

**Today's Virtual Classroom:**

**Benefits Packages  
&  
Salary Negotiations**

*Helping Members Manage Career and  
Life's Transitions*



# MOAA Advocacy



Military Compensation

Concurrent Receipt

SBP/DIC

TRICARE fees

Veteran Healthcare

# Working for You



Career Transition



Community Outreach



MilSpouse Professional Dev.



Professional Education Outreach

- MOAA Scholarship Fund's 70<sup>th</sup> Anniversary
- 100% of Your Donation Goes to a Student
- \$140 Million to 14,000 Students

[www.MOAA.org/Donate](http://www.MOAA.org/Donate)



# 2020 MOAA CALENDAR

**Virtual Career Fair – Mar 11**

**Military Executive in Transition  
(MET) Seminar – May 20**

**MOAA Military & Veteran Career  
Networking Forum – Sept 17**

Program details at

[www.moaa.org/transitionevents](http://www.moaa.org/transitionevents)





# Evaluating Employee Benefit Packages

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Program Director, MOAA Transition Center



# Questions?



# Major Benefits Categories

- Healthcare Benefits
- Retirement Plans
- Life, Disability and Other Insurances
- Cafeteria Plans (Section 125) & Flexible Spending Arrangements
- Other Employee Benefits

# Healthcare Benefits

- Health Care Plans
  - Health Maintenance Organization - HMO  
**(Tricare Prime)**
  - Preferred Provider Organization - PPO  
**(Tricare Select)**
- Dental / Vision Plans
- Health Savings Accounts (HSA)
- Flexible Savings Accounts (FSA)



# Challenges of Protecting TRICARE?

## Two Major Factors:

- Although Apples to Oranges - Your Congressional Representatives and their staffers know how much our civilian counterparts pay for healthcare
- DoD spends less than 10% of its annual budget on healthcare – but every dollar spent on rising healthcare costs is a dollar away from acquisitions and operations

# Transition Considerations

- Big Fish in a Small Pond?
- Small Fish in a Big Pond?
  
- Company size can impact many aspects of work responsibilities & benefits

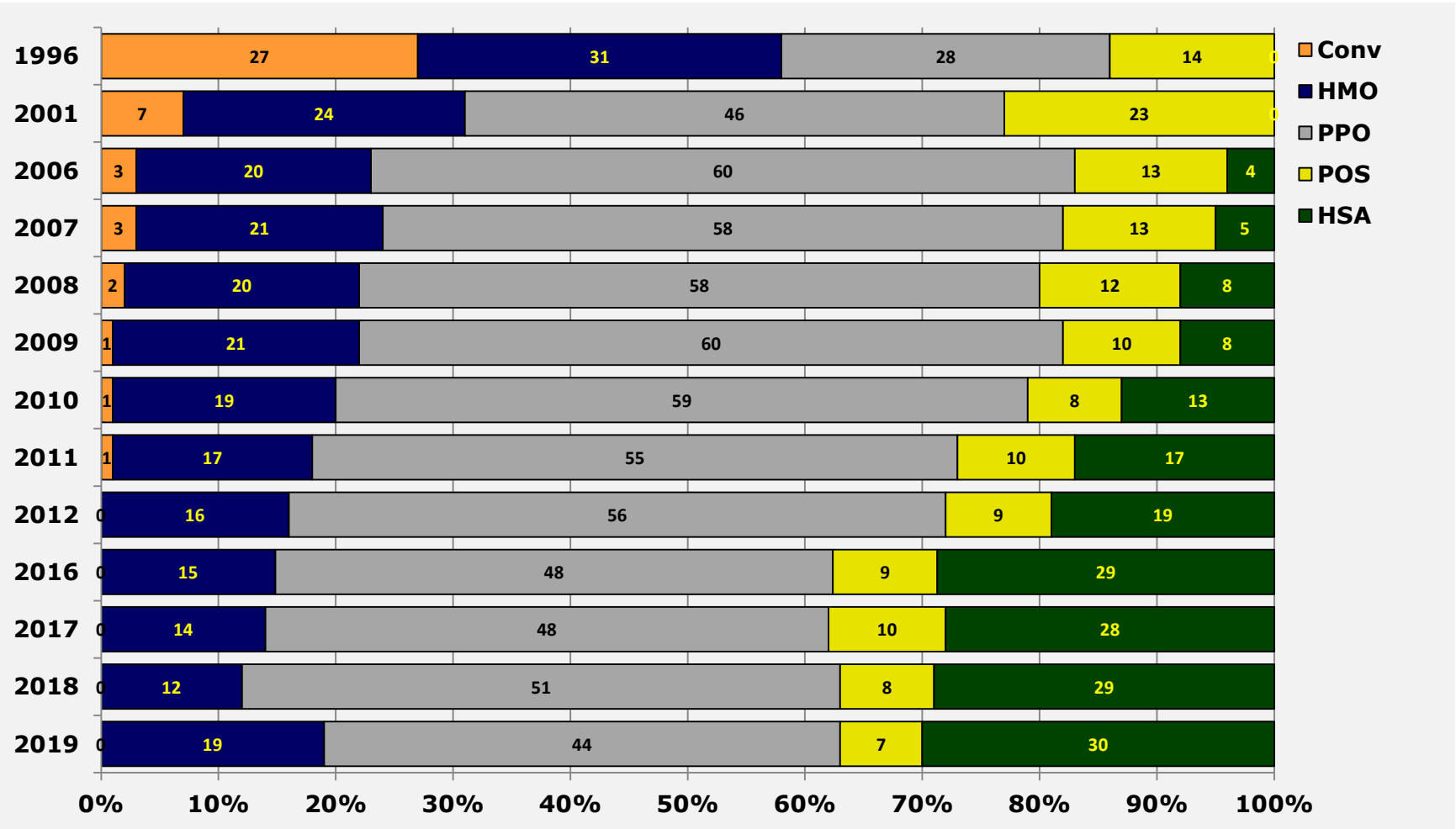
# Firm Size and Health Plans

Firm Size	2000	2010	2015	2016	2017	2018	2019
Small Firms (10-199)	85%	82%	72%	70%	73%	70%	71%
Large Firms (200 +)	99%	99%	98%	98%	99%	98%	99%
Very Small 3-9 Employees	57%	59%	47%	46%	40%	47%	47%

Source: Kaiser Family Foundation and Health Research & Educational Trust  
(Kaiser/HRET) 2019 Annual Survey of Employer Health Benefits

