



PLANNING FOR RETIREMENT FOR CSRS EMPLOYEES

AUGUST 5, 2024 – AUGUST 29, 2024

| PLANNING FOR RETIREMENT FOR CSRS EMPLOYEES | Live Webinar Presentation | Page Number |
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| CSRS Benefits Part 2 – CSRS and CSRS Offset, Disability Retirement, Retiree COLAs, Choosing a date to retire, Survivor Benefit Considerations, Voluntary Contributions Plan, Retirement Processing Timeline | August 6, 2024 | 19 |
| Deposits and Redeposits – What service counts: How much do you owe? How will this affect my retirement and is it worth it? Other service credit issues (leave without pay, part-time service, intermittent service) | August 15, 2024 | 34 |
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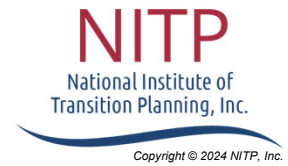


Federal Retirement Benefits: CSRS, Part 1

Presented by:

Phil Gardner, Federal Benefits Specialist

nitpinc.com



BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES



How Are You Preparing for Retirement? Can You Answer These Questions?

- When can I retire?
- How much money will I receive?
- Will my dependents be protected when I die?
- Will I have insurance?






Preparing For Retirement Takes Careful Planning of the Four Sources of Financial Security



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Module 1: Your Retirement Benefit


- **Determine when you are eligible**
- Determine your creditable service for retirement
- Determine your basic retirement benefit
- Consider survivor benefits
- Retirement processing



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History of the Federal Retirement Systems




2013/2014
FERS/RAE/FRAE

1987
CSRS – Offset
TransFERS

1984
CSRS – Interim

1935
Social Security

1920
CSRS




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Employee and Agency Contributions

| | | CSRS | CSRS – Offset | FERS, FERS-RAE, FERS-FRAE and TransFERS |
|----------------------------|----------|------------------------|-------------------------------------|---|
| CSRDF | Employee | 7% | 7% | .8%; 3.1%; 4.4% |
| | Agency | 7% | 7% | Significantly higher |
| Social Security | Employee | 0% | Portion of CSRDF transferred to SSA | 6.2% up to yearly wage limit |
| | Agency | 0% | | Matches employee |
| Thrift Savings Plan | Employee | Up to yearly IRS limit | | Up to yearly IRS limit |
| | Agency | \$0 | | Automatic 1% Matching up to 4% |

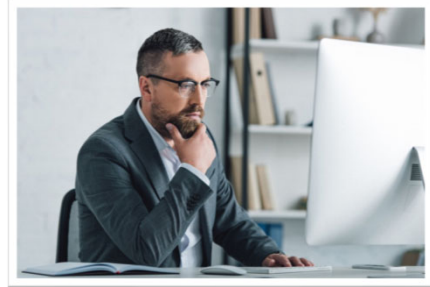


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Determine When You Are Eligible

- Your retirement system
- Retirement option
- Your age and years of creditable service

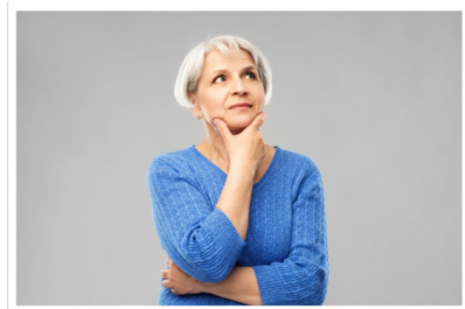


FERCCA: Federal Erroneous Retirement Coverage Corrections Act



Retirement Options

- Voluntary (Optional)
- Early (VERA or DSR)
- Disability
- Special Provisions
- Deferred



CSRS Minimum Age and Service Requirements

| Retirement Type | | Age | Service | FEHB, FEGLI, FEDVIP |
|----------------------|----------------------|---------|---------------|--|
| Immediate Retirement | Voluntary / Optional | 55 | 30 | Must meet the 5-year test for FEHB and FEGLI |
| | | 60 | 20 | |
| | | 62 | 5 | |
| | Early (VERA or DSR) | 50 | 20 | |
| Any age | | 25 | | |
| Disability | Any age | 5 | | |
| | Special Provisions | 50 | 20 | |
| Deferred Retirement | Deferred | Any age | 25 (ATC Only) | No |
| | | 62 | 5 | |

