National Association of FSA Support Employees (NASE)

MAY 5, 2014

www.nasefsa.org/ and USDAConnect

CINCO de MAYO

Cinco de Mayo is probably the holiday most often celebrated that no one understands, What's it all about? What does it mean to Mexicans?

Literally "the Fifth of May," Cinco de Mayo is a Mexican Holiday celebrating the Battle Of Puebla, which took place on May 5, 1862. In 1861, France sent a massive army to invade Mexico, as they wanted to collect on some war debts. The French army was much larger, better trained and equipped than the Mexicans struggling to defend the road to Mexico City. It rolled through Mexico until it reached Puebla, where the Mexicans made a valiant stand, and, against all logic won a huge victory. It was short-lived, as the French army regrouped and continued; eventually taking Mexico City, but the euphoria of an unlikely victory against overwhelming odds is remembered every May fifth.

It isn't Mexico's Independence Day. Mexico celebrates its independence on September 16. Independence Day is a very important holiday in Mexico and not to be confused with Cinco de Mayo.

NASE BOARD TO DC

The NASE Board; President, Vice President, Secretary and Treasurer along with the Zone Representatives will be going to Washington DC to meet with National Office employees.

This trip to DC is scheduled for June 3 &4, 2014. If you have any questions for National Office officials that you would like to have submitted, please send to your zone representative or to NASE President, Cindy Porter.

If you have questions about DLS, GLS, Farm Bill and other issues that you are wondering about, please submit.

Have your questions emailed by May 30, 2014.

ZONE A Meeting – St. George, Utah

We had a good meeting in Utah for Zone A. NASE members attending were, Jill Monson, Zone A Representative, Marilyn McMullen, Vice President and Cindy Porter, President.

Chris Beyerhelm, Deputy Administrator for FLP was present at the meeting and addressed the group on Friday morning. The following is a summary of his presentation:

Chris Beyerhelm

FSA Service Center Delivery System Model – Right Sizing (Not FLP specific)

- Some national staffing plan model is in the works (McMillan out of Texas is working with the Administrator to try to put something together). While it may not be ideal at least everyone would be measured on the same yard stick.
- Staffing numbers are under review
- One manager, one office idea may be dead
- The future model may look more like a Hub and Spokes with one main office (center of excellence) and sub-offices branching out from there.
- No discussion of what "employees" may fit into this model.

The ONLY county employee required to be hired by the COC is the CED. There is no statutory or regulatory requirement other than that. The FLM is the ONLY field position required to be federal. For FLP this means that all loan officers, FLOTs, Loan Analysts, and PTs could be county office employees (under the county employment system) and still be farm loan employees. The federal FLM could supervise the county farm loan employees.

FARM LOAN PROGRAMS

Microloans are 1 year old! (Watchout terrible twos.)

Funding looks good for all loans right now.

- In the process of transferring some G money to fund Direct FO loans now on hand
- Guaranteed FO now recognized by OMB as no cost and more funding granted
- Direct FO program also determined to be "no cost" and therefore granted a 25% funding boost
- 7 BILLION DOLLAR LOAN PROGRAM in both of the next two years.
- OMB also approved more employees to go along with the increased loan dollars (Is S&E funding there? Don't know)

Farm Bill – in person training to include some farm loan staff. Projected that the FL Chiefs will attend the national training

FLP Immediately as a result of the FB

1- G Conservation loans and raised % of guarantee to 80 – BF/SDA to 90
2- BF definition will be based on AVERAGE sized farm
3- Priority for joint financing – interest reduction (Some discussion about changing the Type of Assistance Code (TOA) on loans to take advantage of the lower interest rate for participation loans)
4- Mineral rights appraisals not required
5- DP loans to $300,000
6- No limit on population for youth loans
7- Term limits on G loans removed

FLP delayed as a result of the FB (October 1st)

1- Owner/Operator and operating entity the same – eligibility issue to be clarified
2- Embedded entities
3- 3 years experience for FO's (They are intending to leave it at three and give some flexibility for waiving as the FB gave the Secretary some leniency to adjust)
4- Micro loans – Vets and BF microloans will not count against the years of eligibility
5- Micro loans will be at "limited resource rates" (Not a good move right now)
6- Guaranteed microloan program
7- Relending program to "CDFI" – not sure what that exactly stands for but it would be money loaned to a community based group that would relend it to others
8- Microloans to $50,000 (individual loans may be $35,000 with max combined limit of $50,000)
9- Youth loans debt forgiveness/settlement by application does not count against them
10- Youth Loans with debt forgiveness does not disqualify the person for education loans.