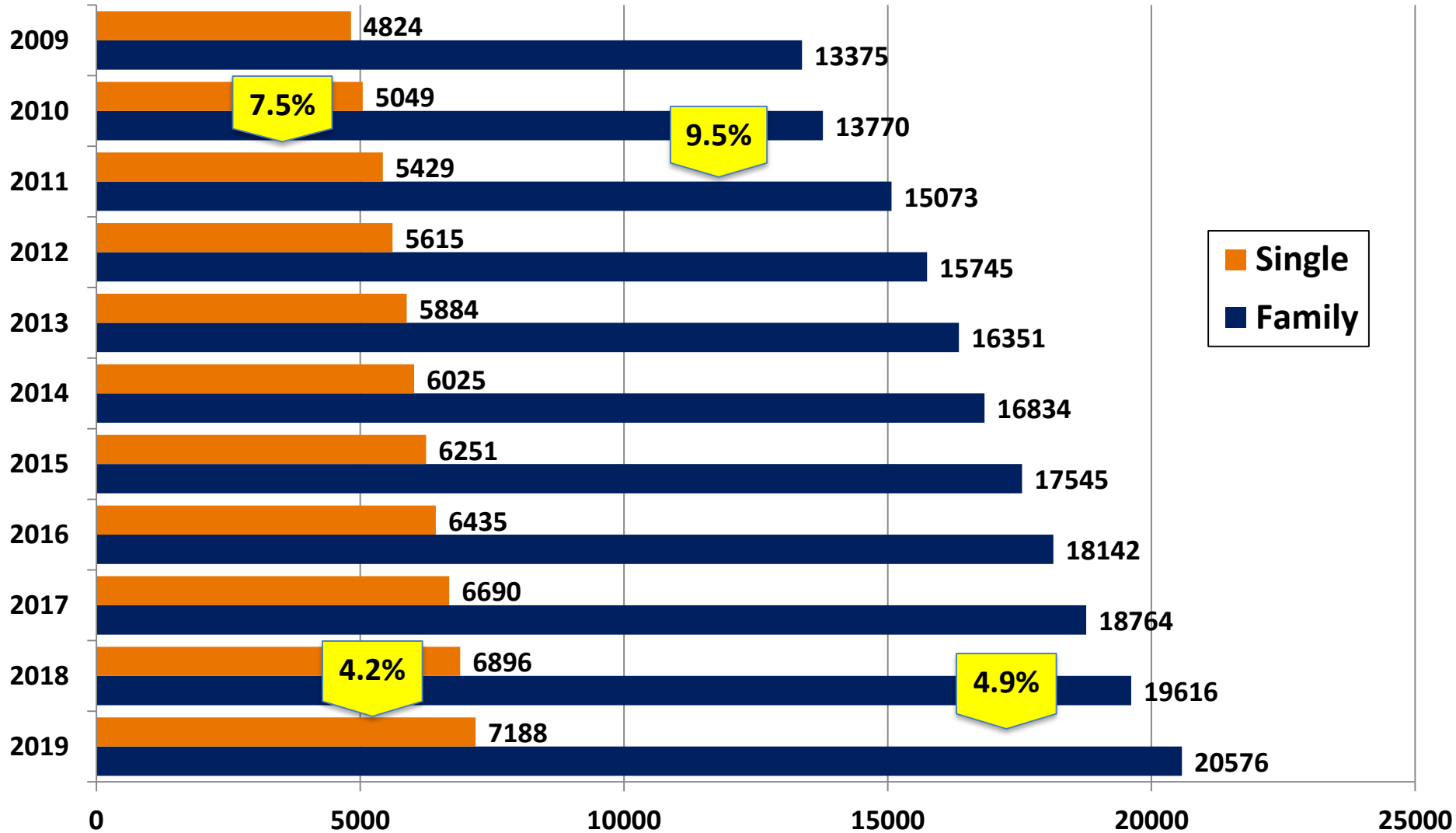


# Distribution of Health Plan Enrollment by Plan Type



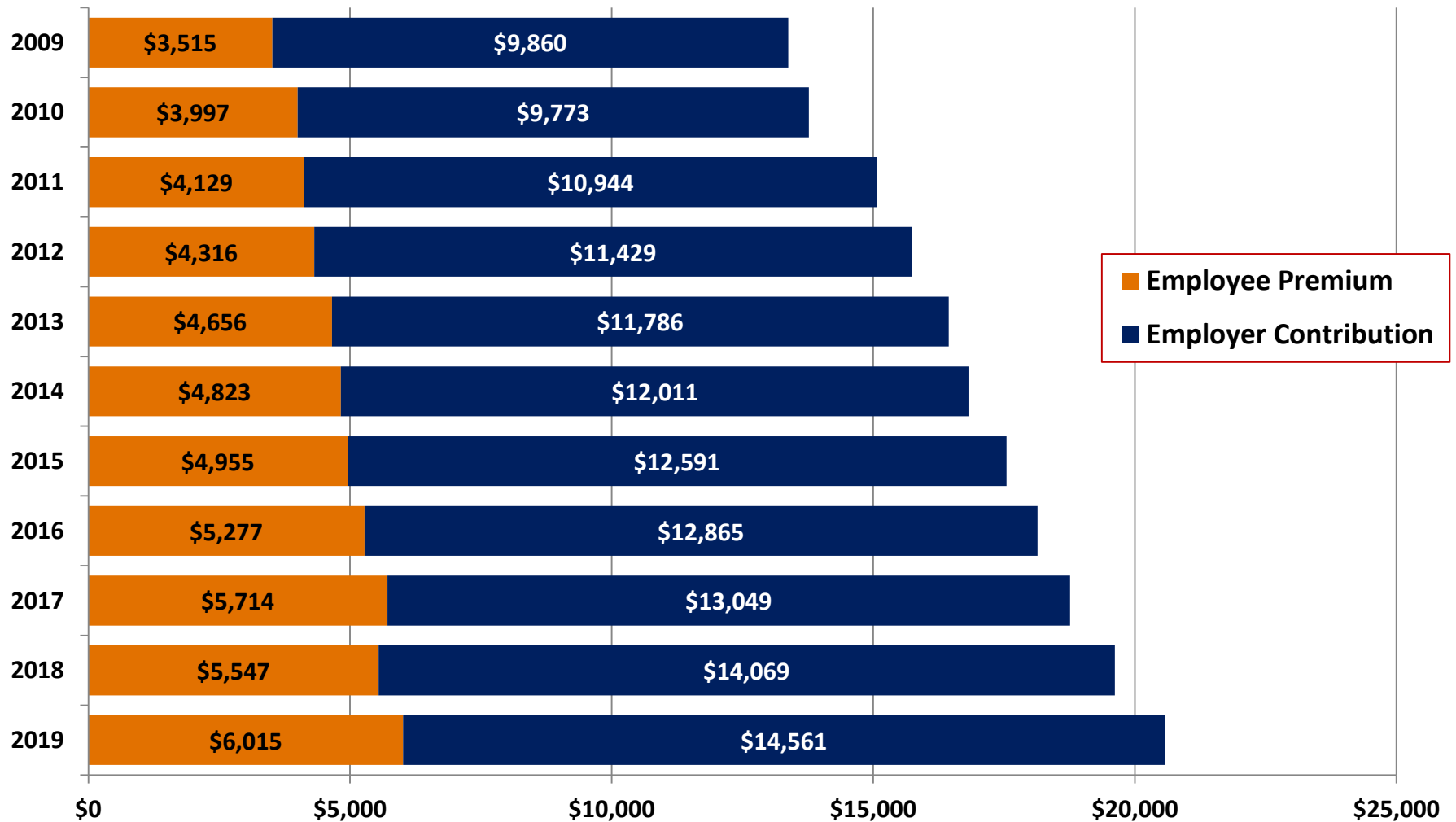
Source: Kaiser/HRET Survey of Employer Health Benefits 2019

# Average Annual Premiums



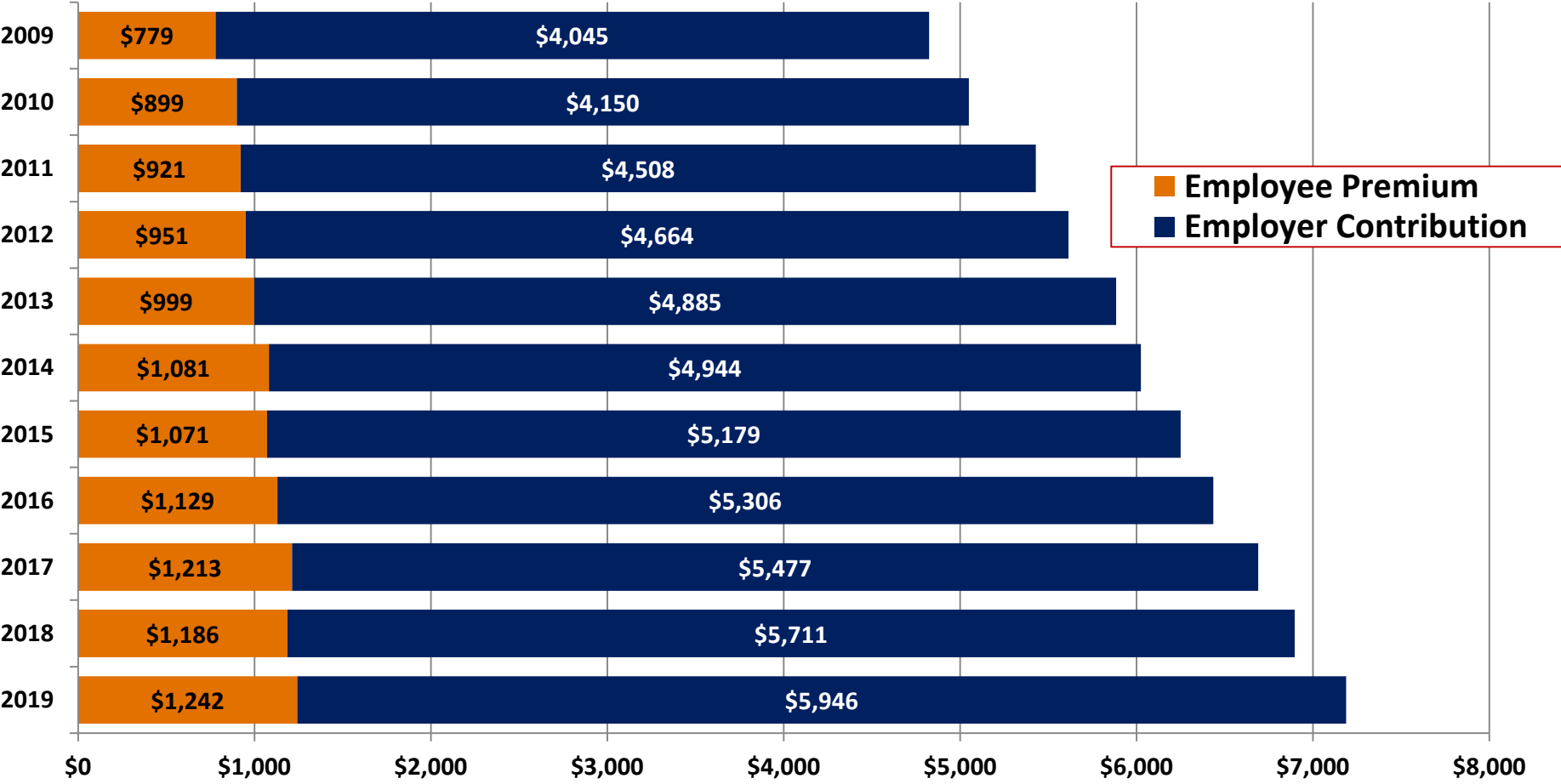
Source: Kaiser/HRET Survey of Employer Health Benefits 2019