Module 1: Your Retirement Benefit

- Determine when you are eligible
- **Determine your creditable service for retirement**
- Determine your basic retirement benefit

Creditable Service

Standard Form 50
Notification of
Personnel Action

Filed in your
electronic Official
Personnel Folder
(eOPF)

Standard Form 50
Rev. 7-97
U.S. Office of Personnel Management
FPMR Supp. 290-33, Subch. a

NOTIFICATION OF PERSONNEL ACTION

1. Name (Last, First, Middle) [Redacted] 2. Social Security Number [Redacted] 3. Date of Birth [Redacted] 4. Effective Date [Redacted]

FIRST ACTION 5-A. Code/5-B. Nature of Action [Redacted] **SECOND ACTION** 6-A. Code/6-B. Nature of Action [Redacted]

5-C. Code/5-D. Legal Authority [Redacted] 6-C. Code/6-D. Legal Authority [Redacted]

5-E. Code/5-F. Legal Authority [Redacted] 6-E. Code/6-F. Legal Authority [Redacted]

7. FROM: Position Title and Number [Redacted] 15. TO: Position Title and Number [Redacted]

8. Pay Plan [Redacted] 9. Grade or Level [Redacted] 10. Step or Rate [Redacted] 11. Total Salary [Redacted] 12. Pay Basis [Redacted] 13. Pay Plan [Redacted] 14. Pay Plan [Redacted] 15. Grade or Level [Redacted] 16. Step or Rate [Redacted] 17. Total Salary/Award [Redacted] 18. Pay Plan [Redacted]

12A. Basic Pay [Redacted] 12B. Locality Adj. [Redacted] 12C. Adj. Basic Pay [Redacted] 12D. Other Pay [Redacted] 20A. Basic Pay [Redacted] 20B. Locality Adj. [Redacted] 20C. Adj. Basic Pay [Redacted] 20D. Other Pay [Redacted]

14. Name and Location of Position's Organization [Redacted] 22. Name and Location of Position's Organization [Redacted]

EMPLOYEE DATA

23. Veterans Preference: 1. None, 2. 5 Points, 3. 10 Points/Disability, 4. 10 Points/Compensable, 5. 10 Points/Other, 6. 10 Points/Compensable/30% [Redacted]

24. Tenure: 0. None, 1. Conditional, 2. Indefinite [Redacted]

25. Agency Use: YES [Redacted] NO [Redacted]

26. Veterans Pref for RIF: YES [Redacted] NO [Redacted]

27. FEGLI: [Redacted]

28. Annuitant Indicator: [Redacted]

29. Pay Rate Determinant: [Redacted]

30. Retirement Plan: [Redacted]

31. Service Comp. Date (Leave) [Redacted]

32. Work Schedule: [Redacted]

33. FPMR 1016.1005 PW: [Redacted]

POSITION DATA

34. Position Occupied: 1. Competitive Service, 2. Excepted Service, 3. SES General, 4. SES Career, 5. ELSA Category, 6. Excepted, 7. Nonexcepted [Redacted]

35. ELSA Category: [Redacted]

36. Appropriation Code: [Redacted]

37. Bargaining Unit Status: [Redacted]

38. Duty Station Code: [Redacted]

39. Duty Station (City - Country - State or Overseas Location): [Redacted]

40. AGENCY DATA

41. [Redacted] 42. [Redacted] 43. [Redacted] 44. [Redacted]

45. Remarks: [Redacted]



Creditable Service

- Creditable service for *retirement* may differ from creditable service for *leave accrual*
- Retirement estimate from Human Resources
- Change in work schedule:
 - Leave Without Pay (LWOP)
 - Intermittent , Seasonal, When Actually Employed (WAE)
 - More than a 3 Day Break in service
 - Military Service
 - Part-time



Service Credit: Deposits and Redeposits

How much do I owe? What is the effect on my retirement?

- CSRS and FERS civilian service deposits
- CSRS and FERS civilian redeposits
- Post 56 military service deposits

Application to Make a Deposit or Redeposit
(SF 2803 – CSRS)
Application to Make a Service Credit Payment
(SF 3108 – FERS)

Deposit and Redeposit Webinar on August 15, 2024

For those with Federal Service not covered by retirement deductions, or you left Federal Service and received a refund of your retirement contributions, and/or you have Active-Duty military service performed after 12/31/56.