Supervised bank accounts – COR review indicated about 70% of the money has had only one agency person involved. Needs tighter controls

Notice to suspend the use of SBA except for specific reasons:

1) Capitol purchases
2) Insurance proceeds
3) Construction

FLP-665 on Credit Deserts was discussed and how the intent was to grant some leeway in our regulations in areas where other credit is not available. Although this is not specific to Indian

Reservations, that is one area that was mentioned in the discussion, and would certainly apply in Montana. (Only 16% of the population lives in rural America.)

Guaranteed lender stakeholders meetings continue.

1- Score card lending – "black box"
2- Centralization (across state lines)

Civil Rights

Women and Hispanic –

- 44,000 claims received and they continue to come in every day.
- There are no late file provisions
- 21,000 have been accepted
- Denial/rejection letters are beginning to go out
- The list will not be available until all of the denial/reject letters (all 23,000 of them) go out
- Then phase 1 will end, the list will be provided, and phase 2 will begin

Digital Signature capabilities are coming that would allow us to do more work electronically to our producers. It is NEVER intended that an adverse letter will go out electronically to a producer.

Appraisers – originally

- All Series 1171 appraisers would transfer to the new Appraisal unit
- 6 1165 appraisers would transfer
- NOW –
    - Only the 1171 appraisers will transfer
    - Regional appraisers will be advertised (in next 30 days)
    - Appraisers will transfer to new unit October 1, 2014

Comments, Questions and Answers –

- Awards recommended from the field to either national or St. Louis/KC employees take far too much time and effort and yet we would like to be able to let these people know we appreciate their efforts (Chris said next time send them directly to him.)
- BIA and trust land closing are complex and take a lot of time. BIA is not able/willing to accept electronic funds and this creates an issue because loan checks (paper) only come in the loan account/producer's name. This requires them to "cash" the check and interest starts and it could be MONTHS before BIA then signs off on everything and gets it back to us. (Chris indicated they had been trying to work with BIA on some of these and the problem is that each individual tribe's BIA offices seem to do things a little differently. They continue to work out issues at the national level.)
- Still working on accepting payments electronically, BUT the problem exists in distribution of payments and large numbers of loans. Producers know they have eight loans but think of their payment as one combined amount. They are also catching some flak from agency employees that don't want their producers indicating what loan the payments go onto.
- Concern was brought up about no reports or forms have any case numbers on them anymore and it becomes increasing difficult to do the automation work without access to the casefile and case number.
- Managed Print Services were briefly discussed. What may make sense for WDC doesn't make sense. Montana was used as an example with the MPS contractor located in Missoula and 600+ miles separate them from some of our county offices. PII was used as the reason but now we

have fax groups where you cannot encrypt the messages and everyone in your group can see them anyway.

NASE FUND RAISING

The raffle tickets for a mini iPad was such a great success last year, the NASE board has decided to do it again for the 2014 National Convention in Chicago. This year the iPad mini will be the latest updated mini with the retina display.

Raffle tickets are on the NASE website. Remember sell, sell, sell.

The name tag ribbons will also be sold at the National Convention.

DEADLINE FOR NATIONAL CONVENTION IS COMING UP – NASE IS OFFERING THE FOLLOWING INCENTIVES FOR MEMBERS TO ATTEND!

New NASE members that sign- up for a 2014/2015 NASE membership during the convention will receive a $100 refund for your convention registration fee.

First Timers – If you are a NASE member and attend the National Convention for the first time – NASE will refund $100 of your convention registration fee.

