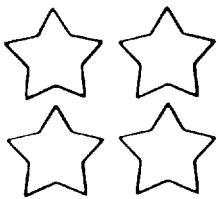


SPECIAL ISSUE - employee benefits

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BULLETIN

JANUARY 1967

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FOR INFORMATION OF HEADQUARTERS AND FIELD PERSONNEL

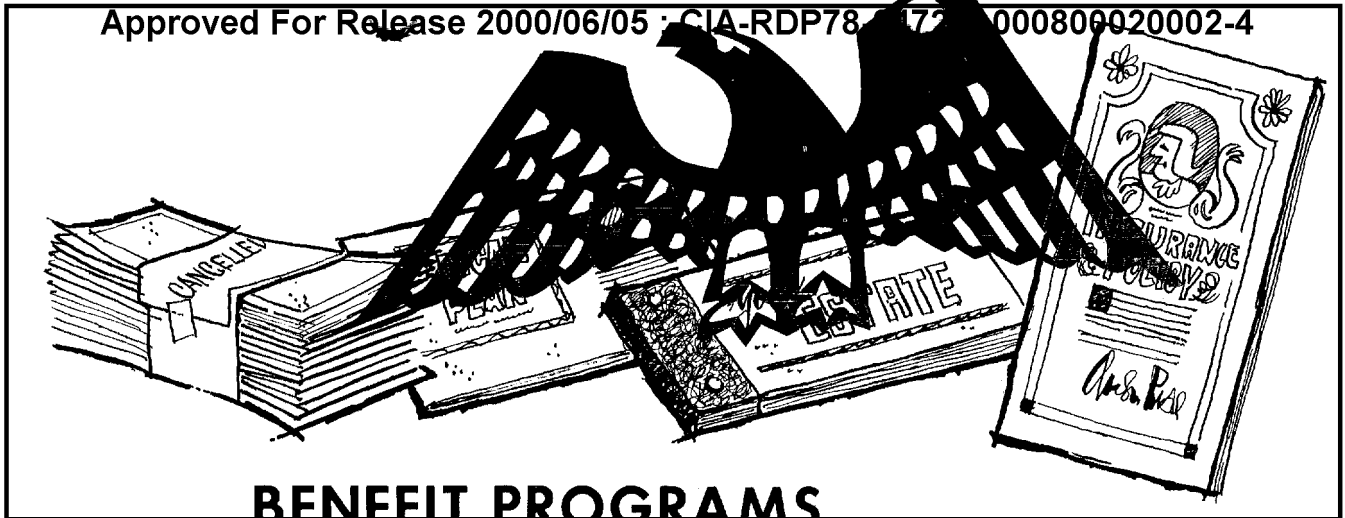
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BENEFIT PROGRAMS FOR YOU AND YOUR FAMILY

In establishing benefit plans for their families, many employees, we have discovered, lack an adequate appreciation of the comprehensiveness of the insurance and retirement programs available to them. Too often this has been reflected in inadequate provision for families following the breadwinner's injury or death. This situation, together with the recent passage of significant legislation affecting personnel benefits, has prompted us to devote this entire issue of the Support Bulletin to a discussion of benefits available to employees.

The Benefits and Services Division of the Office of Personnel has developed a positive program of benefits to assist you. The following pages explain the various insurance and retirement plans and the related benefit programs which comprise the overall program. If you find that some of your questions aren't answered or if you are prompted to make changes in the benefit plans you now have for yourself or your family, we suggest that you get in touch with your support officer. He can either furnish you with additional information or advise you on how to obtain it.

life insurance programs available

FEDERAL EMPLOYEES' GROUP LIFE INSURANCE

During 1954 a new term, FEGLI, became important in the jargon of Federal personnel specialists. In August of that year the Government, as your employer, took a big stride toward a comprehensive employee benefits program by providing Federal Employees' Group Life Insurance (FEGLI) under the act of the same name. Employees were encouraged by the act to provide protection to their survivors under term insurance at a reasonable cost. (Term insurance has no cash, loan, paid-up, or extended insurance values.)

The Group policy provides you with two kinds of insurance during employment—life insurance, and accidental death and dismemberment insurance. The amount of insurance of each kind equals your current annual salary rounded to the next higher \$1,000 with a maximum of \$20,000. The amount of your life insurance is payable in the event of your death, no matter how caused. Accidental death and dismemberment insurance is payable if you lose your life, limb or eyesight as a direct result of an accident. The full amount of your accidental death and dismemberment insurance is payable in the case of loss of life; half the amount is payable to you for the loss of one limb or sight of one eye and the full amount for two or more such losses. For all losses resulting from any one accident, no more than the full amount is payable.

The premium is 25 cents biweekly for each \$1,000 and is automatically deducted from your pay check unless you elect to waive the

insurance. The Government contributes half as much towards the premium as you do.

You do not need to name a beneficiary if you are satisfied to have the death benefits of your insurance paid in the following order of precedence:

1. Your widow or widower.
2. Your child or children in equal shares.
3. Your parents in equal shares or the entire amount to the surviving parent.
4. The executor or administrator of your estate.
5. Your next of kin under the laws of your State of domicile at the time of your death.

If you have at least 12 years of creditable Government service and retire on an immediate annuity, your insurance will continue to remain in force and will be free of premiums. The amount of insurance, however, will be reduced at the time you retire or when you reach age 65, whichever is later. The reduction will be two percent each month until the amount of the policy represents 25 percent of the coverage you carried at retirement.

WORLDWIDE ASSURANCE FOR EMPLOYEES OF PUBLIC AGENCIES

WAEPA offers group life insurance benefits under contracts underwritten by the Equitable Life Assurance Society of the United States. This is term insurance and has no cash, loan, paid-up, or extended insurance values. It is available only to full-time civilian employees of the United States Government and will protect you and your family during the time you are employed with the

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Government whether at home or abroad. Coverage under the WAEPA plan is divided into three categories.

