



## Chapel Hill Chapter NEWSLETTER

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### NARFE Chapter 2108, Chapel Hill, NC

February 2011

Vol. 2 No. 1

#### CHAPTER DUES REDUCED

Twenty-one members attended the complimentary holiday luncheon at the Nantucket Grill on December 3, 2010. Special guests were Area IV Vice President Ben Saunders and Durham Chapter President Carolyn London. Mrs. London announced that she was stepping down as President after serving six years, but would continue to be active in the Federation. A motion was made to reduce the Chapter dues from \$15 monthly to \$10. The motion was passed unanimously by the membership. Santa had left a gift for each member attending and holiday greetings were extended for the New Year.

HOW TO STAY FIT WALKING highlighted the January 28, 2011 Chapter 2108 meeting with Kevin Kirk, UNC Physiologist, as guest speaker. Twenty-five members were in attendance. New officers were sworn in by Ben Saunders, NARFE Area IV Vice-President. Walt Mack had agreed to serve a second term as President, with Cathy Burt, Vice President, Jim Deviney, Secretary, Catherine Ragland, Treasurer, and Martin Rody as Service Officer.

#### SCHEDULE OF 2011 CALENDAR

**March 25, 2011** - Business meeting 11:15 a.m., Seymour Center Theater, followed by Speaker Mark Geercken, Chapel Hill Police Dept., Community Services Officer. Topic: Springtime Scams and How to Avoid Them."

**May 4-6, 2011** – North Carolina Federation Convention, Carolina Beach, NC. Four delegates have been selected and funds approved by Chapter members at the Jan. 28, 2011 meeting.

**June 24, 2011** - Business meeting 11:15 a.m., Seymour Center Theater, followed by Speaker Sharon Andrews, Physical Therapist, University Physical Therapy. Topic: "Tried and True Ways to Reduce Stress in Our Lives."

**Sept. 23, 2011** - Picnic - Carrboro Park

#### A CALL FOR ACTION

The upcoming 2011-12 Federal budget battle is one of the most challenging that NARFE has faced in more than a generation according to Dan Adcock, NARFE Director of Legislation. Adcock was guest speaker at the North Carolina Federal Area IV membership development class on January 13<sup>th</sup> at the North Carolina State University Club in Raleigh.

"Congress is faced with a \$1.3 trillion budget shortfall," Adcock said, "and it will be looking for ways to cut programs, leaving NARFE vulnerable. Federal employees and retirees have sacrificed enough. We don't want to be singled out again."

He called upon NARFE chapters to contact their congressional representatives and "let your voices be heard. Educate your congressmen on NARFE's programs and get quoted in the newspapers" Adcock urged. "What we do is hugely important." (Continued)

Attendees were also updated on the Retiree Task Force efforts to extend the Bailey Settlement to all government retirees, not just those with five or more years of creditable service as of August 12, 1989. To assist Area IV chapters in the education process, copies of the newly updated 2011 book, "Investing in North Carolina's Future," was distributed. The 106-page manual describes the "positive economic impact of extending the Bailey Settlement."

Representing the Chapel Hill Chapter at the training session were Martin and Jane Rody and Walter and Cathy Mack.

### **NARFE'S TOP 10 LEGISLATIVE ACCOMPLISHMENTS IN THE 111<sup>TH</sup> CONGRESS (2009-2010)**

- Ensured that federal, state and local government retirees who were not eligible for Social Security received a one-time, \$250 per person refundable tax credit for the 2009 tax year.
- Protected federal benefits by defeat of an amendment to the fiscal year 2010 House Budget Resolution that would have cut federal civilian retirement and/or health benefits by \$10 billion over 10 years.
- Allowed federal agencies to re-employ federal retirees on a limited, part-time basis without offset of annuity.
- Permitted FERS workers initially to credit half, and in 2014 all of their unused sick leave toward retirement.
- Allowed returning FERS employees, who previously left federal service, to repay a deposit to the Retirement Trust Fund, with interest, in order to be able to continue their past and new federal service for future annuity service.
- Permitted certain CSRS workers to phase down to part-time status at the end of their careers without reducing their final annuity.
- Provided locality pay that was creditable toward retirement for federal employees in Hawaii, Alaska and the U. S. Territories.
- Provided automatic Thrift Savings Plan (TSP) enrollment of newly hired federal employees; added a "Roth" option to the TSP,

allowing participants to make after-tax contributions to the plan and withdraw their earnings tax-free upon retirement; ensured that surviving spouses had the same rights over their inherited accounts as any other TSP participant.

- Safeguarded NARFE-drafted language of the Federal Employees Health Benefits Program (FEHBP). Threatening amendments were dropped that would have opened the FEHP to nonfederal civilians without separate risk pools.
- Required executive branch agencies to establish policies allowing eligible employees to telework.

