our members and our ability to meet everyone's needs meant that all members and their dependents needed the right to make individual decisions to opt in (or not), with no impact on the other members on their policy.

Although it does sound too good to be true, there is no catch or hidden agenda. Our only agenda, if you want to call it that, is to make sure that our members receive the benefits they deserve at a cost they can afford, and that all letter carriers are encouraged to choose the NALC Health Benefit Plan.

Although we believe in this program, any new implementation is not without its hurdles. If you have any concerns or questions, or if something doesn't seem right, please reach out to us so we can address it. Although Aetna is our partner, the Plan is still here to aid our members who opt into the program. I want to emphasize that we are committed to maintaining your confidence during this Open Season and, more generally, in all that we do. I truly appreciate the comments I have received so far, and I hope I have addressed all of theconcerns that have recently come to my office about this new option.

In closing, I would like to take some time to thank each of you for your dedication to the NALC Health Benefit Plan. Together, we have accomplished many goals in 2022 and we won't stop in the upcoming year. Best wishes to each of you for a safe and healthy holiday season and a happy new year.

Director of Retired Members

Retirement potpourri (continued)

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Generally, FERS annuitants under age 62 are not eligible for COLAs, except those with a disability or survivor annuity. For FERS annuitants who are not eligible to receive a COLA during their first year or more, the initial COLA they receive after becoming eligible is the full COLA. CSRS retirees are eligible for COLAs at any age.

Carryover limit

Since the impact of the pandemic started hitting us in early 2020, the NALC and the Postal Service have agreed to temporarily increase the annual leave carryover limit. This agreement has been extended several times so far.

Generally, separating employees receive a lump-sum terminal payment for a balance of annual leave up to 440 hours. Leave in excess of 440 hours would be forfeited. However, MOU Re: Annual Leave Carryover for Leave Year 2023 (M-01979 in NALC's Materials Reference System) provides that for leave year 2023, regular workforce career employees may carry over 520 hours of accumulated annual leave from leave year 2022 to leave year 2023. Because this memorandum temporarily expands the carryover limit, the maximum terminal leave in accordance with the *Employee and Labor Relations Manual,* Section 512.732, is also increased to 520 hours. This memorandum is set to expire Dec. 31, 2023, at which time the carryover maximum will return to 440 hours, unless the NALC and the Postal Service agree otherwise.