2014 NATIONAL CONVENTION – ROSEMONT, IL

June 29 – July 2, 2014
Crowne Plaza Chicago O'Hare Hotel & Conference Center
Deadline for Registration: May 23, 2014

PLEASE SUBMIT NEW RESOLUTIONS TO MARILYN

NASE Resolutions-ResolutionResolutions-Resolutions-

Resolutions-Resolutions-Resolutions for Zone

Do you have cost saving, efficient and/or effective ideas to make your workday flow so much smoother than it flows now? Share those ideas on the fillable Resolution form. Hearing your co-workers grumble NAP regulations, MIDAS, CRP, Guaranteed computer applications (GLS), eCORP, outdated handbooks, forms that need to be enhanced, etc…. You will make it better; all you have to do is type your resolution and solution on the fillable resolution form and email it to Marilyn McMullen, NASE Resolution Co-Coordinator. Marilyn.mcmullen@mt.usda.gov
Where do you get the wonderful fillable Resolution forms to write your creative ideas? On the NASE website, of course. ☺ www.nasefsa.org and also on the USDAConnect website – NASE community. If you are unable to pull up the form contact Marilyn or susan.long2@ks.usda.gov for a fillable resolution form.
Do you know where to send your Resolution forms when you get them completed????? Resolution Co-Coordinator-Marilyn McMullen. Marilyn.mcmullen@mt.usda.gov
With NASE's Resolution Process, all of YOUR ideas are given consideration, first at the Zone Meetings, then on to the National Convention where resolutions are voted on by the membership attending the convention. The successful resolutions from the National meeting are sent to the National Office, Farm Credit Applications Office, Farm Loan Operations Office and/or Kansas City for determining feasibility. In the Past, NASE has seen almost all resolutions put into permanent practice!
NASE is extraordinary people with sound ideas...please share them.

FARM SERVICE AGENCY NASE National Association of Support Employees USDA	**National Association of FSA Support Employees** **[Tab through form completing the information needed; tap the space bar to remove prefilled data and leave the block blank]** **Turn in all resolutions to:** **Your Zone Representative** **or the Resolution Coordinators:** **susan.long2@ks.usda.gov and marilyn.mcmullen@mt.usda.gov**

PROGRAM/COMMITTEE **(Mark one or more applicable boxes)** **:**

☐Farm Loan Program ☐By-Laws
☐Farm Program ☐Nominating
☐Information Technology ☐Resource
☐Personnel ☐Ways and Means

DATE:
[Enter date]

Number _____
(Assigned by Coordinator)

HANDBOOK REFERENCE:
[Handbook and/or form reference]

SPONSOR (Name and Phone)
[Enter your name]

[State]
[Enter your phone number]

___ Attachment (form, copy of handbook page, screen print, etc)

WHEREAS [Identify the problem, form, handbook reference, or automation issue]

THEREFORE, BE IT RESOLVED THAT [Explain how you think this issue can be resolved]

ZONE _____ MEETING REVIEW: DATE: _____
COMMENT:

RECOMMENDATION BY COMMITTEE: YES ☐ NO ☐ DATE: _____
COMMENT:

NATIONAL CONVENTION: MOTION: _____ SECOND: _____
PASSED: ☐ DEFEATED ☐ DATE: _____
COMMENT: (Reason for resolution being defeated)

NATIONAL OFFICE RESPONSE:

The 4 Keys to Boosting Your Savings

By Tammy Flanagan

May 1, 2014

Some of you may not believe this, but I still find federal employees who think they're limited to contributing 10 percent of their salary to the Thrift Savings Plan. I suppose I shouldn't be surprised, given that 22 percent of federal employees under 45 don't even save 5 percent of their salary in the TSP and that there used to be limits on TSP contributions.

For the record, the percentage limits were lifted eight years ago. Now there's only the elective deferral limit the IRS places on all tax-deferred savings plans. That limit is $17,500 for 2014. Employees who turn 50 in 2014 can also make catch-up contributions of an additional $5,500. And this doesn't count the agency automatic and matching contributions for those under the Federal Employees Retirement System.