Age Group	Monthly Premium	Face Value	Additional for Accidental Death
Up to 40 incl.	\$ 8.93*	\$20,000**	\$25,000***
41 to 50 incl.	11.02*	\$17,500**	\$25,000***
51 to 65	13.10*	\$16,250**	\$25,000***

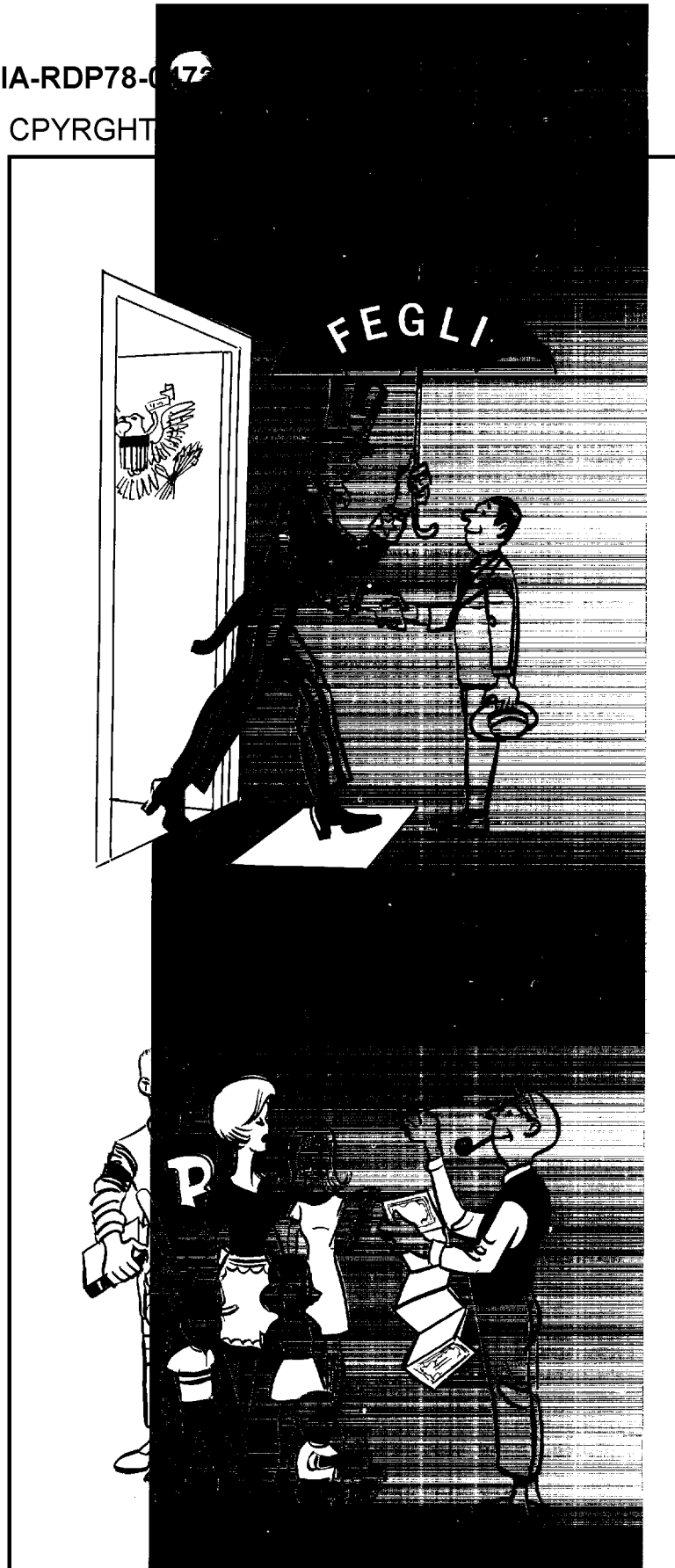
* Includes cost of \$2,000 dependent coverage.
 ** Includes \$15,000 basic plus supplement coverage.
 *** Includes benefits for accidental dismemberment.

Partial Coverage After Retirement

When you retire with an immediate annuity for reasons other than disability or if you attain age 65 before you retire, you may be eligible to continue, for the remainder of your life, one-third of your basic group life insurance (e.g. \$15,000 would reduce to \$5,000). The cost of this continued coverage will be \$30.00 per year per \$1,000. If you should be retired with immediate annuity because of total disability, you will be eligible to continue two-thirds of your basic group life insurance until you reach age 65, when you could apply for continued coverage.

Coverage for Dependents

With the WAEPA policy your spouse and your unmarried children who are at least 14 days old and under age 19 are considered your eligible dependents. The policy also includes any unmarried child who is a full-time student and has attained the age of 19 years but has not reached 21. Your dependents will be included in the plan on the same date you become insured. WAEPA will provide \$2,000 in group life insurance for each of your dependents who is five years of age or older. Children younger than age five receive coverage in a smaller amount, depending upon their age.