# Average Annual Employee-Employer Contributions for Family Coverage



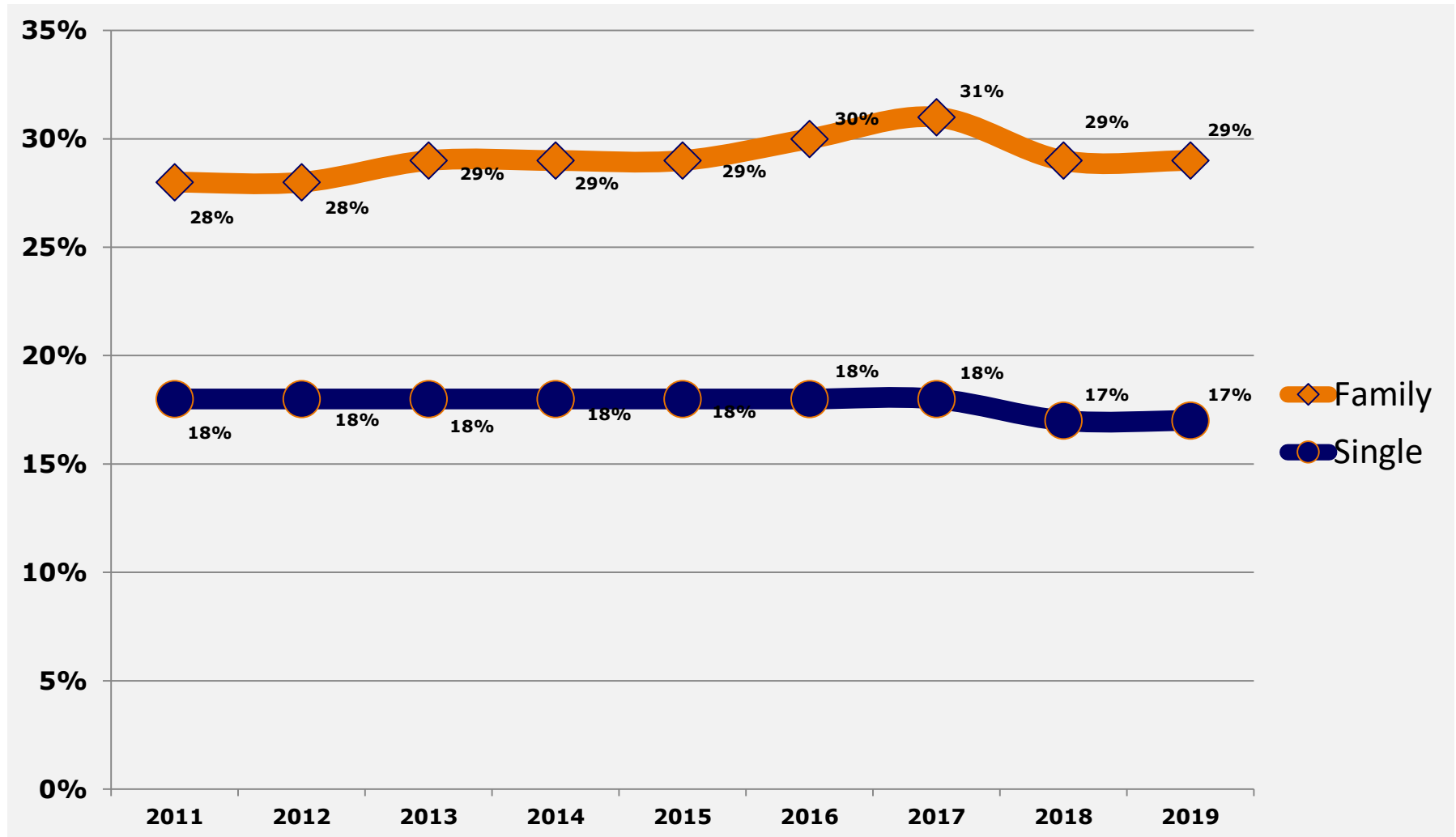
Source: Kaiser/HRET Survey of Employer Health Benefits 2019

# Average Annual Worker and Employer Contributions Single Coverage



Source: Kaiser/HRET Survey of Employer Health Benefits 2019

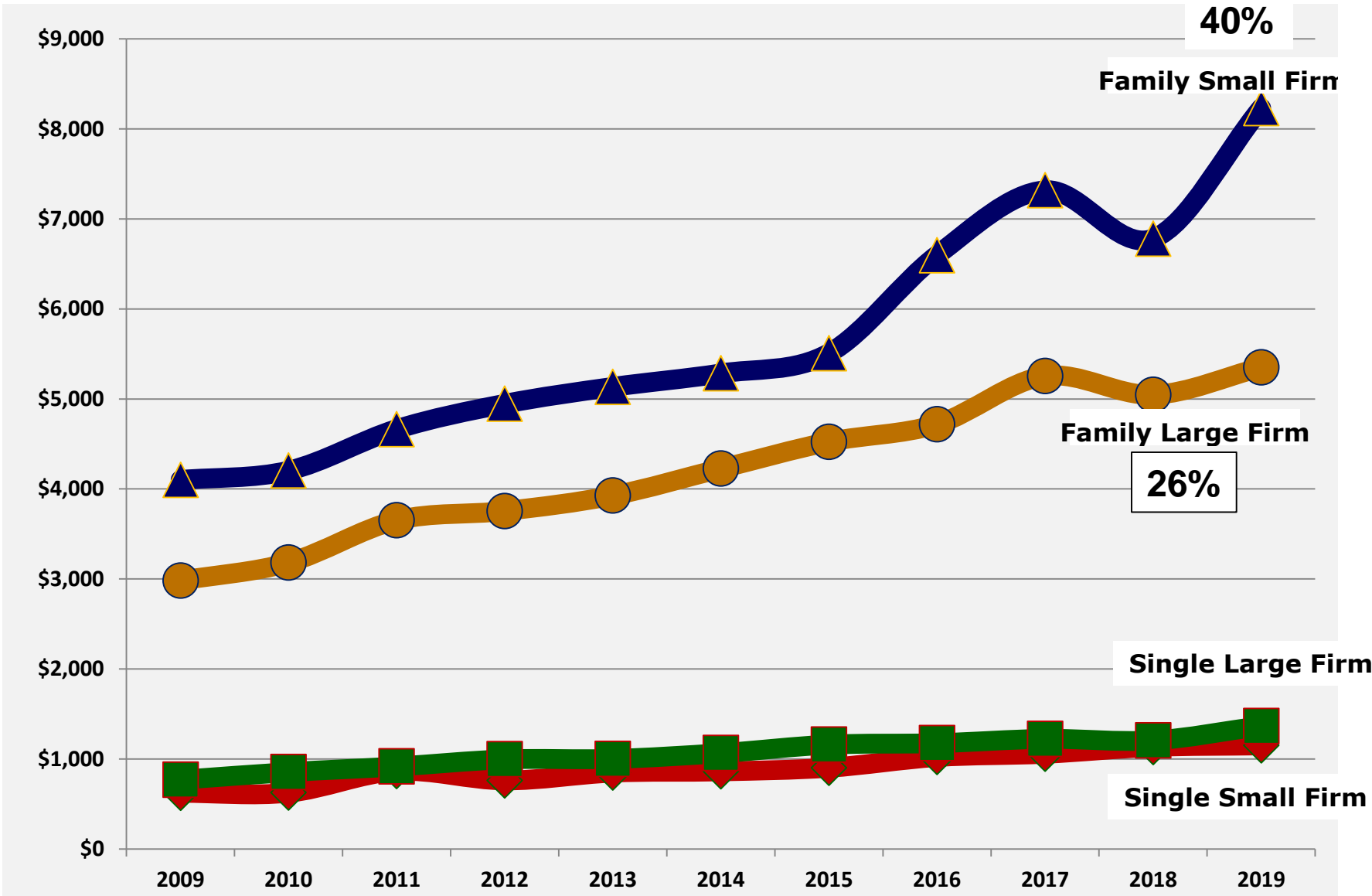
# Average % Premium Paid by Employees Single/Family Coverage