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Voluntary Contributions (CSRS)

- Tax-deferred interest
 - 2.25% 2020
 - 1.375% 2021
 - 1.375% 2022
 - 1.875% 2023
 - 3.75% 2024
- Transfer to an IRA (including Roth IRA)
- Purchase additional retirement benefits



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Summary of Federal Service

1. Your employing office will complete and certify this form for you.
2. Read carefully. Make sure all your Federal service is included on this form.
3. Complete Section E and return to employing office.

FERS
Federal Employees Retirement System

Office of Personnel Management
1175 Eye St.

Certified Summary of Federal Service
Federal Employees Retirement System

Information for the Agency

1. A certified copy of this form must accompany the employee's Application for Immediate Retirement (SF 3107).
2. This form may also be used:
 - for retirement counseling purposes
 - to respond to an employee's request for a record of creditable service
3. See the CSRS and FERS Handbook for Personnel and Payroll Offices for detailed instructions for completion and disposition of this form.

Instructions for the Employee

1. Your employing office will complete and certify this form for you.
2. Review this form carefully. Be sure it contains all of your service.
3. Complete Section E, Employee's Certification, and return the form to your employing office.

Section A - Identification

| | | |
|---|-------------------------------|---------------------------|
| 1. Name of employee (last, first, middle) | 2. Date of birth (mm/dd/yyyy) | 3. Social Security Number |
| 4. List all other names used (include name, U.S. spelling variants) | 5. Other birth dates used | 6. Military serial number |
| 7. Service comparison date for statement purposes | | |

8a. Did this employee elect to transfer to FERS? No Yes, give effective date of election:

8b. If the employee elected to transfer to FERS, is the employee entitled according to their records to have part of the FERS amount computed under CSRS rules? Yes No

9a. Does the applicant receive military retired pay? Yes (Attach a copy of the applicant's military retired pay order, if available, and complete 9b.) No

9b. If yes, has the applicant waived military retired pay to make military service for FERS retirement? Yes (Attach a copy of the military finance center's letter to the employee accepting waiver, if available.) No (Include cases where a waiver is not necessary.)

Section B - Verified Service History Documented in Official Personnel Records

| Federal agency or military service branch | Apprenticeship, temporary, or contract work for civil and/or non-military activity | | State of retirement system | Remarks and noncreditable time** |
|---|--|-----------------|----------------------------|----------------------------------|
| | From (mm/dd/yyyy) | To (mm/dd/yyyy) | | |
| | | | | |

** One month of creditable civilian service is subject to retirement deductions in Section C.
**In Remarks, show of CSRS service on or after January 1, 1984, is "regular" CSRS or CSRS Office. Indicate if service is part-time. If service was performed on a "W-2" or intermittent basis, show the number of days worked in "Remarks." If the number of days worked is not available, then show the number of hours worked.

CSRS/FERS Handbook for Personnel and Payroll Offices SF 3107-108 Standard Form 3107-1 Revised 06/2014



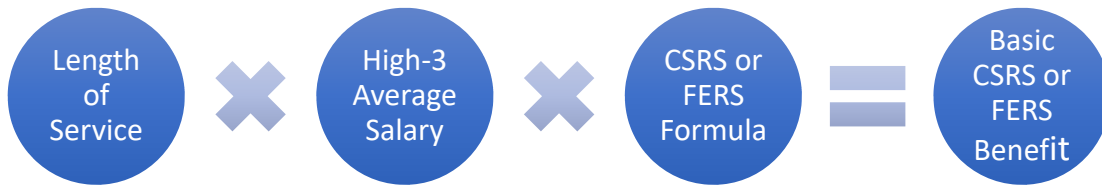
Module 1: Your Retirement Benefit

- Determine when you are eligible
- Determine your creditable service for retirement
- **Determine your basic retirement benefit**



Determine Your Basic Retirement Benefit

- Your total length of service
- Your high-3 average salary
- The CSRS formula or FERS Formula is used to calculate your unreduced basic retirement benefit.