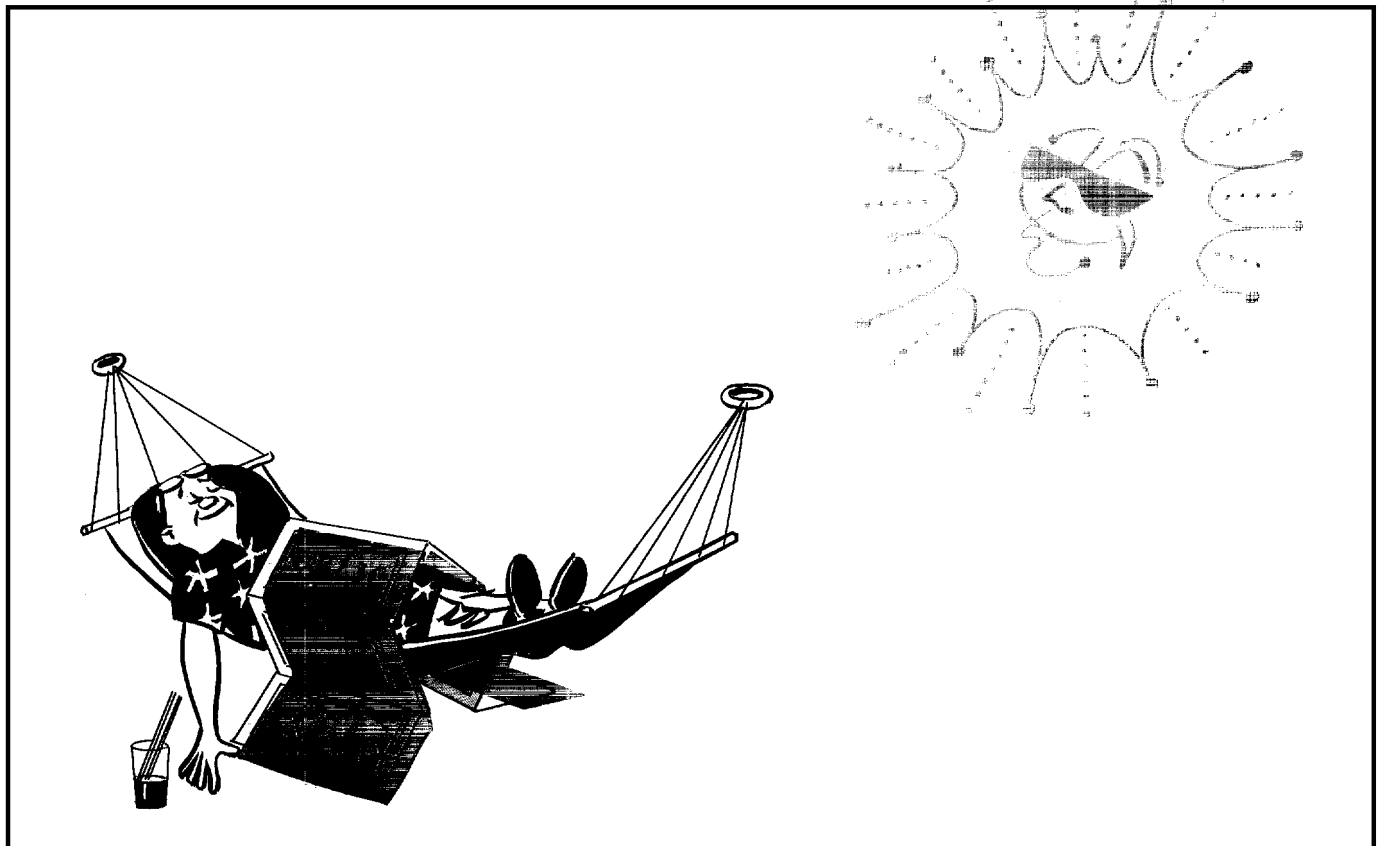
UNITED BENEFIT
LIFE INSURANCE COMPANY

UBLIC offers the second of the two available commercial life insurance programs. This insurance is also term insurance and thus has no cash, loan, paid-up, or extended insurance values.

All full-time Organization employees who have not yet reached their 60th birthday may apply for UBLIC coverage. This coverage can be purchased in amounts ranging from \$3,000 to \$30,000. In the event of accidental death, these amounts are doubled. Benefits are also payable for accidental dismemberment similar to those stated for FEGLI. Premiums are 50 cents per thousand per month. Under the UBLIC policy, dependent coverage is provided at no additional cost to you. Your spouse and children ages 5 to 21 years each have \$1,000 of coverage; children ages 14 days to 5 years have coverage in smaller amounts, depending upon their age.

Major Benefit Added

Under a recent change a major benefit was added to the UBLIC plan in the form of continued coverage after retirement. If you have been insured with UBLIC for not less than ten years prior to your retirement and retire on an immediate annuity, you are eligible for this benefit. Briefly, this plan offers you reduced insurance coverage after retirement and you continue to pay the current monthly premium of 50 cents per thousand until you attain the age of 60 years. At that time coverage is reduced to 1/6 of the average amount of coverage you had in the ten-year period immediately preceding your retirement and no further premium payment is required of you. Upon attaining the age of 70 years, your coverage is reduced to 1/12 of your ten-year average held immediately preceding retirement and you will have this protection for the rest of your life.



HOSPITALIZATION AND HEALTH INSURANCE

Four health benefit programs are available to Federal employees under the Federal Employees Benefits Act of 1959. One of these, the Association Benefit Plan, provides benefits for sickness or accident as shown on the chart below.

KINDS OF EXPENSES	BASIC BENEFITS PAY (No Deductible)	DEDUCT- IBLE	MAJOR MEDICAL BENEFITS PAY (After Deductible)
Hospital Inpatient	For each confinement for up to 90 days— ● up to \$30 per day for room and board ● full payment of all other covered charges	Y O U P A Y \$100 D E D U C T I B L E	80% of covered hospital charges not paid by basic benefits
Hospital Outpatient	Up to \$202.50 for each accident or sickness		80% of covered hospital outpatient charges not paid by basic benefits
Surgical	Actual charges up to amounts specified in the Schedule of operations (Maximum \$500)		80% of reasonable and customary charges over amount allowed by Schedule of Operations
Out of Hospital X-Ray and Lab	Up to \$75 per person per calendar year		80% of covered charges not paid by basic benefits
Other Medical Services and Supplies	NO BASIC BENEFITS (Major Medical Only →)		80% of eligible expenses not covered by Basic Benefits (e.g. doctors' visits, nurses, prescription drugs, etc.)
Maternity	Hospital—For normal delivery, up to \$20 per day for up to 8 days. (For cesarean section, miscarriage, and severe complications of pregnancy, regular Basic Hospital Benefits will be paid instead of Maternity Benefits) Doctors' charges—Up to—\$100 for delivery —\$150 for cesarean section —\$ 50 for miscarriage		80% of covered charges not paid by Basic Benefits for severe complications of pregnancy (Major Medical Benefits are <i>not</i> payable for normal delivery, cesarean section, or miscarriage.)

MAXIMUM MAJOR MEDICAL BENEFITS: \$30,000 per person, plus automatic annual restoration of \$1,000

SPECIFIED DREAD DISEASES POLICY

This policy offers as much as \$10,000 in benefits to you and your family to defray the costs associated with polio, leukemia, scarlet fever, diphtheria, smallpox, spinal or cerebral meningitis, encephalitis, tetanus, or rabies. Benefits will be paid for each incidence of the disease within three years after the date of the first treatment. Payments to you are made regardless of, and in addition to, any other forms of compensation you receive from any other sources. Coverage under the family plan extends to your unmarried children under 21 years of age. Cost of this insurance is \$4 per year for coverage of the employee only or \$10 per year to cover the employee and his family members.

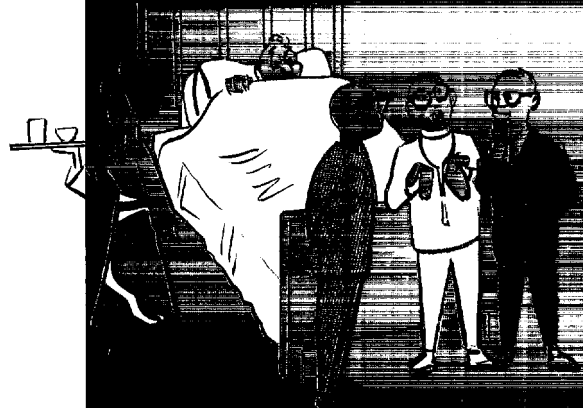
OVERSEAS MEDICAL BENEFITS

Eligible Organization personnel on PCS or TDY assignments outside the continental limits of the United States may be reimbursed for hospital and related medical expenses. The program covers only those injuries or illnesses which require or normally would require in-patient hospitalization by U.S. standards and which are not the result of vicious habits, intemperance, or misconduct. Expenses for maternity, elective and cosmetic surgery, ordinary dental care, and out-patient care are excluded.

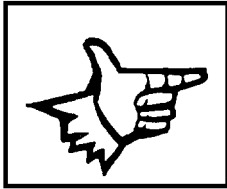
Under the same circumstances as related above, eligible employees may also be reimbursed for expenses of dependents for injuries or illnesses incurred while the dependent is located abroad which require in-patient hospitalization or equivalent care. Generally, dependents are covered for the total cost of treatment which exceeds \$35.00 up to a maximum of 120 days of treatment.

MEDICARE

Upon retirement and attaining age 65 you may be eligible for certain benefits under Medicare. If you are interested in obtaining information on Medicare eligibility or benefits for you or your parents, you should contact your nearest Social Security Office.