Source: Kaiser/HRET Survey of Employer Health Benefits 2019



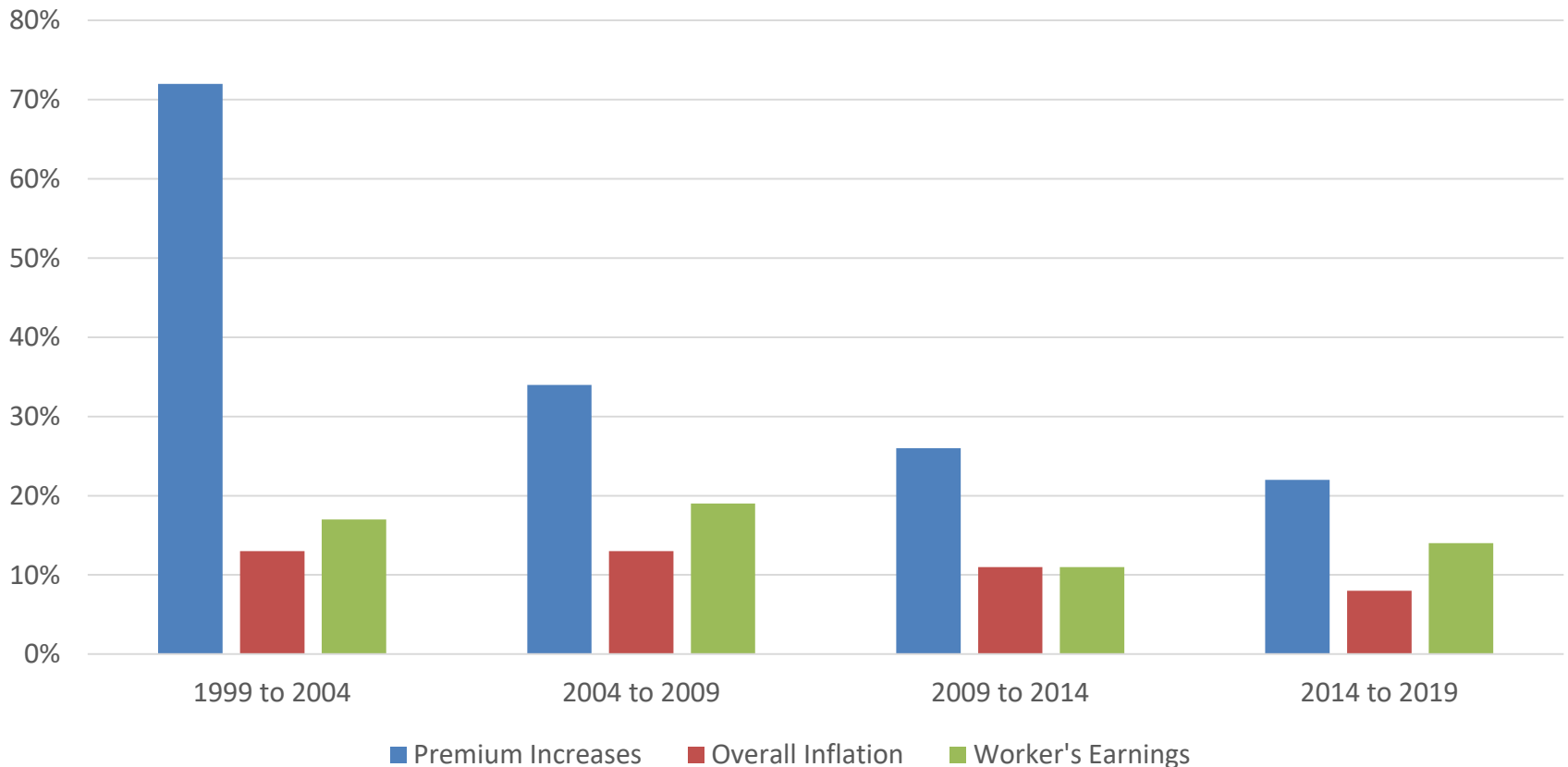
# Employee Annual Premiums by Size of Firm



Source: Kaiser/HRET Survey of Employer Health Benefits 2019

# Cumulative Premium Increases

## Family Coverage 1999 to 2019



**Source: Kaiser/HRET Survey of Employer Health Benefits 2019  
Bureau of Labor Statistics, Consumer Price Index,  
U.S. City Average Inflation (Apr to Apr 1999-2019)**



# Drug Plan Comparison

Pharmacy	Generic (tier 1)	Formulary (tier 2)	Non-Formulary (tier 3)	
MTF (90 days)	0	0	N/A	TRICARE
Mail Order (90 days)	\$10	\$29	\$60	
Network (30 days)	\$13	\$33	\$60	
Non-Network (30 days )	Must pay full price	then file a claim	with TRICARE	
Co-payment Plan	\$11	\$33	\$59	Corporate
Coinsurance Plan	18%	24%	34%	

Sources: Kaiser/HRET Survey of Employer Health Benefits, 2019 and [www.Tricare.mil](http://www.Tricare.mil)



# Healthcare Coverage

**Dental** – Be ready to pay out of your pocket (92% lg/ 59% sm offer)

**Vision** – Typically inexpensive (83% lg/ 44%sm offer)

**Health Savings Accounts** (also called HDHPs)

- **The military retiree + family not eligible (if enrolled in TRICARE)**
- **CY2020** Allowable contribution limits
  - \$7100 family; \$3550 individual; +\$1000 age 55 and older
  - 45% of employers contribute
  - Average employer contribution \$572/\$1062 (single/family)
- Minimum policy deductibles: \$2800 family; \$1400 individual
- Maximum policy deductibles: \$13,800 family; \$6900 individual
- Non-medical withdrawals before age 65: 20% penalty

# Health Care Hodgepodge

- 94% / 99% (Small/Large) firms offering health benefits extend benefits to spouse/child
- 11% -- Small firms without a health plan who provide funds to purchase a plan
  - 31% provide 0-\$1999 / 40% \$2-\$4K / 30% >\$4K
- Only 18% of all firms offer incentives for
  - enrolling in spouse's healthcare program
  - not enrolling in company healthcare program
- 85% of large firms (58% small) believe wellness programs will help contain costs - keep exercising!
  - 32% offer a financial incentive or penalty to employee participants

# Health Care Hodgepodge

- 53% firms shop for new plans each year; 18% change
- Healthcare Exchanges:
  - <https://www.healthcare.gov/>
  - <https://www.ehealthinsurance.com/>

# Flexible Spending Accounts

- Excellent way to *reduce taxable income*
- Offered: 89% companies; 24% employees use them
- **Health Care Reform law controls cap**
  - 2020 Healthcare FSA – \$2750 per/yr per employee
    - Employer may match
    - No FSA use for OTC drugs without a prescription
  - Dependent Care FSA – \$5,000 per/yr per household
- **“Use or Lose” has changed for Healthcare FSA**
  - \$500 can be rolled over to next year

***Pretax savings of \$2500 @ 30% tax bracket will save you \$750 – Fed 25%, State 5%***

Source: IRS



# Flexible Spending Accounts

Use on any expense...considered a deductible medical expense by IRS\* and is not reimbursed through insurance

## Eligible Expenses

- Nonprescription Drugs
- Lead-based Paint Removal
- Acupuncture
- Stop-smoking Programs
- Sterilization
- Fertility Enhancement

## Ineligible Expenses

- Swimming Lessons
- Health-club Dues
- Funeral Expenses
- Veterinary Care
- Health-Insurance Premiums
- Maternity Clothes

\* IRS Pub 17, Chap 21



# TRICARE 2020



# Separating from Service

- Continued Health Care Benefit Program (CHCP)

# Continued Health Care Benefit Program (CHCBP)

- <https://tricare.mil/Plans/SpecialPrograms/CHCBP>
- Premium based plan
  - Temporary health coverage for 18 – 36 months
  - Bridge b/w TRICARE and civilian health plan
  - Same coverage as TRICARE w/ pharmacy
  - Meets ACA standards
  - **\$1553 individual / \$3500 family quarterly premium**
- Must purchase within 60 days of losing TRICARE
- Humana Military is provider  
<https://www.humanamilitary.com/beneficiary/plans-and-programs/#chcbp>

# TRICARE Retiree Benefits

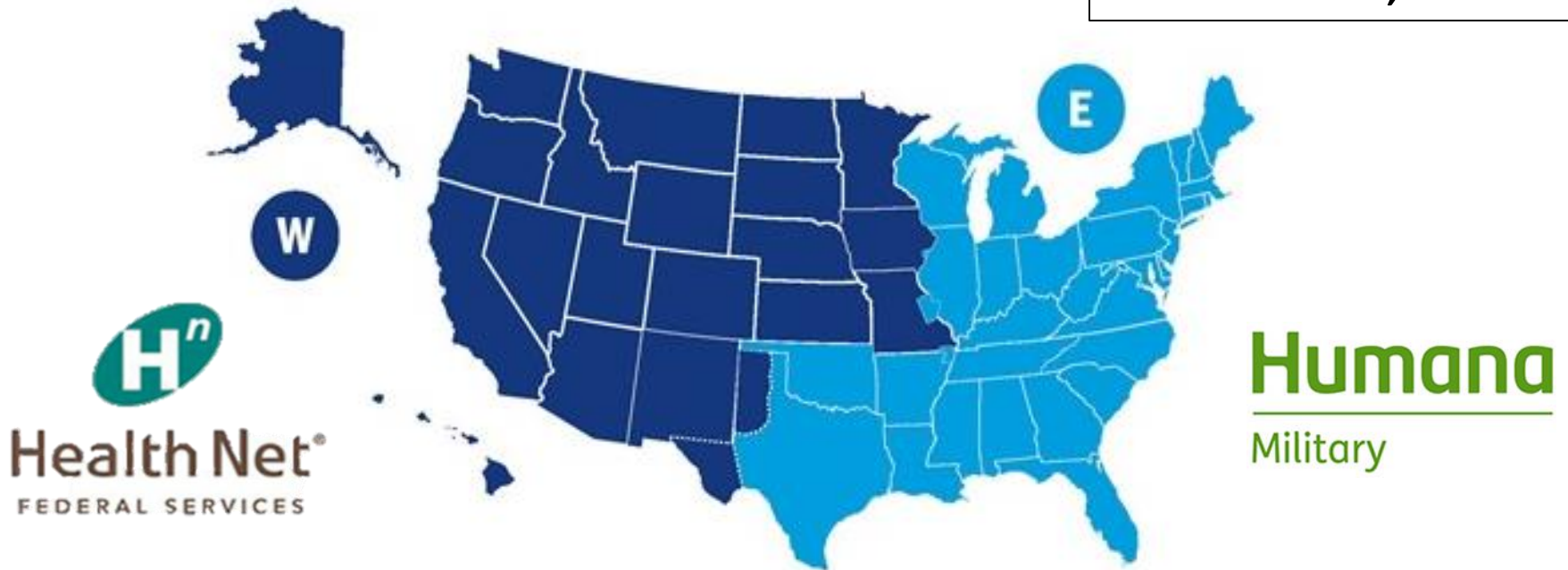
- Transitioning Actions
- TRICARE Regions and Providers
- TRICARE Programs
  - **Prime and Select**
  - Young Adult
- Pharmacy Program Costs
- TRICARE Dental and Vision Plans
- Future TRICARE Changes

