

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF ARKANSAS**

EMPLOYEE BENEFITS

January, 2015

Employee benefits are important to you and to your family. An employee's salary provides money for today to meet current needs and to permit some savings for the future. Your salary is supplemented by the benefit program offered by the judicial branch of the federal government.

In providing a competitive benefit program, the United States District Court wants to attract and retain quality employees needed to provide excellent services to the citizens of Arkansas.

This handout provides you with a general summary of the benefits. Specific questions about the benefit program should be directed to either Mary Sue Jones, Operations Manager, or Christopher Johnson, Clerk of Court.

LEAVE TIME

Employees of the United States District Court are entitled to earn annual and sick leave. There is a distinction, however, in the rate earned and accrued. The annual leave rate is based on years of service. Employees earn in their first three years of employment 13 days per year. After three years and up to 15 years of service employees' rate of annual leave increases to 20 days per year. Over 15 years of service the rate increases to 26 days per year. In addition, there is a cap placed on the accrual of annual leave. Presently employees are not permitted to carry over more than 240 hours from one leave year to the next.

The earning of sick leave differs slightly in that the rate earned remains the same throughout the employment with the court. For sick leave the rate of earning is 13 days per year (same as annual, but without a cap.) Employees may accrue unlimited amounts of sick leave. This is especially important in the event of a major illness.

In addition to paid annual and sick leave, employees of the United States District Court may be eligible for administrative leave. This is discretionary with the clerk, however. Generally, administrative leave is charged for training and education and in instances where an employee is summoned for jury duty.

HEALTH INSURANCE

As an employee of the United States District Court you are entitled to participate in the Federal Employees Health Benefits Program. The Program provides:

1. A choice of plans and options,
2. A government contribution towards the cost of your premium,
3. Payroll deductions for your payment,
4. Immediate coverage from the date of enrollment without a medical examination or restrictions because of your age or physical condition,
5. Under certain circumstances, opportunity for temporary continuation of group coverage or conversion to non-group coverage if your enrollment ends or a covered family member loses eligibility for coverage,
6. If certain conditions are met, continued protection for you and eligible family members after your retirement and for eligible family members after your death, and
7. Option to have your contribution toward health care premiums deducted from your salary on a pre-tax basis.

COST OF HEALTH CARE

The federal court system normally pays approximately 75% of the total premium of the plans offered through the program. The remainder of the cost is your responsibility. For a comparison of cost and benefits you should obtain a health plan booklet from either the Operations Manager or Clerk of Court or go to www.opm.gov - insurance programs..

TYPES OF AVAILABLE HEALTH CARE PLANS

Two basic types of health care benefit plans are available to you under the Federal Employees Health Benefits Program. First is the traditional "fee for service plans". These plans include Blue Cross/Blue Shield and a number of other plans available to court employees in Arkansas. If you choose to enroll in one of these plans, you are free to choose your physician, hospital and other

health care providers. There are a number of "fee for service" health care plans available to court employees in the Western District of Arkansas. In addition, there are a number of prepaid health care plans participating in the Federal Employees Health Benefits Program. These are commonly known as HMO's (health maintenance organization.) These plans provide or arrange health care through designated physicians, hospitals, or other health care providers. The health care providers are paid directly by the HMO. Enrollment in an HMO is limited to certain geographical areas. Information concerning HMO's and their availability may be obtained from the Operations Manager or Clerk of Court.

DENTAL/VISION COVERAGE

Dental/vision care for self or family is not automatically provided for in the Federal Employees Health Benefits Program. Not all plans offered through this program contain such coverage. The FEDVIP programs offers several dental and vision plans in which an employee may elect to participate. As a new employee you should carefully examine the types of coverages offered by the plans and weigh the presence or absence of dental or vision coverage with your individual or family care needs.

Specific questions regarding dental and vision coverage may be directed to the Operations Manager or Clerk of Court. There are comparison tools located at www.opm.gov to help decide coverage.

OPTIONAL GROUP LIFE INSURANCE

As an employee of the United States District Court you are eligible to participate in a group life insurance program. The program is called Federal Employees' Group Life Insurance (FEGLI).

FEGLI contains four components:

1. Basic Life,
2. Option A - "Standard,"
3. Option B - "Additional," and
4. Option C - "Family."

The Basic Life component is the foundation of the program. All employees are automatically covered by Basic Life unless coverage is waived. Basic Life coverage is equal to your annual salary, rounded upward to the next \$1,000 plus an extra benefit of \$2,000. Cost of Basic Life is prorated between the employee and the court. The employee pays two-thirds and the court one-third.

Basic Life coverage, as well as the optional components of "A, B and C" are all term insurance. There is no cash value. Employees must be covered by Basic Life to be eligible to participate in any of the optional plans.

For further information about coverages or cost you should contact the Operations Manager or Clerk of Court.