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Other Insurance Plans Available

INCOME REPLACEMENT PLAN

Under the IRP benefits begin on the 31st day of total disability. You can receive from \$25 to \$100 per week thereafter for a period of up to 10 years if the total disability is the result of illness and for the rest of your life if the result of an accident. This insurance is available only to persons who are under age 68 and in good health at the time of application. It is payable regardless of benefits received from sick leave or other insurance.

TRAVEL INSURANCE PLANS

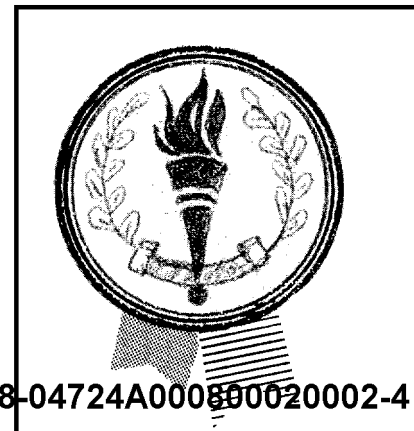
Air Flight Trip provides coverage for the insured in event of accidental death or loss of limb or sight while a passenger on a scheduled commercial airline. Coverage is for travel on one-way or round-trip flights completed in one year and does not cover travel on MAC or any other type of military or private aircraft. Coverage ranges from \$15,000 to \$150,000, and rates are comparable to those available at major airports.

Military Air Flight Trip is similar to Air Flight Trip but is extended to cover trips not only in commercial air carriers but in any aircraft (other than a single-engine jet) oper-

ated by the U.S. Department of Defense, including MAC and military aircraft used primarily for transporting passengers. Coverage is good for trips completed within 30 days and is available in amounts of \$12,000, \$25,000, and \$50,000.

In addition to the above plans, a *Flight and Accident Policy* (FAP) is available, which gives you 24-hour protection against death, blindness, dismemberment, or total disability caused by an accident including, but not limited to, flight hazards. Coverage ranges from \$25,000 to \$150,000 for employees and is also available to dependents in limited amounts. Employees who take the basic coverage of the FAP may also apply for War Coverage Supplement at an additional premium, thereby insuring themselves against losses resulting from war or acts of war.

If you are required to travel between foreign and domestic areas because of the death or serious illness of a relative or other named person, the *Emergency Travel Plan* is also offered as an additional plan of insurance to provide you with partial reimbursement for travel expenses.



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JOB-RELATED DISABILITY AND DEATH BENEFITS

FEDERAL EMPLOYEES COMPENSATION ACT

Government employees are eligible for benefits under the Federal Employees Compensation Act for injuries or illnesses incurred in the performance of duty; i.e., illness or injury proximately caused or materially aggravated by the performance of officially assigned duties. The coverage of the act extends to Federal employment any place in the world.

Among the benefits provided by FECA are full hospital and related care, compensation for loss of wages (in lieu of the use of sick and annual leave), compensation for permanent disability, and compensation to certain named survivors in case of your death.

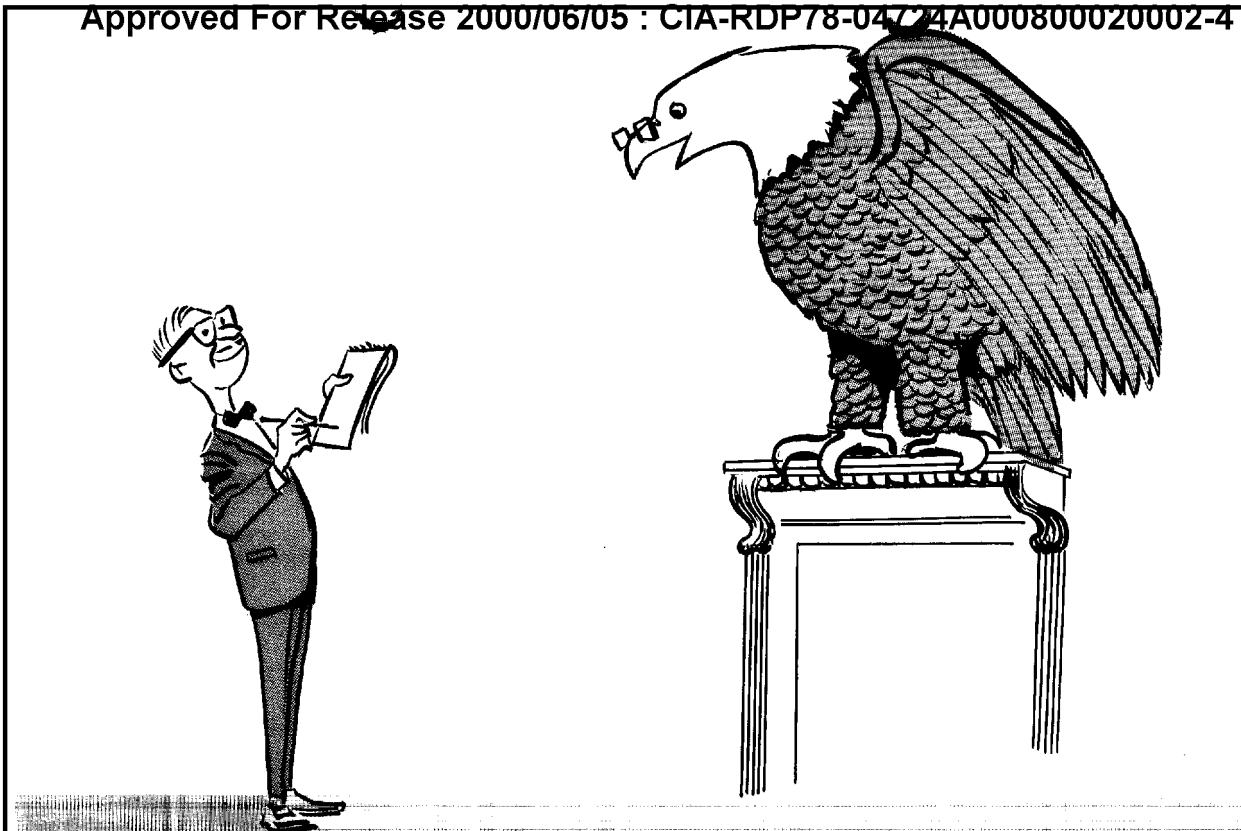
DEATH BENEFITS

If death results from an injury or illness incurred in the performance of duty, a widow without children is entitled to receive 45 percent of the deceased employee's monthly salary. Benefits for a widow with children under age 18* are 40 percent for herself and 15 percent for each child not to exceed 75 percent of the employee's annual salary. The total compensation cannot exceed 75 percent of the top step of GS-15.

* Children attending school full time can receive benefits until completion of four years of education beyond the high school level or until age 23, whichever occurs first.

DISABILITY BENEFITS

If disability results from an injury or illness incurred in the performance of duty, compensation in lieu of sick and/or annual leave is payable at the rate of 66 $\frac{2}{3}$ percent of the annual salary if the employee has no dependents and at the rate of 75 percent of the annual salary with dependents. The maximum dollar benefit per month is 75 percent of the top step of GS-15.