# Transitioning Actions

- Complete enrollment during Open Season or Qualifying Life Event (QFE)
- 2021 Open Season
  - November 9<sup>th</sup> through December 7<sup>th</sup> 2020
- QFE – Retirement, Move, Birth, Marriage, Divorce, Death

# TRICARE CONUS Regions

Effective Jan 1, 2018



TRICARE West Region

Health Net / 844-866-9378

[www.tricare-west.com](http://www.tricare-west.com)

TRICARE East Region

Humana Military / 800-444-5445

[www.tricare-east.com](http://www.tricare-east.com)

[www.Tricare.mil](http://www.Tricare.mil)



# TRICARE Prime

- **Group A** versus Group B
- Health Maintenance Organization (HMO) type plan
  - You go where they tell you to go
- Fewer out-of-pocket costs than Select, less freedom of choice
- Retirees can remain on/select TRICARE Prime
  - Inside a Prime Service Area or within 100 miles of a PCM
  - If the MTF has capacity
  - If no capacity, then – use TRICARE Prime network facility
- Enroll either online, by calling regional contractor or by mail

# TRICARE Prime

- Primary Care Manager (PCM)
  - All Prime enrollees select or are assigned a PCM
  - PCM responsible for providing all routine, non-emergency, and urgent health care
  - Must see PCM to get a referral (otherwise POS)
- Annual Enrollment Fee: your health care premium
  - Group A: \$300 individual / \$600 family (\*COLA adjusted)
  - Group B: \$366 individual / \$732 family
  - Prorated from enrollment date thru end of CY
  - Debit/Credit/EFT
  - May pay monthly, quarterly or annually
  - <https://tricare.mil/costs>

**\*Surviving spouse of AD death, or medically-retired veteran**  
– Annual fee fixed at cost that year





# TRICARE Prime

- Co-Payments: costs per visit outside MTF
  - No charges for care at MTF
  - Outpatient Visit: Primary Care \$20/visit, Specialty Care \$31/visit
  - Urgent Care \$31/visit, Emergency Services \$62/use
  - Labs/X-rays \$0, Ambulance Services \$41/use
  - Hospitalization \$156/admission
  - <https://tricare.mil/costs>
- Catastrophic Cap – max out of pocket costs
  - \$3000 per family per year (\$3500 in 2021, COLA thereafter)
  - Retirees – year of retirement payments applied to new cap
  - Applies to all covered services
  - Enrollment fees do not count against the cap

# TRICARE Prime

- Point of Service (POS) Option
  - Use any TRICARE-authorized provider
  - Get routine or urgent care
  - Don't need a referral
  - Pay more out of pocket
- POS Fees
  - Don't apply to catastrophic cap
  - Deductibles apply (\$300/\$600)
  - Co-pay is typically 50% of TRICARE allowable charge
  - <https://Tricare.mil/costs>

# TRICARE Select

- Group A versus Group B
- Preferred Provider Organization (PPO)
  - Go where TRICARE is accepted
- Annual enrollment
  - Group B: \$471 individual / \$942 family
  - Group A fees begin Jan 1, 2021
  - \$150 individual / \$300 family (COLA)
  - No fee for medical retirees and AD surviving spouses
  - Pay online, phone or mail
    - Annual, quarterly or monthly
  - <https://tricare.mil/costs>
- Once enrolled <https://tricare.mil/FindDoctor>

# TRICARE Select

- Annual **Deductible**
  - Your cost *before* coverage begins
  - \$150 Individual / \$300 Family
- TRICARE Allowable Charge
  - The maximum amount TRICARE pays for each procedure or service (tied by law to Medicare's allowable charges)
- Retiree **Co-Insurance** Fees (network)
  - Outpatient visit: Primary \$30, Specialty \$45, Urgent \$30
  - Emergency service: \$118
  - Labs or X-rays: \$0
  - Immunizations: \$0
  - <https://tricare.mil/costs>

# TRICARE Select

- Non-network Fees – typically 25% of allowable
  - Non-network providers may charge up to 15% more than the TRICARE allowable charge
- Catastrophic Cap
  - \$3000 per family per year (\$3500 in 2021, COLA thereafter)
  - Retirees – year of retirement payments applied to new cap
  - Applies to all covered services
  - Enrollment fees do not count against the cap
- How to find a Doctor that takes TRICARE?

<https://www.tricare.mil/FindDoctor>

# TRICARE - Find a Doctor

## Find a Doctor Wizard [100% complete]

Q1: Where Do You Live?

A1: United States

Q2: Which Plan Are You Using?

A2: TRICARE Select

Q3: What Type of Provider do You Want to See?

A3: Network Provider

With TRICARE Select

- You can schedule an appointment with any TRICARE-authorized provider, network or non-network.
- You don't need a referral, but some services might require prior authorization from Humana Military.

Find a Network Provider

<https://www.tricare.mil/FindDoctor>

# TRICARE - Find a Doctor

The screenshot shows the top navigation bar of the Humana Military TRICARE website. On the left, the Humana Military logo is displayed next to the TRICARE logo. In the center, there is a search bar with the placeholder text "I want to..." and a magnifying glass icon. To the right of the search bar is a purple "Log in" button. Below the navigation bar, there are three tabs: "Beneficiary", "Provider", and "Government". The main content area features a large banner with the text "You've got big things to do. We'll take care of your healthcare." and a photograph of a family hiking. Below the banner are three white boxes with green borders, each containing a title, a brief description, and a "Learn more" button. A green "Feedback" button with an upward arrow is located on the right side of the banner.

Humana Military TRICARE

I want to...

Beneficiary Provider Government

You've got big things to do. We'll take care of your healthcare.

Feedback

Beneficiaries	Find care	Providers
Learn how to enroll, check referrals, access forms and more.	Search for a network provider, PCM or military hospital or clinic.	Learn how to become certified, submit claims and more.
<input type="button" value="Learn more"/>	<input type="button" value="Search now"/>	<input type="button" value="Learn more"/>

<https://www.humanamilitary.com/>

# Tricare Groups A & B Costs Comparison

Tricare Costs	Prime		Select	
	Group A	Group B	Group A	Group B
Annual Premium	\$300ind \$600fam	<b>\$366ind</b> <b>\$732fam</b>	0	<b>\$471ind</b> <b>\$972fam</b>
Deductibles	0	0	\$150ind \$300fam	<b>\$156ind</b> <b>\$313fam</b>
Co-pays	\$20pri \$31specl	\$20pri \$31specl	\$30pri \$45specl	<b>\$26pri</b> <b>\$41specl</b>
Catastrophic Cap	\$3000	<b>\$3655</b>	\$3000	<b>\$3655</b>



# TRICARE Young Adult (TYA)

- TRICARE eligibility ends at 21 (23 if college enrolled)
- TYA qualifiers of an eligible sponsor
  - Unmarried
  - At least 21 but not yet 26 years old
  - Not otherwise eligible for TRICARE coverage

# TRICARE Young Adult (TYA)

- TYA – Prime
  - Works the same as TRICARE Prime
  - Must be in a Prime Service Area
  - Assigned a PCM with monthly premiums (\$**376**)
- TYA – Select
  - \$**228**/month
  - Annual outpatient deductible
    - \$**156** per person, max \$**313** per family
  - Co-pays – same as TRICARE Select - Group B
  - Catastrophic Cap \$3655
  - <https://Tricare.mil/costs>

# Pharmacy Increases

## Phased Increases Over 10 Years

	Current Rate	FY 2020 Rate	FY 2027 Proposed Rate	Annual % Increase 2019-20
<b>MTF Pharmacy (90-days)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Retail (30-days)</b>				
<b>Generic</b>	<b>\$11</b>	<b>\$13</b>	<b>\$16</b>	<b>18%</b>
<b>Brand</b>	<b>\$28</b>	<b>\$33</b>	<b>\$48</b>	<b>18%</b>
<b>Non-Formulary</b>	<b>\$53</b>	<b>\$60</b>	<b>\$85</b>	<b>13%</b>
<b>Mail Order (90-days)</b>				
<b>Generic</b>	<b>\$7</b>	<b>\$10</b>	<b>\$14</b>	<b>43%</b>
<b>Brand</b>	<b>\$24</b>	<b>\$29</b>	<b>\$44</b>	<b>21%</b>
<b>Non-Formulary</b>	<b>\$53</b>	<b>\$60</b>	<b>\$85</b>	<b>13%</b>

# TRICARE Retiree Dental & Vision

- Retirees, family members and survivors eligible
- Available in U.S. and overseas
- Transition self/family from MTF/TRICARE Dental Plan (TDP) to FEDVIP (Federal Employee Dental & Vision Insurance Program)
- 2021 Open Season: Nov 9th thru Dec 7th 2020
- Effective Jan 1, 2021
- Must be enrolled in a TRICARE Plan to be eligible
  - Veteran using VA Healthcare? As long as spouse in TRICARE he/she is eligible

🚩 **Government Shutdown:** Your deductions or allotment may be suspended. [Learn more](#)



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Search...