Length of Service

- Retirement Date minus Retirement SCD = Length of Service

| Example: Subtracting Dates to Calculate Length of Service | | | |
|---|--------|-------|------|
| | Year | Month | Day |
| Retirement Date 12/31/2025 | 2025 | 12 | 31 |
| Retirement SCD 10/12/1993 | - 1993 | - 10 | - 12 |
| Length of Service 32 years 2 months 19 days | 32 | 2 | 19 |

CSRS Maximum Annuity

- 80% plus unused sick leave
- Excess contributions
 - Applied towards deposit
 - Optional towards redeposit
 - Refunded (Voluntary Contributions)



Credit Unused Sick Leave

- Add to length of service
- Use for benefit computation
- No limit on the amount



Convert Sick Leave Hours

| | |
|---------------|---------------------|
| 2350 | Hours of sick leave |
| <u>- 2087</u> | Hours in 1 year |
| = 263 | 1 month, 16 days |

Total creditable sick leave: 1 year, 1 month, 16 days

Use chart on page 1-26

Converting Unused Sick Leave (Bottom of Chart)

| Days | Months | | | | | | | | | | | |
|------|--------|-----|-----|-----|-----|------|------|------|------|------|------|------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 15 | 87 | 261 | 435 | 609 | 783 | 957 | 1131 | 1304 | 1478 | 1652 | 1826 | 2000 |
| 16 | 93 | 267 | 441 | 615 | 789 | 962 | 1136 | 1310 | 1484 | 1658 | 1832 | 2006 |
| 17 | 99 | 273 | 446 | 620 | 794 | 968 | 1142 | 1316 | 1490 | 1664 | 1838 | 2012 |
| 18 | 104 | 278 | 452 | 626 | 800 | 974 | 1148 | 1322 | 1496 | 1670 | 1844 | 2018 |
| 19 | 110 | 284 | 458 | 632 | 806 | 980 | 1154 | 1328 | 1502 | 1675 | 1849 | 2023 |
| 20 | 116 | 290 | 464 | 638 | 812 | 986 | 1160 | 1333 | 1507 | 1681 | 1855 | 2029 |
| 21 | 122 | 296 | 470 | 643 | 817 | 991 | 1165 | 1339 | 1513 | 1687 | 1861 | 2035 |
| 22 | 128 | 301 | 475 | 649 | 823 | 997 | 1171 | 1345 | 1519 | 1693 | 1867 | 2041 |
| 23 | 133 | 307 | 481 | 655 | 829 | 1003 | 1177 | 1351 | 1525 | 1699 | 1873 | 2046 |
| 24 | 139 | 313 | 487 | 661 | 835 | 1009 | 1183 | 1357 | 1530 | 1704 | 1878 | 2052 |
| 25 | 146 | 319 | 493 | 667 | 841 | 1015 | 1188 | 1362 | 1536 | 1710 | 1884 | 2058 |
| 26 | 151 | 325 | 499 | 673 | 846 | 1020 | 1194 | 1368 | 1542 | 1716 | 1890 | 2064 |
| 27 | 157 | 331 | 504 | 678 | 852 | 1026 | 1200 | 1374 | 1548 | 1722 | 1896 | 2070 |
| 28 | 162 | 336 | 510 | 684 | 858 | 1032 | 1206 | 1380 | 1554 | 1728 | 1902 | 2075 |
| 29 | 168 | 342 | 516 | 690 | 864 | 1038 | 1212 | 1386 | 1560 | 1733 | 1907 | 2081 |

Add Unused Sick Leave to Total Service

| | Years | Months | Days |
|---------------------------------|------------|------------|-------------|
| Creditable Service | 32 | 2(+1) | 19 |
| Unused Sick Leave | <u>+ 1</u> | <u>+ 1</u> | <u>+ 16</u> |
| Total Creditable Service | 33 | 4 | 5 |

Calculating Your High-3 Salary

- Your high-3 salary will be your highest average basic pay over any consecutive 3-year period in Federal service.

| YES | NO |
|--|--|
| Regular pay | Lump-sum payment for annual leave |
| Locality-based pay | Bonuses and overtime, holiday, Sunday premium and military pay |
| Environmental differential pay | General Schedule night differential pay |
| Premium pay for standby time | Travel allowances |
| Law enforcement availability pay | Recruiting or retention bonuses |
| Night differential pay (Wage System employees only) | |
| Special pay rate for recruiting and retention purposes | |

Determine the High-3 Period

| | Year | Month | Day |
|---------------------|-----------|-----------|-----------|
| Retirement Date | 2025 | 12 | 31 |
| Subtract 3 years | <u>-3</u> | <u>-0</u> | <u>-0</u> |
| Beginning of High-3 | 2022 | 12 | 31 |