The Civil Service Retirement System

The Organization is concerned that employees who are nearing eligibility for retirement be informed about the subject of retirement. An advisory service offered by the Retirement Branch is referred to in the memorandum sent to each employee five years before the date of his eligibility for retirement. If you plan to retire in the near future, you should remember to notify the Retirement Branch of your intention to retire no later than 90 days before separation.

In its role as a retirement counselor, the staff of the Retirement Branch answers many questions about the Civil Service Retirement System. For your information we have included below some of those which are most frequently asked.

What requirements must I meet to retire under the Civil Service Retirement System?

You may retire if you meet any combination of minimum age and service, as well as the special requirements (if any) shown in the following table.

<u>Earliest Age</u>	<u>Years of Service</u>	<u>Remarks</u>
62	5	
60	20	
55	30	
any age*	25	Your separation must be involuntary without cause.
50*	20	Your separation must be involuntary without cause.
age any	5	You must be totally disabled for service in the position you occupy.

* If you retire before age 55 except for total disability, your annuity is reduced by 1/6 of one percent for each month you are under age 55.

What periods of civilian service are creditable toward retirement?

All periods of service as an employee of the Federal Government or the District of Columbia are creditable toward retirement.

Is military service creditable under the Retirement Act?

As a general rule, military service is creditable, provided it was active service, was terminated under honorable conditions, and was performed before separation from a civilian position under the Retirement Act.

What are the exceptions to the general rule on crediting military service?

Military service after 1956 is not creditable for retirement purposes if the annuitant is eligible for social security benefits. The receipt of military retired pay bars credit for service unless the retired pay is:

- Based on a disability incurred in combat with an enemy of the United States or caused by an instrument of war and incurred in the line of duty during a period of war.

- Granted as retired pay to a member of a reserve component of the Armed Forces on the basis of service instead of disability. The basic requirement is the attainment of age 60 and the completion of 20 years of service.
- Waived so that military service will be credited.

How is the amount of my annuity determined?

The amount depends upon your length of service and your "high-five" average salary. These two items are used in a formula which produces your annuity.

What is the "high-five" average salary?

The "high-five" average salary is the highest salary obtainable by averaging your rates of salary in effect during any five consecutive years of service.

Is there any limitation on the size of my annuity?

Yes, it may not exceed 80 percent of your high-five average salary.

What is the general formula for obtaining my annuity?

Take: 1½ percent of the high-five average salary and multiply the result by five years of service,

Add: 1¾ percent of the high-five average salary multiplied by years of service between five and ten,

Add: 2 percent of the high-five average salary multiplied by all service over ten years.

Are annuities adjusted after retirement to take care of future cost-of-living increases?

Yes. Future adjustments in the annuities of retired employees and survivors are geared to percentage rises in nationwide living costs as measured by the Consumer Price Index. Upon a price index rise of at least three percent, annuities will be increased by an equivalent percentage.

What are the types of retirement annuities?

Life Annuity — Provides annuity payments to you only—no survivor benefits may be paid to your widow. If you are married, you must request the Life Annuity in writing, since married employees are automatically granted an annuity with survivor benefit to widow or widower.

Reduced Annuity with Benefit to Widow or Widower — Although it is automatic that all of your annuity is used as a base for your widow's survivor annuity, you may elect to designate only a portion of it as the base. Upon your death after retirement she will receive an annuity of 55 percent of all or whatever portion of your annuity you specified as the base for the survivor annuity. Under this plan your annuity will be reduced by:

2½ percent of the first \$3,600 as a base for survivor annuity

PLUS

10 percent of any amount over \$3,600 used as a base for the survivor annuity.

Reduced Annuity with Benefit to Person Having an Insurable Interest — If you are unmarried when you retire, you may select this plan.

What kind of death benefits are there?

There are two kinds:

1. A lump-sum benefit which is paid only once.
2. A survivor annuity benefit which is payable in monthly installments.

Of what does the immediate lump-sum benefit consist?

The amount paid into the Civil Service Retirement Fund by the employee, plus any accrued interest.

Under what conditions would a lump-sum benefit be payable immediately to my survivors after my death?

A lump-sum benefit is payable immediately if you had less than five years of civilian service or if you had completed five years but

left no widow or children who were eligible for a survivor annuity.

What conditions must my widow meet to be eligible for a survivor annuity?

She must have been married to you for at least two years immediately before your death or, if married less than two years, be the mother of your child born of the marriage.

What conditions must my child meet to be eligible for a survivor annuity?

He or she must be unmarried and under age 18. However, an unmarried child who is over 18 and is incapable of self-support because of a physical or mental disability which began before age 18 or an unmarried child who is a student up to age 22 is also eligible.

Would my adopted child be eligible for a survivor annuity?

Yes, a legally adopted child is eligible if he meets the conditions stated in the answer to the preceding question.

How much survivor annuity will each of my children receive?

This will depend on whether you, as the deceased, are survived by your wife. If your wife survives, each eligible child will receive whichever of these three yearly amounts is the least:

1. 40 percent of your high-five average salary divided by the number of eligible children.
2. \$636.60
3. \$1,909.80 divided by the number of eligible children.

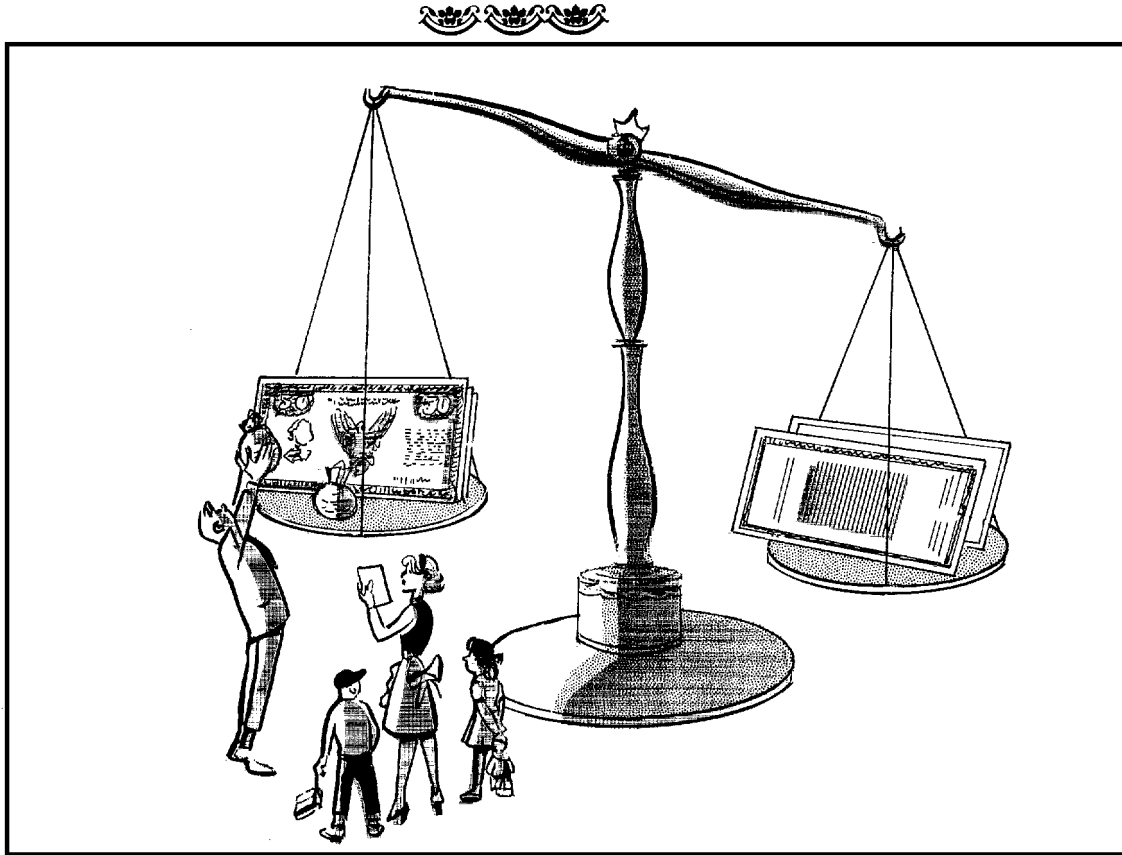
If your wife does not survive you, as the deceased, each eligible child will receive whichever of these three yearly amounts is the least:

1. 50 percent of your high-five average salary divided by the number of eligible children.
2. \$763.92
3. \$2,291.76 divided by the number of eligible children.

Is a child's survivor annuity payable in addition to the widow's annuity?

Yes. For example, if you died and were survived by your wife and your three children, all of whom were eligible to receive survivor annuities, this benefit would be paid to all four survivors.

A pamphlet entitled *Your Retirement System* has been published by the U.S. Civil Service Commission and is available through your support officer. It may help answer other questions you may have concerning retirement which were not included in our presentation.



practical illustrations of financial planning

As a guide in developing a balanced insurance program we have illustrated on the following pages three typical programs for Organization employees. To increase their usefulness, each plan is tailored for a specific salary group, with the assumption that each employee's salary increases before retirement at age 60. In the first two illustrations we assumed that the employee has a wife and

two dependent children, but in the third illustration we assumed that the children are no longer dependent. The programs are based on plans available internally to our employees. No outside income, insurance, or sources of investment have been included although you may wish to include these outside sources in developing your own program.

YEARLY COSTS OF A FINANCIAL PLAN

	PROGRAM I Employee Age — 47 yrs. Annual Salary — \$13,000	PROGRAM II Employee Age — 40 yrs. Annual Salary — \$7,500	PROGRAM III Employee Age — 40 yrs. Annual Salary — \$5,500
FEGLI	\$ 84.50	52.00	\$ 39.00
UBLIC	90.00	54.00	36.00
WAEPA	132.24	—*	—*
Income Replacement	120.80	90.60	60.40
Hospitalization	178.68	178.68	178.68
Dread Diseases	10.00	10.00	10.00
Credit Union Savings**	600.00	300.00	120.00
Retirement Deductions	845.00	487.50	357.50
TOTAL	\$2,061.22	\$1,172.78	\$801.58

* WAEPA Insurance has not been included in Programs II and III but is available for any employee who wishes additional insurance coverage.

** An alternative to saving through the Credit Union is to authorize a Savings Bond payroll deduction to be made from your salary. Submit Treasury Form No. 2254 requesting the deduction through your support officer to the appropriate payroll office.

DEATH BENEFITS

	PROGRAM I			PROGRAM II			PROGRAM III		
	Dies Natural Death	Killed Not in Performance of Duty	Killed in Performance of Duty	Dies Natural Death	Killed Not in Performance of Duty	Killed in Performance of Duty	Dies Natural Death	Killed Not in Performance of Duty	Killed in Performance of Duty
	\$13,000	\$26,000	\$26,000	\$8,000	\$16,000	\$16,000	\$6,000	\$12,000	\$12,000
FEGLI									
UBLIC	15,000	30,000	30,000	9,000	18,000	18,000	6,000	12,000	12,000
WAPEA	17,500	42,500	42,500	—	—	—	—	—	—
CREDIT UNION	3,413	3,413	3,413	1,706	1,706	1,706	253	253	253
CIVIL SERVICE ANNUITY (Widow and two Children)	3,076	3,076	—	2,282	2,282	—	1,734	1,734	—
FECA	—	—	9,100 per year tax free	—	—	5,250 per year tax free	—	—	3,850 per year tax free

NOTE: Benefits figured on the basis of death at present age of employee.

INSURANCE, SAVINGS, AND ANNUITY BENEFITS
UPON RETIREMENT AT AGE 60

	PROGRAM I	PROGRAM II	PROGRAM III
	Annual Salary — \$16,500 High-5 Average — \$16,000	Annual Salary — \$10,000 High-5 Average — \$ 9,500	Annual Salary — \$8,500 High-5 Average — \$8,000
FEGLI	\$17,000, reduced by 2% each month after age 65 until policy equals 25% of coverage at retirement. Policy after retirement is free of premium payments.	\$10,000, reduced by 2% each month after age 65 until policy equals 25% of coverage at retirement. Policy after retirement is free of premium payments.	\$9,000, reduced by 2% each month after age 65 until policy equals 25% of coverage at retirement. Policy after retirement is free of premium payments.
WAEPA	Reduced to \$5,000 at time of retirement. Continued payment of premium required.	_____	_____
UBLIC	Reduced to \$2,500 until age 70, then reduced to \$1,250. Policy after retirement is free of premium payments.	Reduced to \$1,500 until age 70, then reduced to \$750. Policy after retirement is free of premium payments.	Reduced to \$1,000 until age 70, then reduced to \$500. Policy after retirement is free of premium payments.
HEALTH INSURANCE	Continued with the premium deducted from your annuity check.	Same as PROGRAM I	Same as PROGRAM I
CREDIT UNION	\$5,000. This is the ceiling on a share account. Interest accumulated on this amount is forwarded by check. Your account must be withdrawn from the Credit Union upon retirement.	Same as PROGRAM I	Same as PROGRAM I
CIVIL SERVICE ANNUITY	\$8,360 — Life Annuity* \$7,794 — W/Survivor Benefit \$4,598 — Widow's Annuity**	\$6,293 — Life Annuity* \$5,934 — W/Survivor Benefit \$3,461 — Widow's Annuity**	\$3,860 — Life Annuity* \$3,744 — W/Survivor Benefit \$2,123 — Widow's Annuity**

* Paid to you only — no survivor benefit.