**Ready to enroll in FEDVIP?**  
Find out what you need to do.

[Get Started](#)



### ID Cards

Contact your FEDVIP carrier for details.

[Contact Carrier](#)



### Billing Questions

Get answers to your billing questions.

[Get Answers](#)




### Coverage Changes

Log in to change your coverage.

[Log In](#)

# FEDVIP Comparison Tool

[About](#) [Contact](#) [Log in](#)

[Programs](#) [Education and Support](#) [Tools](#)

## Compare FEDVIP plans — search

First, we need to know your residential zip code and pay frequency to show you all the plans that are available to you.

**Program**

Dental

Vision

**Zip code**

This is outside the U.S.

**Pay frequency**

Bi-Weekly


Monthly

Semi-Monthly

OWCP Periodic Roll (Every 28 Days)

**Plan year**

# FEDVIP Comparison Tool


About Contact [Log In](#)

Programs
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Tools

## Compare FEDVIP plans — available plans

This is only a summary of plan rates — you will have to select a specific plan after you verify your eligibility and create an account. Please review the official statement of benefits for the dental or vision plans for more details.

### Search criteria

Zip code: **22314** | Pay frequency: **Monthly** | Plan year: **2019** | [Change criteria](#)      Sort by: Carrier Name ▼

<b>Aetna Dental, PPO - High</b>			<input type="checkbox"/> Compare   <a href="#">View details &gt;</a>
National/International			
Self Only	Self Plus One	Self and Family	
<b>\$35.88</b> Monthly	<b>\$71.76</b> Monthly	<b>\$107.62</b> Monthly	
<b>Delta Dental, PPO - High</b>			<input type="checkbox"/> Compare   <a href="#">View details &gt;</a>
National/International			
Self Only	Self Plus One	Self and Family	
<b>\$53.95</b> Monthly	<b>\$107.92</b> Monthly	<b>\$161.87</b> Monthly	
<b>Delta Dental, PPO - Standard</b>			<input type="checkbox"/> Compare   <a href="#">View details &gt;</a>
National/International			
Self Only	Self Plus One	Self and Family	
<b>\$26.59</b> Monthly	<b>\$53.17</b> Monthly	<b>\$79.76</b> Monthly	
<b>Dominion Dental, HMO - Standard</b>			<input type="checkbox"/> Compare   <a href="#">View details &gt;</a>
Regional			
Self Only	Self Plus One	Self and Family	
<b>\$16.81</b> Monthly	<b>\$33.61</b> Monthly	<b>\$50.42</b> Monthly	
<b>Dominion Dental, HMO - High</b>			<input type="checkbox"/> Compare   <a href="#">View details &gt;</a>
Regional			
Self Only	Self Plus One	Self and Family	
<b>\$24.12</b> Monthly	<b>\$48.25</b> Monthly	<b>\$72.37</b> Monthly	
<b>FEP BlueDental, PPO - Standard</b>			<input type="checkbox"/> Compare   <a href="#">View details &gt;</a>
National/International			
Self Only	Self Plus One	Self and Family	



# FEDVIP Comparison Tool

PROVIDER	Delta Dental, PPO High		Dominion Dental, HMO High		Humana, EPO High	
<b>MORE INFORMATION</b>	<a href="http://www.deltadentalins.com/fedvip">www.deltadentalins.com/fedvip</a> Plan Brochure (PDF) (855) 410-3255		<a href="http://www.FederalDentalPlans.com">www.FederalDentalPlans.com</a> Plan Brochure (PDF) (855) 836-6337		<a href="http://feds.humana.com/dental/">feds.humana.com/dental/</a> Plan Brochure (PDF) (877) 692-2468	
<b>2019 RATES</b>	Monthly		Monthly		Monthly	
Self Only	\$53.95		\$24.12		\$27.78	
Self Plus One	\$107.92		\$48.25		\$55.60	
Self and Family	\$161.87		\$72.37		\$83.35	
<b>BENEFITS</b>	<b>In Network (You Pay)</b>	<b>Out of Network (You Pay)</b>	<b>In Network (You Pay)</b>	<b>Out of Network (You Pay)</b>	<b>In Network (You Pay)</b>	<b>Out of Network (You Pay)</b>
Preventive <a href="#">?</a>	0% coinsurance	10% coinsurance	Co-pay Schedule (approx 0%) (plus \$10 pt. copay)	-	Co-pay Schedule (approx. 0%)	-
Intermediate <a href="#">?</a>	30% coinsurance	40% coinsurance	Co-pay Schedule (approx 23%) (plus \$10 pt. copay)	-	Co-pay Schedule (approx. 25%)	-
Major <a href="#">?</a>	50% coinsurance	60% coinsurance	Co-pay Schedule (approx 40%) (plus \$10 pt. copay)	-	Co-pay Schedule (approx. 40% coinsurance)	-
Orthodontic <a href="#">?</a>	50%	50%	Co-pay Schedule	-	Co-pay Schedule	-



# Transition Healthcare Checklist

## Now

- Program the following contacts in your phone
  - Your primary care manager
  - Your TRICARE regional contractor
  - 24/7 Nurse Advice Line: 1-800-874-2273, option 1 (CONUS) (OCONUS numbers vary by location)
  - Your dentist
  - Your dental contractor: United Concordia (active duty sponsor) 1-866-984-2337; United Concordia (active duty Family member) 1-844-653-4061
  - Your pharmacy contractor: Express Scripts, 1-877-363-1296 and [www.express-scripts.com/TRICARE](http://www.express-scripts.com/TRICARE)
- Register for a DS Logon while you still have a CAC at [www.dmdc.osd.mil/milconnect](http://www.dmdc.osd.mil/milconnect)

## Prior to Transition Leave (if away from duty location)

- Obtain all routine care, refill prescriptions, ensure you have above contact info handy in case you need care

## After Receiving Retiree ID Card

- ENROLL** in TRICARE Prime or TRICARE Select no later than 90 days after retirement date to avoid a gap in coverage. Coverage starts on official retirement date. Payment is required for TRICARE Prime. Call your regional contractor and Executive Medicine POC (where available).
- Family Members** enrolled in TRICARE will need to **RE-ENROLL** in the TRICARE plan of their choice as retiree Family member(s). Call regional contractor and Executive Medicine POC (where available).
- Decide on your dental and vision plans. FEDVIP begins 1 January 2019.