### **WHAT KEEPS US UP AT NIGHT?**

- Basing federal civilian retirement annuities on an employee's highest five years of salary rather than the highest three years. This plan would reduce the average annuitant's retirement benefit by \$7,148 over five years. A Federal Employees Retirement System (FERS) annuity would be cut \$2,322 over five years.
- Requiring workers to contribute a much higher share of their salary toward their defined-benefit annuity. This would have the effect of a significant pay cut.
- Deferring CSRS cost-of-living adjustments (COLAs) until age 62.
- Requiring federal employees and annuitants to pay an increasingly higher share of Federal Employees Health Benefits Program (FEHBP) premiums by limiting growth of the government/employer share to the Gross Domestic Product (GDP) plus one percent. Eventually workers and retirees would be forced to pay a higher percent of the premium each year to the point where many could no longer afford health insurance.
- Using the so-called "Chained" Consumer Price Index for All Urban Consumers (C-CPI-U) to set COLAs for Social Security which would lower Social Security benefits by 3 percent after a 10-year period and would likely result in a similar reduction to federal civilian and military retirement COLAs.
- Enacting tough discretionary spending caps and providing \$200 billion in domestic and defense savings by 2015. This includes a three-year pay freeze and cutting the federal

workforce by 10 percent, about 200,000 people, by hiring only two workers for every three who leave federal service. With a federal work pay freeze will there be mass retirements or low morale? Will the pay freeze make moot the administration's efforts to reform how the government recruits and retains workers? If older federal employees start to retire en masse, will the government be ready to replace them? Many agencies aren't ready for the impending brain drain.

- Social Security benefits would target those needing them the most. Social Security would reduce payments to upper income recipients. In addition, the retirement age would be increased based on the average American's greater longevity, increasing the age to 68 by 2050 and 69 in 2078.

- Asking doctors and other health providers, lawyers, and individuals to take responsibility for slowing health care cost growth. This would be done by paying health care providers less, among other tactics.

- Ordering changes at the U. S. Postal Service. Postal reform could be the sleeper issue of the year. This year the Postal Service will run out of money unless Congress seriously addresses postal reform. Pensions are ballooning, mail volume and revenues are plummeting.

- Federal agencies and departments expanding the use of teleworking this year in an effort to cut operational costs, worker commutes and the government's environmental footprint. Though many are eligible, many federal managers are resistant to the work-from-home option.

The Federal-Postal Coalition sent a letter to President Obama urging him to reject the recommendations made by the National Commission on Fiscal Responsibility and Reform.

## **FEDERAL TAX WITHHOLDING – BIG SURPRISE FOR 2011**

While all of the attention recently was on Congress extending the Bush era tax cuts a lesser known federal tax credit for employees and retirees that was part of the 2009 Stimulus law was allowed to expire.

The "Making Work Pay" credit expired December 31, 2010, which could mean higher federal tax withholding amounts in monthly annuities/pensions for public and private sector retirees, including federal annuitants. The Internal Revenue Service issued a notice in December saying withholding tables for 2011 would no longer be adjusted for the Making Work Pay tax credit and there is no longer an optional additional withholding adjustment for pensions.

The Making Work Pay credit was created with the passage of the American Recovery and Reinvestment Act, Public Law 111-5, signed into law February 17, 2009 (also known as the Stimulus law). The credit equated 6.2% of a taxpayer's earned income up to a total credit of \$400 for individuals and \$800 for joint filers. Last year the IRS asked employers to use the new withholding tables to adjust workers' take-home pay to account for the new credit as soon as possible emphasizing that employees did not have to fill out a new W-4 withholding form, and that the adjustments would automatically be made based on the 2010 withholding tables. Those withholding tables also affected federal retirement payments. With the expiration of the temporary credit, IRS tax withholding tables have changed for 2011, and many retirees may see an increase in the amount of federal tax being withheld from their monthly annuity payments as a result.

It is important to keep in mind that, like all employers, OPM uses tax withholding tables that are provided by the IRS, and questions about changes to those tables must be referred to the IRS, not OPM

NARFE members who are unhappy about the expiration of the Make Work Pay tax credit should direct their complaints to their own representative and senators. NARFE is consulting with our coalition partners in the Leadership Council of Aging Organizations regarding congressional action on this issue.

Federal annuitants receiving payments from OPM can change their tax withholding amounts for both federal and state taxes by calling OPM at 1-888-767-6738.

## **DISBURSEMENT OF CHAPTER FUNDS**

After further research by Charles W. Saylor, NARFE National Treasurer, it has been determined that according to NARFE bylaws, which cover non-profit corporations and verified by NARFE auditors, donations may be made for public welfare, religious, charitable, scientific research, educational purposes, or for other purposes. Each Chapter therefore has the right to expense their funds as they see fit.

## **LONG TERM CARE**

Some enrollees in the Federal Long Term Care Insurance Program saw a rate increase in their Long Term Care insurance premium. Seventy-eight percent of those affected maintained or increased their coverage; only 20 percent reduced their coverage; and there were very

few terminations. The majority of claims in the program (67 percent) are for people receiving care at home.

## **INTERESTED IN A NARFE-SPONSORED TWO WEEK TRIP THROUGH THE BLACK HILLS OF SOUTH DAKOTA?**

If so, contact Nancy Batchelor, 2122 Yorkshire Dr., Greenville, NC 27858, telephone (252) 321-1988; e-mail: nurse62@suddenlink.net.

At a cost of \$1,535 per person, June 1-14, 2011, the package includes 14 days/13 nights lodging, 13 breakfasts, 11 dinners, all taxes and meal gratuities paid, sightseeing guided tours and motor coach transportation by White Star Tours. Departure will be June 1<sup>st</sup> from Greenville, NC. Reservations are required by March 1<sup>st</sup> with a deposit of \$100; balance of \$1,435 payable by April 5<sup>th</sup>.