** Paid upon your death following retirement to your widow who will continue to be covered by health insurance.

Casualty Program

One of the lesser known programs of the Benefits and Services Division is the Casualty Program, administered by the Benefits and Counseling Branch (BCB). Although your need for this assistance may seem remote, just knowing that the Organization has such a program may ease any concern you may have about survivor entitlements and the manner in which your official affairs would be settled.

DEATH OF AN EMPLOYEE

Upon notification of the death of an employee, whether in our country or overseas, BCB assumes responsibility. Working closely with other components, BCB will arrange for proper notification to survivors and will render them as much assistance as possible. If death occurs overseas, BCB will direct the return of the body to the place of interment and will also attend to other arrangements such as return of family members in the area, shipment of personal and household effects, etc. At the same time, BCB conducts an immediate review of all benefits to which survivors may be entitled; i.e., unpaid compensation, insurance, credit union, death benefits of the retirement system, FECA, social security, etc.

BCB representatives get in touch with survivors as soon as proper under the circumstances and if possible by personal visit. These representatives will advise the survivors of all benefits to which they are entitled and will obtain any necessary signatures. By the immediate review of benefits and the personal contact, the survivors (particularly widows and children) are spared not only the worry about the benefits available for financing their daily needs, but also the ordeal of inquiring about the means to obtain these benefits.

DESIGNATING EMERGENCY ADDRESSEES

An understanding of the scope of this service should be comforting to the employee, since he can be certain that his widow, children, and other survivors will be assisted and guided through the emotional period following his death. Often, however, this service is complicated by certain difficulties which the employee could have avoided. For example, one of the most important and immediate considerations facing BCB is notification of death to the emergency addressee selected by the employee. Sometimes these designations are useless, since they are such as to make contact with the addressee impossible or at least very difficult. Therefore, the following points should be kept in mind with respect to emergency addressees:

First, select someone capable of receiving immediate notification and making decisions on your behalf, despite the emotional shock present. Selection of an aged or ill parent often defeats the purpose, since the severe emotional shock accompanying the notification could create a new physical or mental crisis. If faced with this problem, BCB will avoid direct notification to the aged or ill parent and will search for someone (such as a brother or sister, family doctor, or family church head) who can act as intermediary and soften the initial announcement to the parent. Keep this in mind, and select someone who can absorb the emotional impact of the notification and at the same time act on your behalf.

Secondly, your official records should show whether or not your designated emergency addressee is aware of your Organization affiliation. A great deal of effort and concern is devoted to resolving this question so that security implications are protected when notifying the addressee.

And last, be sure that your designation of an emergency addressee is always current and that any change of status is immediately reported to BCB. Current designations and addresses are vital to a proper handling of the case.

While the Casualty Program has been described in connection with the death of an employee, the services of BCB apply as well to cases of serious injury or illness of employees and also to death, serious injuries, or illnesses of dependents accompanying the employee to overseas assignments.



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Your planning for your family's future is incomplete unless proper consideration has been given to estate planning. The information and advice in the preceding pages is only part of a design for family security which is completed by a comprehensive plan for the

settlement of your estate. Too often the head of a household postpones the setting up of a program for his family that would automatically go into operation upon his death. The result is that frequently when death overtakes the breadwinner, his survivors are burdened with resolving his jumbled affairs. This, as

we have suggested, can be prevented by the sponsor's timely consideration of what the family must face after his death. And to help you in studying your situation, we have included a checklist of estate planning points at the end of this article.

Once the importance of formulating a program is realized, you will wonder just how you should go about your planning. To your surprise you will find that unless you have especially complex problems, the task of putting your affairs in order will not be as formidable as you might have imagined.

YOUR IMPORTANT PAPERS AND RECORDS

Several steps are involved in estate planning, the first of which is knowing where your valuable papers and documents are located. These include everything from insurance policies to wills, bankbooks, and birth certificates. A complete list of these important papers might surprise you by its length. The list that follows sets forth the most important of these papers—ones that are often needed to expedite the settlement of an estate.

Insurance Policies	Previous Tax Returns
Real Estate Deeds	General Instructions
Stock Certificates	to Your Wife
Bonds	Marriage Certificates
Burial Instructions	Birth Certificates
Notes Receivable	Divorce Papers
Bankbook	Veteran's Discharge
Safe-Deposit Key	List of Your Assets
	and Liabilities

You should make every effort to retain the original of these documents. It is also advisable to have an adequate number of photostat copies certified by the custodian of such records. The documents are obtained from various sources. Your County Clerk or a similar official can provide certificates of marriage, deeds, mortgages, or court orders. Adoption, birth, and death certificates can be obtained from the Vital Statistics and Welfare Department of the State concerned.

STORING YOUR DOCUMENTS

Once located, careful thought should be given to the storage of your papers. Your signed will should be kept in a sealed envelope in a safe place where it can easily be found. Your lawyer's vault is a good place; or the bank may agree to keep the will in its vault, if you name it as trustee. Remember, however, that many banks seal the safe deposit boxes of their deceased depositors pending court action on the will. If this should happen, your heirs might be delayed in applying for the money due them as beneficiaries. It is important, therefore, to keep insurance policies and documents, such as marriage, birth, and divorce certificates safely at hand, since they might be needed immediately to collect social security and other benefits in case of death. Just as a precaution, if you are going to keep them at home, it would be well to have them in a fireproof strong box. Inexpensive boxes of this kind are available and are guaranteed to withstand 1700 degrees F. for one hour.

PERSONAL FILE AT HEADQUARTERS

The Benefits and Services Division will, at your request, establish and maintain a personal file in which may be placed or recorded data and records of a personal and financial nature. Only *copies* of your vital documents should be stored in this file, with the originals maintained in another safe place. Any employee desiring this service should contact the Benefits and Counseling Branch.

Personal files containing these personal vital documents will be maintained separately from an employee's Official Personnel Folder, and on a highly confidential basis, protecting the employee's privacy. Such files will become a matter of official action only upon specific request by the employee or, upon his death, as part of the settlement of his affairs.