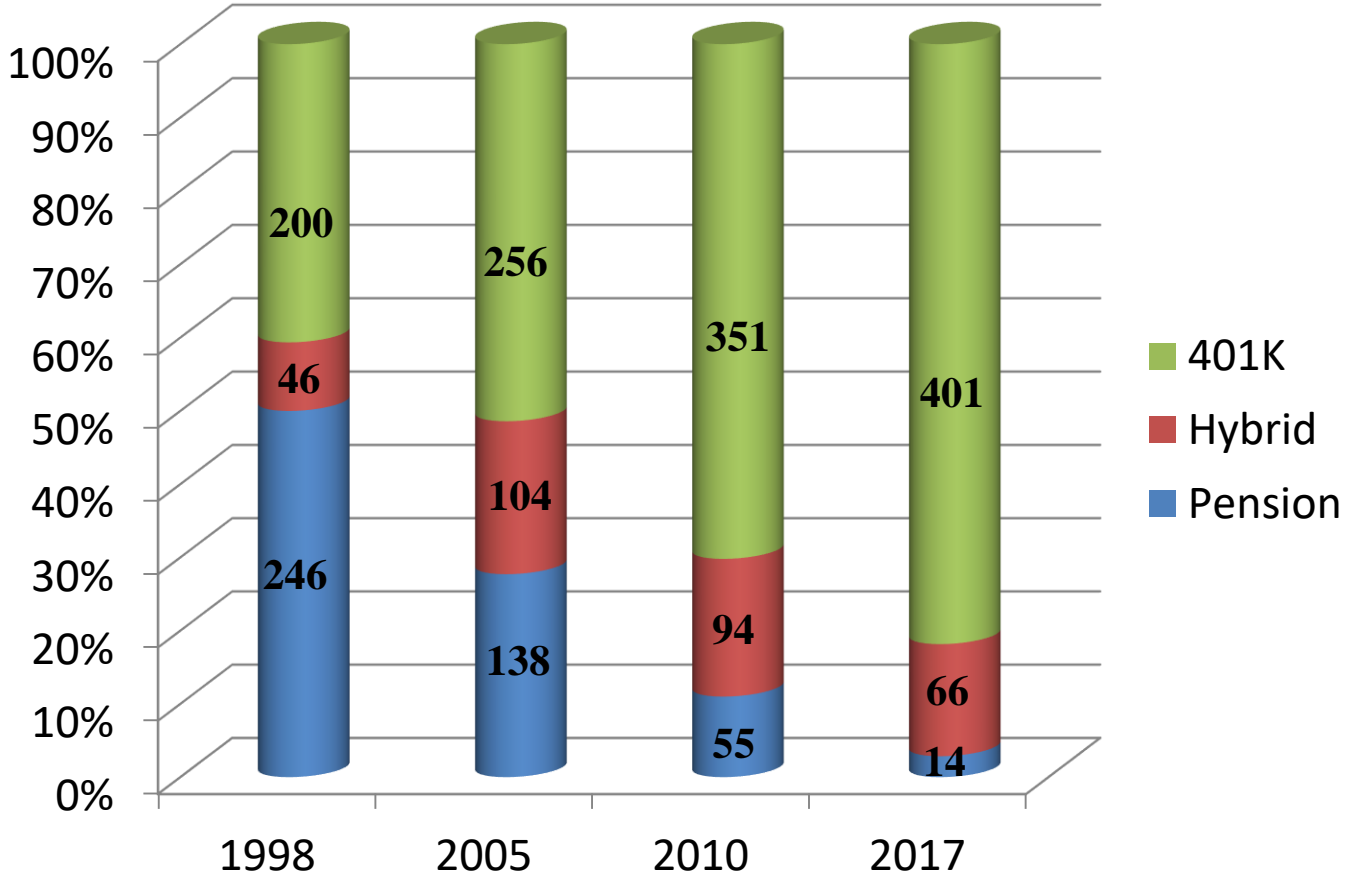
## As Needed

- After retirement, if TRICARE Prime, your PCM must resubmit any ongoing referrals or authorizations
- Keep DEERS mailing and email addresses updated
- Re-evaluate your TRICARE and FEDVIP Dental and Vision Plans during open season or when you experience a qualifying life event
- Consider TYA, CHCBP or the Federal/State Health Exchange for your young-adult children
- Re-evaluate supplemental insurance and long-term care insurance plans
- Purchase Medicare Part B at age 65

# Retirement Plans



# Evolution of Retirement Plans



Towers Watson research Feb 2016 (no new data as of Feb 15, 2018)



# Defined-Benefit Plans (Pension Plan)

- **Defined-Benefit Plan** – (33% of employers; 7% small co.)
  - No contribution by employee
  - Stiff vesting requirements
  - Traditional Defined-Benefit Pension (accumulates based on salary and years of service; very costly for companies)
- **Cash-Balance Plan**
  - Hybrid Plan – Change Formula – Less Generous
    - Better for younger workers
    - Less costly for companies

# Defined-Contribution Plans

- **Your primary retirement investment account**
- 59% employers offer; 69% employees participate
  - 49% of small companies offer; <100 employees
- 401(k) or TSP
  - In both **Traditional and Roth**
  - Non-Profits - 403(B)
  - State/Local Government - 457
- Funded primarily through employee salary deferral
- Most companies provide some matching contributions
- Easier vesting



# Defined-Contribution Plans

## Tidbits about 401K Plans...

- Average company match contribution – 4%
  - Most common match formulas:
    - Dollar for dollar up to max%
    - .50¢ per dollar up to max% (6% avg)
- Average number of invest options: 25
- Companies offering Roth 401ks - 56%
- Automatic enrollment of new hires - 68%
  - Average 2.8% pay auto deferral average
- Offer company stock - 3%

# Defined-Contribution Plans

- Current Maximum Defined-Contribution Plan Limits--2020
  - \$19,500 salary deferral
  - \$6,500 “catch-up” provision for age 50+
  - Employer’s match does not count against this limit
- Understanding Your Plan
  - Employer match
  - Vesting schedule
  - Investment Options
  - Planning assistance

# Typical Vesting Schedule

\$100,000 Annual Salary / 4% Employer Match\*

Time with Company	% Vested	Company Match	You Keep
< 1 year	0%	\$4,000	\$0
> 1 year	20%	\$4,000	\$800
> 2 years	40%	\$8,000	\$3,200
> 3 years	60%	\$12,000	\$7,200
> 4 years	80%	\$16,000	\$12,800
> 5 years	100%	\$20,000	\$20,000

\*Notional as salaries would typically increase, therefore match increases



# Thrift Savings Plan (TSP)

## What can you do when you leave the Service?

Four options:

1. Keep in TSP
2. Roll into your future 401k plan
3. Roll into IRA
4. Pull out of TSP and use the money
  - Don't even think it unless necessary
  - Withdraw Early is costly (prior to age 59½)

# Life and Disability Insurances



# Insurance – Replacing SGLI

- Veterans' Group Life Insurance (VGLI)
  - Up to \$400K death benefit, priced in 5 year increments
  - No medical exam if taken within 240 days of separation/retirement
- Survivor Benefit Plan (SBP)
- Employer Group Term
  - Typically 1 – 2 times salary, may allow additional coverage levels at cost
- Open Market - \$500K [www.policygenius.com](http://www.policygenius.com)
  - 50YO Male, 6'/200lbs, non-smoker, no serious medical
    - \$41/mo 10yrs // \$57/mo 15yrs // \$74/mo 20 yrs
  - 50YO Female, 5'7"/140lbs, non-smoker, no serious med
    - \$35/mo 10yrs // \$41/mo 15yrs // \$54/mo 20 yrs



# Employer Group Term

- **Provided while you are an employee**
- 1 – 2 times salary is norm
- Can sometimes convert it to an individual plan when you leave employment
- Additional coverage amounts might be available

# Survivor Benefit Plan (SBP)

- Establish your **Base Amount**
  - Min \$300 per month up to full retired pay
- Beneficiary will get 55% of **base amount**
- Cost is 6.5% of **base amount**
- Not customer friendly; changes are restricted
- Program is dirt simple - easier for survivor
- Survivor benefit is COLA adjusted
- Costs are subsidized so premiums are less
- Typically, the benefit far outpaces the premiums

# Disability Insurance

- **Short-Term Disability Insurance**
  - Kicks in after all sick and annual leave used
  - Typically between 6 weeks and 6 months for coverage
  - Usually pays 75-100% of Salary
- **Long-Term Disability Insurance**
  - Base level for most long-term disability is 60%
  - Additional coverage may be needed
- **Accidental Death and Dismemberment Insurance**

# Other Employee Benefits



# Other Employee Benefits

- Vacation/Sick Days/Personal Days = Paid Time Off
- Education Benefits
- Employee Assistance Programs (EAPs)
  - Substance abuse
  - Wellness programs
  - Legal assistance



# Family and Medical Leave Act

**Companies < 50 employees do not have to offer**

- Family Leave
  - 12 Weeks of leave Per Year – *Usually Unpaid*
- Maternity/Parental Leave
  - Some Companies Give Paid Time Off for Birth of Child
- Death in the Family Leave
  - 5 Days of Paid Leave if Death is Immediate Family
  - 3 Days of Paid Leave if Death is Close Family Member

# Other Employee Benefits

## Customized Work Arrangements

- **Telecommuting**
  - Home or Telecommuting Centers
- **Flexible work hours**
  - Gliding Schedule – Core Hours
  - Variable Day – Vary Work Day – Still Works 40-Hour Week
- **Compressed Work Schedules**
  - 4-10 (Work Four 10 Hour Days Each Week)
- **Job sharing**
  - Two workers share same job
  - One Works Morning and the Other in the Afternoon, etc.

# Where Did The Money Go?

**Figures to consider when transitioning from your military pay to a civilian salary**

## Military \*E5 / \*E7

## Civilian

Gross Pay	<u>\$70,871 / \$93,756</u>
Federal Taxes	<b>\$1,843 / \$4,430</b>
State Taxes	\$0
SGLI	<b>\$348</b>
Dental	\$0
TRICARE (Prime enroll fee)	<b>\$594</b>

Gross Pay	<u>\$75,000</u>
Federal Taxes	<b>\$6,901</b>
State Taxes	<b>\$4,055</b>
Dental	<b>\$960</b>
Medical	<b>\$5,547</b>
Group Term Ins	<b>\$425</b>

**Net Pay \$65,884/\$88,384**  
**\$5,490/\$7,365 per month**

**Net Pay \$57,112/\$62,659**  
**\$4,759/\$5,222 per month**

\*E5 over 6 w/ dependents @ Ft Belvoir BAH  
\*E7 over 20 w/ dependents @ Ft Belvoir BAH

Fed taxes as Head of Household



# Where Did The Money Go?

**Figures to consider when transitioning from your military pay to a civilian salary**

## Military \*O3 / \*O5

## Civilian

Gross Pay \$107,316 / \$152,568

Federal Taxes **\$6,092 / \$14,972**

State Taxes \$0

SGLI **\$348**

Dental \$0

TRICARE **\$594**

(Prime enroll fee)

Gross Pay \$125,000

Federal Taxes **\$18,350**

State Taxes **\$6,930**

Dental **\$960**

Medical **\$5,547**

Group Term Ins **\$425**

**Net Pay \$100,282/\$136,654**  
**\$8,357/\$11,388 per month**

**Net Pay \$92,788/\$98,335**  
**\$7,732/\$8,195 per month**

\*O3 over 6 w/ dependents @ Ft Belvoir BAH

\*O5 over 20 w/ dependents @ Ft Belvoir BAH

Fed taxes as Head of Household



# QUESTIONS?

Military Officers Association of America  
201 N. Washington Street  
Alexandria, VA 22314-2539  
(1-800-234-6622)

E-mail: [beninfo@moaa.org](mailto:beninfo@moaa.org)

Web Base: <http://www.moaa.org>





# Salary Negotiation 101

Colonel Brian Anderson, USAF (Ret)  
Senior Director, MOAA Career Transition Center



# Topics We'll Cover

- Common Fears of Negotiating
- Preparing for Salary Negotiation
- When to Talk Money
- How to Respond to Salary Questions
- Evaluating the Salary Offer
- Questions

# Negotiating is...

- a power struggle?
- a mind game?
- a tug-of-war?