Of course, not everyone can afford to max out their TSP, but there do seem to be some common themes among those who have been accumulated substantial wealth in their TSP accounts. Here are the four things I learned when I asked people with big balances about their strategies. It might surprise you that there is nothing magical or lucky about these approaches.

1. Save Early

Taking advantage of dollar cost averaging and compound growth requires a long-term approach. Consider the following examples:

Judy saves $500 per month for 40 years (age 22-62) and earns an average rate of return of 6 percent. At the end of 40 years, Judy has a balance in her account of $953,838: Her contributions of $240,000 plus growth of $713,838.64.

Joyce saves $1,000 per month for 20 years (age 42-62) and earns an average rate of return of 6 percent. At the end of 20 years, Joyce has a balance of $453,438: her contributions of $240,000 plus growth of $213,438.

Judy accumulated more than twice as much money as Joyce, even though they both set aside $240,000. To help make up the difference, Joyce could delay her retirement from 62 to 70. If she saves $1,000 a month for 28 years at a 6 percent rate of return, she would have $844,713 instead of $453,438.

If you'd like to compute how much your savings could add up to, try this simple calculator from the TSP.

2. Save a Lot

At the very least, be sure to take full advantage of government matching contributions by setting your minimum TSP savings goal at 5 percent. Think of it as a deferred 5 percent pay raise. If you're in FERS, you'll get dollar for dollar matching on your first 3 percent of payroll contributions and 50 cents on the dollar on the rest. There's no way to make up for these lost matching funds if you don't take advantage of them every pay period. Add to that the 1 percent agency automatic contribution and you have a 5 percent additional contribution to your TSP account as long as you contribute 5 percent yourself in every biweekly paycheck.

Five percent is a good start, but it probably shouldn't be your final goal. For those who have the means, one approach is to set your savings to achieve the maximum allowable contributions -- and after age 50, take advantage of the catch-up contributions as well. In 2014, that would mean contributing $17,500 from your basic pay by electing a contribution of $673.08 biweekly. (If you were 50 or older, you'd put in an additional $211.54 each pay period.) If you're not able to save this much, put away as much as you can. Keep in mind that investments in the TSP are tax-deferred, so your take home pay won't go down by the full amount of your contributions.

3. Live Beneath Your Means

I met a fascinating woman recently while I was teaching at the Education Department. She said that as she progressed through her career, she kept her spending about the same, even as she received promotions and step increases. That meant that after paying her monthly expenses she had more and more money left over in her bank account. So she continued to increase her retirement savings every time she got a pay increase until she was contributing the maximum allowed.

She boosted her savings not by becoming a GS-15 or making it into the Senior Executive Service, but simply by not expanding her lifestyle every time she received a pay increase. This was a sobering thought for me, since I happened to be wearing a brand new spring outfit that I *had to have* when I went shopping. I need to take a page from her playbook and evaluate my own spending decisions. The reality is that the $150 I spent on the outfit could have added $360 to my future retirement if I had invested it and gained a 6 percent return over the next 15 years.

4. Invest Mostly in Stocks

Another common denominator I've seen in the TSP millionaires I've met is that they invest almost exclusively in equities. (That would be the C, S, and I funds when it comes to the TSP.) This is a very aggressive strategy and should be evaluated carefully based on your own personal risk tolerance.

I've found a few rules of thumb when it comes to how much of your investment portfolio should be invested in stocks. One common strategy is to subtract your age from 100 (some say 120), and put this percentage of your investments in the stock market.

Using this asset allocation strategy, if you are 35 years old, then you should have either 65 percent or 85 percent of your portfolio invested in stocks and the remaining 35 percent in bonds and government securities. Using this approach and looking at the TSP Lifecycle Funds, the L2050 Fund might be appropriate for a 35-year-old who could have 35 years to go before he or she needs to start withdrawing from the TSP. The L2050 Fund is invested 86.25 percent in stocks, with the remainder split between the G Fund (10.68 percent) and F Fund (3.07 percent). If you want to be a little less aggressive, you could choose to split the balance between the L2040 and the L2050 Funds. Here are the key features and the allocations of each of the TSP Lifecycle Funds.