Determine Your Average High-3 Salary

| Beginning Date | End Date | Total Time | Time Factor | Annual Rate | Total Basic Pay |
|-------------------------------|----------|------------|-------------|-------------|-----------------|
| 1/01/23 | 1/6/24 | 1-0-6 | 1.017 | \$80,430 | \$81,797 |
| 1/7/24 | 8/3/24 | 0-6-27 | .575 | \$82,038 | \$47,171 |
| 8/4/24 | 1/4/25 | 0-5-1 | .419 | \$84,499 | \$35,405 |
| 1/5/25 | 12/31/25 | 0-11-26 | .989 | \$86,189 | \$85,240 |
| Sum of Total Basic Pay | | | | | \$249,615 |
| High-3 Salary | | | | | \$83,205 |



Time Factors Used to Calculate High-3 Average Salary

| Days | Months | | | | | | | | | | | |
|------|--------|------|------|------|------|------|------|------|------|------|------|------|
| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 0 | ----- | .083 | .167 | .250 | .333 | .417 | .500 | .583 | .667 | .750 | .833 | .917 |
| 1 | .003 | .086 | .169 | .253 | .336 | .419 | .503 | .586 | .669 | .753 | .836 | .919 |
| 2 | .006 | .089 | .172 | .256 | .339 | .422 | .506 | .589 | .672 | .756 | .839 | .922 |
| 3 | .008 | .092 | .175 | .258 | .342 | .425 | .508 | .592 | .675 | .758 | .842 | .925 |
| 4 | .011 | .094 | .178 | .261 | .344 | .428 | .511 | .594 | .678 | .761 | .844 | .928 |
| 5 | .014 | .097 | .181 | .264 | .347 | .431 | .514 | .597 | .681 | .764 | .847 | .931 |
| 6 | .017 | .100 | .183 | .267 | .350 | .433 | .517 | .600 | .683 | .767 | .850 | .933 |
| 7 | .019 | .103 | .186 | .269 | .353 | .436 | .519 | .603 | .686 | .769 | .853 | .936 |
| 8 | .022 | .106 | .189 | .272 | .356 | .439 | .522 | .606 | .689 | .772 | .856 | .939 |
| 9 | .025 | .108 | .192 | .275 | .358 | .442 | .525 | .608 | .692 | .775 | .858 | .942 |
| 10 | .028 | .111 | .194 | .278 | .361 | .444 | .528 | .611 | .694 | .778 | .861 | .944 |



CSRS: Calculate Your Basic Benefit

| | | | | |
|-------|---|--------|---|---------------------------------------|
| 1.50% | x | High-3 | x | First 5 years of service |
| 1.75% | x | High-3 | x | Second 5 years of service |
| 2.00% | x | High-3 | x | Remaining years and months of service |



Calculate Basic Benefit Using the CSRS Formula

| Calculate Basic Benefit Using the CSRS Formula | | | | | | |
|--|---|----------|---|---------|---|-----------------|
| 1.50% | X | \$83,205 | X | 5 | = | \$ 6,240 |
| 1.75% | X | \$83,205 | X | 5 | = | 7,280 |
| 2.00% | X | \$83,205 | X | 23.3333 | = | 38,828 |
| Basic Benefit = | | | | | | \$52,348 |

$$.629167 \times \$83,205 = \$52,349$$

Sick Leave increased benefit computation by 1 year and 2 months and added **\$1,940 / year or \$161 / month** to benefit amount

CSRS: Part-Time Service

| For service performed: | Calculate the High-3 average using: | Credit the service as: | Prorate the service: |
|------------------------|-------------------------------------|------------------------|---|
| Before 4/7/86 | Full-time basic pay rates | Full time | Not applicable |
| After 4/6/86 | Full-time basic pay rates | Hours worked | Divide the total hours worked after 4/6/86 by the total hours in a full-time schedule |

CSRS Offset

- Receive full CSRS benefit until age 62
- CSRS benefit is offset by the lesser of:
 - ✓ Social Security benefit attributable to Offset Service, or
 - ✓ Based on a formula prescribed by law
- **Calculation 1**
 - OPM requests Social Security amount attributable CSRS Offset service from SSA
 - **Example:** Social Security attributable to CSRS Offset service: **\$8,000**