**None of the above!**

It's an OPPORTUNITY to address **gaps** between offer made and what you'd like to have, and identify ways to resolve them.



# Common Fears of Negotiating

- Fear of rejection
- Not worth the effort
- Lack of confidence
- Aversion to risk



# Negotiating Salary

- Knowledge is power, so do your homework
  - Research salaries for jobs of interest
  - Determine a reasonable salary range
  - Goal is to be in the ballpark (not too high or too low)
  - Think overall compensation and what you value
  - Work your network to get more information



# What Factors Affect Salaries?

- It's not just about knowledge, education, and experience
  - Market rates for people doing similar work, in similar industries, and in similar locations (regions)
  - Salary ranges set by individual employers
  - The number of people available to perform the specific job

# Where to Find Salary Info

## READ

**Occupational Outlook Handbook**

Trade / Professional Journals

American Salaries and Wages  
Survey / Newspaper

American Almanac of Jobs and  
Salaries

Jobs Rated Almanac

American Salary Wage Surveys



## TALK

Informational Interviews

**Networking**

Executive Recruiters

Competing  
Organizations

Consultants



## LINK

**Salary.com**

JobStar

LinkedIn

America's Career Info Net

Payscale.com

**Bureau of Labor Statistics**

**Glassdoor.com**



# Getting What You're Worth

- Know your value
- Do you always want to negotiate?
- Two most common mistakes:
  - Always wanting to negotiate
  - Wanting to negotiate too early
- Use your network!
  - Ask questions – “Can you tell me...”

# Three Numbers

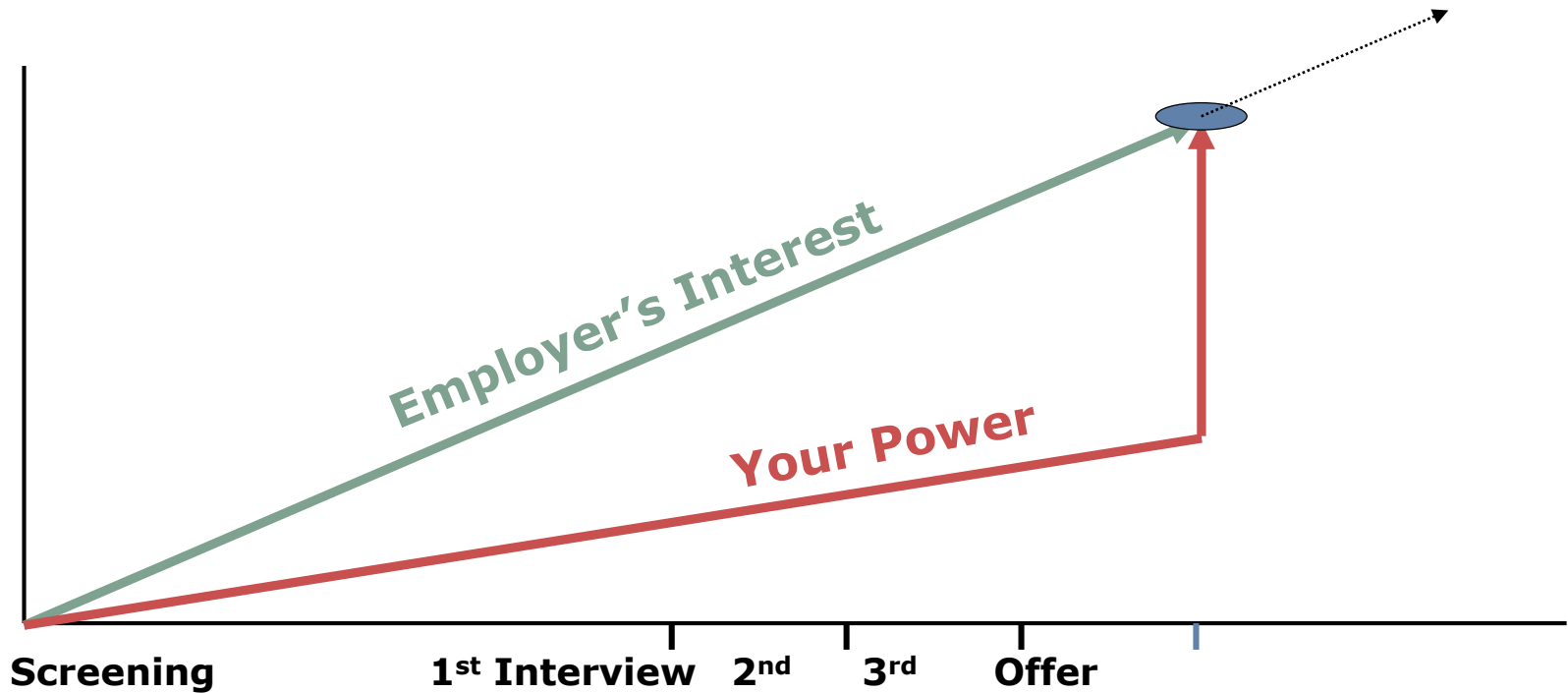


Have 3 separate numbers in mind:

1. What you need to meet your financial obligations
2. What you would like to have and would be happy with
3. A salary that is far beyond what you thought you could make

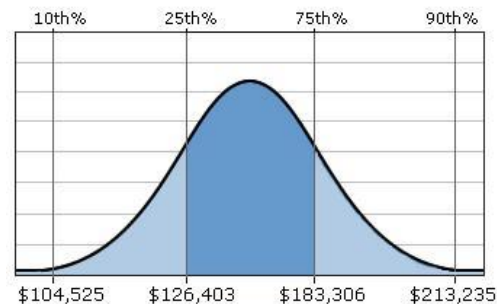
It's easier to evaluate an offer if you've thought about this beforehand

# When to Talk Money: The Power Curve



# Responding to Salary Questions

- **Defer:** “I’d be more comfortable discussing salary once I have a better understanding of the position.”
- **Toss back:** “My range is probably more flexible than yours; what is the range you are considering for this position?”
- **Respond with market information:** “Based on my research I understand that salaries are between \$X and \$Y for similar positions. Is this consistent with your salary range?”



Insist on an Offer Letter or At Will Letter



# Offer Letter Components

## Normally Included

- Title/direct report
- Salary
- Vacation
- Benefits – may link to handbook or web site
- Start date
- Offer expiration date
- Place of employment

## Optional

- Bonus potential (note typical performance factors):
  - Individual performance
  - Group performance
  - Company performance
- Signing bonus
- 401(k) match
- Stock and options
- Performance review schedule

Get it in writing and read the fine print!



# Benefits

- Medical Benefits
- Retirement Plan
- 401(K) Plan
- Life Insurance
- Vacation / Sick Leave
- Perks / Incidentals



**Agree on salary first, then negotiate overall compensation package**

# Evaluate the Package

- Take time to evaluate the offer
  - 3 to 4 days is common; offer letter will state date by which a reply is expected
  - Consider your three salary baseline numbers
- Discuss benefits with spouse/significant other
- Accept / Decline / Renegotiate



# What's Negotiable?

**MOVING EXPENSES**

**FLEX TIME**

**WORK SCHEDULE**

**HOUSING**

**IT ALLOWANCE**

**PARKING**

**HEALTH CLUBS**

**START DATE**

**COMMISSIONS**

**OFFICE SPACE**

**EDUCATION**

**MATERNITY PACKAGE**

**FREQUENT FLYER MILES**

**VACATION TIME**

**401(K)**

**TRANSPORTATION**

**SIGNING BONUS**

**ASSOCIATION FEES**

**REPORTING RELATIONSHIP**

**JOB TITLE**



# Factors That Work in Your Favor

- Willingness to build rapport
- Focusing on the other party's perspective
- Willingness to compromise
- Put forward only requested information
- Limit the number of items to be negotiated
- If you can't close the gap?
  - Propose a six-month performance evaluation
  - Discuss a signing bonus and other overall compensation considerations

# Frequently Asked Questions

- What if they never mention money?
- Salary considerations vs. overall compensation?
- Would you prefer a signing bonus or a larger base?
- Do you always need to insist on an offer letter?
- How long will you have to accept an offer letter?
- Is it acceptable to keep looking for a better deal after you accept an offer?

# Some Final Thoughts

- Knowledge is Power
- Try to deflect monetary discussions until an offer is presented
- Don't immediately accept any offer
- *Always* conduct yourself professionally
- Think about your entire career path – growth potential
- **Companies want to retain you!**



[www.rekruitin.com](http://www.rekruitin.com)

[ReKruitIn.com](http://ReKruitIn.com)





# Veterans' Group Life Insurance (VGLI)

- For \$400,000 death benefit (cost per month)
  - Priced in 5-year increments
    - 29- - \$32
    - 30-34 - \$40
    - 35-39 - \$52
    - 40-44 - \$68
    - 45-49 - \$88
    - 50-54 - \$144
    - 55-59 - \$268
    - 60-64 - \$432
    - 65-69 - \$600
    - 70-74 - \$920
    - 75+ - \$1840
- In poor health, VGLI may be your answer
- In good health, shop around

Ages and prices  
Rates constant since Jul 2014