SIZE OF YOUR ESTATE AND TAXES

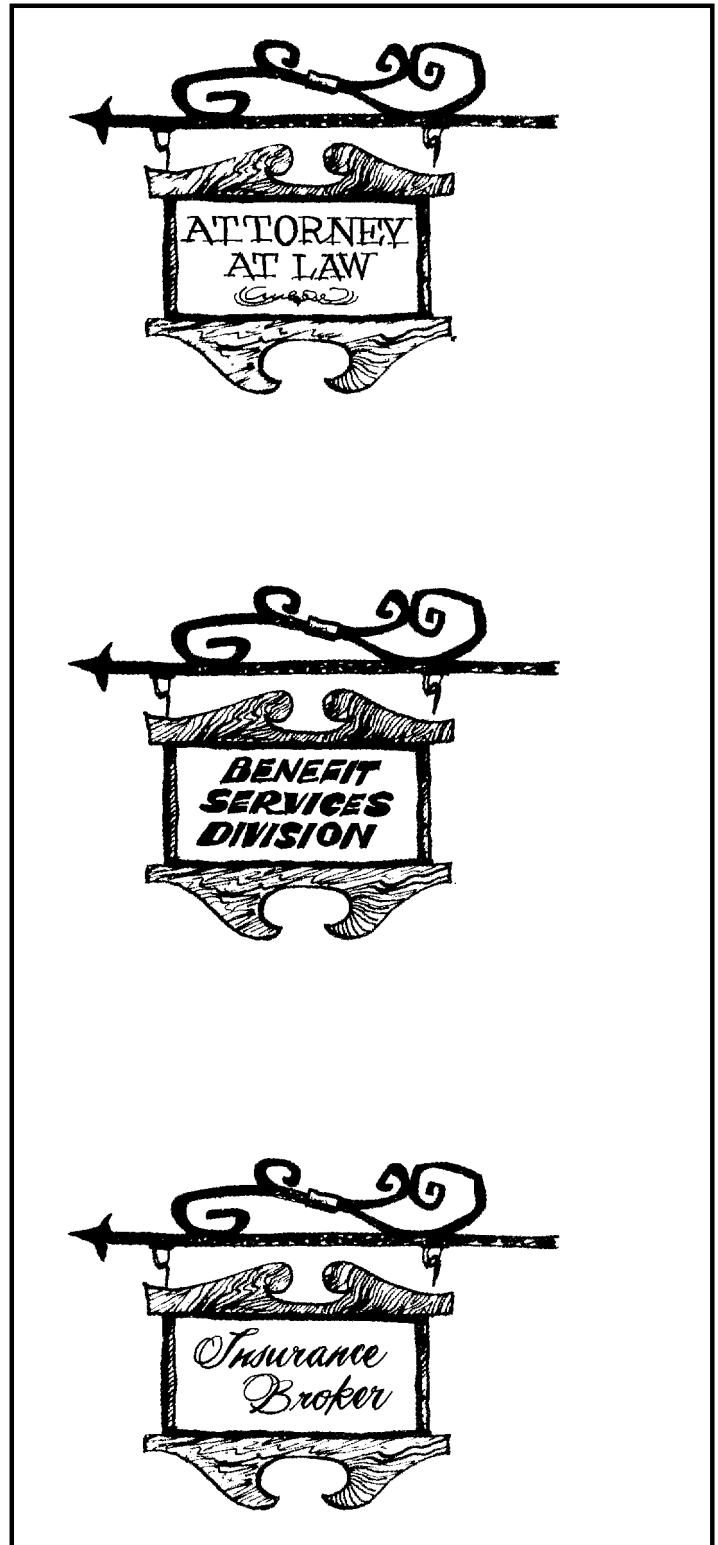
Another item to be determined is the size of the estate. Many a man goes to a lawyer to get estate planning advice and can't answer this very basic question. The net value of your estate is vitally important not only as an indication of what you will leave your family but of the amount of estate and inheritance taxes that might have to be paid.

Your lawyer will be able to advise you on how to reduce these taxes to a minimum but here are a few suggestions for you to consider in the meantime. Did you know, for example, that you may gradually decrease the size of your estate and thus reduce or avoid the estate tax by giving as much as \$6,000 each to as many persons as you wish without paying any gift tax? You might wish to present such gifts to your children on a yearly basis. In addition to these annual allowances, you have a lifetime allowance of \$60,000 in tax-free gifts you can make. A single person, however, is restricted to a \$3,000 annual limit and a \$30,000 lifetime allowance.

COUNSELORS CAN HELP

At the time the above matters are being decided, you should also take into account who will provide intelligent counsel to your family in the settlement of the estate. Perhaps you have retained a lawyer who should be known to your wife and family. These advisers might include not only your lawyer but your stockbroker, insurance agent, or banker. They could provide immediate and helpful guidance. Your wife should be aware also of the counseling service available through the Benefits and Services Division of the Office of Personnel. This division is in a position to review immediately the benefits to which your family is entitled; i.e., unpaid compensation, insurance, credit union, death benefits of the retirement system, FECA, social security, etc., and to assist the family in obtaining these benefits.

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THE ESTATE PLAN

Perhaps you have wondered while reading the preceding pages just what an estate plan looks like. To answer this question the "typical" employee from Program I in the "Practical Illustrations of Financial Planning" section of the bulletin has been used so that we might construct a sample estate plan using his financial circumstances. You will remember that this employee is married, has two children, and at age 47 is earning \$13,000 per year. In studying our example don't consider our figures as representative of what should or should not be the amounts included in your plan but rather look carefully at the categories of things to be considered in drawing up a good plan. Our employee's first step will be to determine the value of his estate, followed by a forecast of his widow's income.

In arriving at the figures shown below, certain assumptions were made. It was assumed that the employee dies a natural death at age 55 leaving two dependent children and a widow who would work after his death. After using a portion of the life insurance to pay off liabilities, the balance of the insurance and his savings and securities were assumed to produce income at an annual rate of 5 percent. It was also assumed that his high-five average salary had risen to \$15,000, with his salary at death being \$15,600. (The above assumptions would have the effect of increasing his FEGLI insurance to \$16,000 and decreasing his WAEPA to \$16,250.

ASSETS

Savings	\$ 6,000
Securities	2,000
Real Estate	24,000
Life Insurance	47,250
Other Assets	1,500
Total Assets	<u>\$80,750</u>

LIABILITIES

Debts	\$ 2,500
Burial Expense	800
Estate and Inheritance Tax	2,000
Real Estate and Income Tax	2,200
Administration Expense	4,500
Total Liabilities	<u>\$12,000</u>

Assets	\$80,750
Liabilities	12,000
NET ESTATE	<u><u>\$68,750</u></u>

WIDOW'S AVERAGE MONTHLY INCOME

Invested Life Insurance	\$147
CSR Widow's Annuity	290
Dependent Children's Annuity	106
Income from Securities and Savings	33
Salary	416
Total	<u>\$992</u>



QUESTIONS TO ASK YOURSELF

As the final part of your estate planning, there are a number of questions you should ask yourself. Your ability to answer them in the affirmative will have much to do with your family's future well-being.

1. Have I made an overall plan for my estate?
2. Have I discussed with my wife the details of my estate plan and other important papers?
3. Have I a will?
4. Has my wife a will?
5. Do we both know where the wills are stored?
6. Are my beneficiary arrangements up to date in insurance policies and pension plans?
7. Have I made provision for the children's guardian?
8. Have I left burial instructions?
9. Have I minimized taxes and administrative costs?
10. Have I gone over these matters recently with a lawyer?

In the foregoing we have stressed the importance of some of the aspects of estate planning. Not all of the items to be considered have been mentioned but we have purposely avoided an exhaustive treatment of this complex topic. The bulletin has merely sought to remind you that you should be thinking about estate planning in more immediate terms than perhaps you have been doing.

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