SUPPLEMENTAL BENEFITS

FEDERAL JUDICIARY FLEXIBLE BENEFITS PROGRAM - This program is composed of three components: Premium Payment Plan, Health Care Reimbursement Account and Dependent Care Reimbursement Account. The plans are administered by a third-party administrator. As an eligible employee in the Federal Judiciary, you may participate in any, all, or none of the plans. The Premium Payment Plan allows you to realize tax savings by having your health insurance premiums deducted from your pay check before your taxes are calculated. The Health Care Reimbursement Account allows you to set aside up to \$2,550 pre-tax from your paychecks to cover eligible health care expenses not reimbursed by any medical, dental, or vision care plan you, your spouse or your dependents have. The Dependent Care Reimbursement Account allows you to set aside up to \$5,000 pre-tax (up to \$2,550 if married and filing separately) from your paychecks to cover eligible dependent care expenses incurred so you and your spouse, if married, can work or look for work, or your spouse can attend school full-time. Details of the flexible benefits program are provided to newly hired employees by the third-party administrator.

LONG TERM CARE - The Federal Judiciary also offers a group long-term care insurance

policy. This is administered by Continental Casualty Company (CNA). Long-term care insurance is one way for employees to preserve and protect their families' financial assets, while at the same time retaining their independence. Details of the insurance plan are provided to newly hired employees by CNA.

COMMUTER BENEFIT PROGRAM - The Commuter Benefit Program is similar to the Flexible Benefits Program. It allows an employee to set aside money pre tax for the cost of mass transit or parking up to a maximum of \$245.00 per month for each. This program is also administered by a third-party administrator.

RETIREMENT

The retirement plan for employees of the United States District Court is comprised of three components:

1. Basic Benefit Plan,
2. Social Security, and
3. Thrift Savings Plan.

Beginning in January of 1987 the Federal Employees Retirement System (FERS) went into effect. Federal employees entering service on or after that date are automatically covered by FERS. The program, as described above, contains three elements. The first is the Basic Benefit Plan. This is the annuity component - the amount that an employee would receive after retirement. The amount of the annuity depends, of course, on your salary and years of service. Employees hired on or after January 1, 2013 contribute 3.1% to the Basic Benefit Plan pursuant to the Middle Class Tax Relief and Job Creation Act of 2012. Next is the Social Security component. For most American workers this is the basic retirement plan. For calendar years 1990 and after the deduction rate is 6.20%. Coupled with the Basic Benefit Plan an employee would be contributing 9.3% for retirement. The third component is the Thrift Savings Plan. This is a key component, but it is an option. It is not

mandatory. The plan, however, offers several real advantages to your retirement program. First, it permits you to contribute up to the amount allowed by the Internal Revenue Service of your gross salary into any of five retirement funds. Your contributions are matched dollar for dollar up to 5% by the government (including new-hires). The principle advantage is that your contributions are treated much the same as an IRA contribution, that is, they enjoy tax free status until you retire or choose to withdraw the contributions. If you leave the service of the federal government you would then have the option to "roll over" the contributions into a qualified IRA or pension fund; thus preserving the tax free status of the contributions. You may stop contributing at any time.

You will be enrolled automatically in the Thrift Savings Plan at 3% contribution. You may cancel, decrease or increase that amount at any time. In the event that you choose not to participate in the Thrift Savings Plan the government will still contribute an amount equal to 1% of your gross salary into the plan. This is not a deduction from your salary but a direct contribution from the federal government.

At the present time the five investment funds are comprised of:

1. U.S. Government Securities (G Fund),
2. Fixed Income Fund (F Fund),
3. Common Stock Index Fund (C Fund)
4. Small Capitalization Stock Index Investment Fund (S Fund), and
5. International Stock Index Investment Fund (I Fund).
6. 5 Lifecycle Funds (professionally determined investment mixes that are tailored to different projected retirement dates)

The funds are quite diverse and carry varying degrees of risk. The first fund, U. S. Government Securities, is the safest investment. Its funds are invested in U. S. Government securities and instruments. While it is the safest, it also yields the lowest return. The next fund is the Fixed Income Fund. Its principle investment vehicles are in the private sector, such as corporate bonds and

bank certificates of deposit. This fund's return is generally higher than the Government Securities Fund, but it does carry some risk. The third, fourth and fifth funds (the stock funds) carry the greatest risk, but also yield the greatest return. The Lifecycle funds provide a convenient way to diversify your account among the G, F, C, S and I Funds using professionally determined investment mixes that are tailored to different time horizons.

Employees have the option under the Thrift Savings Plan to divide their contributions among all of the above funds.

Questions regarding the plan should be directed to the Operations Manager or Clerk of Court.

WORKERS COMPENSATION

All employees of the United States District Court are covered by the Federal Employees' Compensation Act. The Act is the workers' compensation law that provides compensation benefits to civilian employees of the United States for disability due to personal injury sustained while in the performance of duty or due to employment related disease. The Act also provides for the payment of benefits to dependents if the injury or disease results in the employee's death.

Specific questions concerning workers' compensation may be directed to the Operations Manager or Clerk of Court.

FEDERAL HOLIDAYS

All employees of the United States District Court are entitled to the following federal holidays each year:

New Year's Day

Labor Day

Martin Luther King, Jr.'s Birthday

Columbus Day

Washington's Birthday

Veterans Day

Memorial Day

Thanksgiving Day

Independence Day

Christmas Day