Although few federal employees are putting all of their investments in the C, S, and I Funds, learning more about stocks and bonds and understanding risk, expectations and setting retirement goals can help make you a better investor.

By Tammy Flanagan

May 1, 2014

You May Be Better Off Than You Think

By Tammy Flanagan

April 24, 2014

Many federal employees are worried that they may not be financially ready to retire and aren't really sure how to determine when the time is right. Here are some recent comments and questions I've heard at my pre-retirement seminars:

I will have 30 years and nine months of service on my birthday. Does it make sense for me to work three more months so that I will have 31 years?

The best thing to do is request retirement estimates from your human resources office for the two different dates. I generally suggest that the two retirement dates are at least six months apart to see how much more your retirement will be if you work a little longer. The bigger question, though, is this: Can you afford to retire? You'll need to take into consideration your expenses and your total retirement income. There's nothing magical about having 31 years of service compared to 30 years and nine months.

I'm getting a step increase next month. How long do I need to work so I will get credit for the higher pay in my high-three average salary?

The short answer is: one day. But that means you would have one day of the high three computed at the higher salary and one day of your salary that was in effect three years ago would drop off the computation. So don't expect too big of a difference in your retirement income. Your high three is computed on the highest three consecutive years of salary during your career. For most employees, this is the last three years. Of course, if you work three years at the higher pay rate, then you would completely eliminate the salary that was in effect three years ago. But keep in mind you that you'll probably get another pay increase—and then you'll have to decide if you want to work another three years. Keep in mind that by working a little longer you'll also have more time to contribute to your Thrift Savings Plan and earn additional Social Security retirement benefits (if you're covered by Social Security).

I have 40 years of service, but I need to delay my retirement until I get my last child out of college.

I've heard many variations on this—"get my mortgage paid off," "see my last child married," "pay off my kitchen remodeling project," and more. But you may be more ready than you think. Some employees could actually have more income if they retire than if they continue working—but they don't even know it. Remember, even if things are really tight, when you're retired from government, you can get another job to supplement your income.

Under the Civil Service Retirement System, the maximum retirement benefit is 80 percent of your high-three average salary, plus credit for unused sick leave. Most employees max out under CSRS at 41 years and 11 months of service. But most also can afford to retire well before they have earned the maximum benefit. Under the Federal Employees Retirement System, there's no maximum benefit, so you'll have to add up your benefits to see if you have enough income to retire.

Forty years of service under CSRS would provide 76.25 percent of your high-three average salary. That is not the end of the story, however. Take into consideration any reduction to this benefit for survivor benefits, unpaid deposits, part-time pro-ration, age reductions and other factors.

Under FERS, 40 years of service (I know, no one has this much service under FERS yet), would provide either 40 percent or 44 percent (if you're 62 or older with more than 20 years of service) of your high-three. In addition, you'll be entitled to Social Security or the FERS Supplement. Once you determine how much your benefit will be, you'll be able to figure out how much you'll need to withdraw from your TSP account to create enough retirement income to cover your expenses.

For both CSRS and FERS, remember that the withholdings from your monthly retirement benefit will be smaller than the withholdings from your salary. Retirement withholdings include taxes and insurance. Depending on your age, where you live (some states exempt your federal retirement from state taxes or don't have an income tax), and how much income you will receive, your taxes may be lower than what you pay on your salary. You'll no longer have withholdings for the Medicare tax, the FICA tax, CSRS and FERS retirement contributions, and TSP contributions. But don't forget to take into account other taxable income such as TSP and other retirement account withdrawals, other retirement income, second-career pay and Social Security benefits.

As you can see, some employees are better off than they give themselves credit for. Others can't afford to retire -- yet. But don't worry, the day will come, as long as you plan ahead and make the right preparations.

By Tammy Flanagan