CSRS Offset

- **Calculation 2**
 - Formula: $(\text{Years of Offset service} \div 40) \times \text{Social Security benefit}$
- **Example:** 15 years of Offset service, Total SS benefit = \$14,400
 - Computation: $15/40 = .375 \times \$14,400 = \$5,400$
 - Compare the lesser of the two:

| | |
|---------------|---------|
| Calculation 1 | \$8,000 |
| Calculation 2 | \$5,400 |

- Apply the Offset: $\$52,348 - \$5,400 = \$46,948$



Disability Retirement (CSRS)

- Disabled for useful and efficient service in current position or vacant position at same pay/grade/agency for which qualified
- Employees with more than 21 years and 11 months of service receive their actual earned benefit
- Employees with less service receive a guaranteed minimum benefit, the lesser of:
 - 40% of High-3 average salary, or
 - Annuity based on service projected to age 60
- CSRS Offset: Disability annuity subject to Offset, must apply for SS disability benefits as well



Alternative Form of Annuity

- Non-disability retirement
- Retire with a life-threatening condition
- Receive a lump-sum credit of retirement contributions
- CSRS or FERS benefits are reduced actuarially
- Does not affect the survivor benefit



Cost-of-Living Adjustment (COLA)

- Based on the change in the CPI
- Provided for all CSRS retirees
- Generally provided for FERS retirees 62 and older

| YEAR | CSRS | FERS |
|------|------|------|
| 2018 | | 2.0% |
| 2019 | 2.8% | 2.0% |
| 2020 | | 1.6% |
| 2021 | | 1.3% |
| 2022 | 5.9% | 4.9% |
| 2023 | 8.7% | 7.7% |
| 2024 | 3.2% | 2.2% |

Reemployed Annuitants

Options:

- Salary offset by CSRS or FERS annuity
- Dual compensation waiver
- Work for a government contractor
- Personal services contract





Federal Retirement Benefits: CSRS, Part 2

Presented by:
Phil Gardner, Federal Benefits Specialist


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BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES

Module 1: Your Retirement Benefit

- Determine when you are eligible
- Determine your creditable service for retirement
- Determine your basic retirement benefit
- **Consider survivor benefits**
- Retirement processing



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Consider Survivor Benefits

Death of **EMPLOYEE**:

- Spousal monthly survivor benefit (spouse/former spouse)
- FERS Basic Employee Death Benefit (spouse/former spouse)
- Monthly survivor benefits for child(ren)
- Lump-sum payments



Consider Survivor Benefits

Death of **RETIREE**:

- Elected spousal (current and/or former) monthly survivor benefit
- Insurable interest survivor benefit
- Monthly survivor benefits for child(ren)
- Lump-sum payments
- FERS Spousal Supplement



Designation of Beneficiary

Designate beneficiaries or payments go to:

1. Your widow or widower
2. Your children or their descendants
3. Your parents
4. Executor/administrator of estate
5. Other next of kin



Update Your Beneficiary Designations

| Designation of Beneficiary Forms (www.opm.gov/forms) | Form / Website |
|--|---|
| CSRS or FERS retirement contributions and final retirement payment | SF 3102 |
| Unpaid Compensation of Deceased Civilian Employee (last paycheck and annual leave) | SF 1152 |
| FEGLI (Federal Employees' Group Life Insurance) | SF 2823 |
| TSP (Thrift Savings Plan) | <i>My Account</i> at tsp.gov |



TSP Beneficiary Participant Accounts (Spouse)

| Advantages | Disadvantages |
|--------------------------------------|---|
| All TSP investment options available | Not eligible for loans |
| Variety of withdrawal options | Cannot accept transfer or rollover |
| Tax benefits | Death benefits cannot be transferred to IRA (including inherited IRA) |
| Simplicity | Date for RMD based on age of deceased |



TSPBK33 available at www.tsp.gov; this slide is not in your book.

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CSRS Spousal Survivor Benefits: Death of Federal Employee

Spouse (5+ years of service):

- 22+ years of service, 55% of earned retirement benefit (regardless of age)
- Fewer than 22 years of service, 55% of earned disability retirement benefit (40% of your High-3 or your earned annuity projected to age 60, whichever is less)



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CSRS/FERS Qualifying Criteria for Former Spouse Survivor Benefit

A former spouse may receive a portion of annuity if:

- Awarded a portion of annuity by court order or decree in a divorce taking place after May 6, 1985.
- Court Order Acceptable for Processing (COAP).

A former spouse may receive a survivor benefit if:

- Marriage lasted at least 9 months; and
- Awarded a survivor benefit by court order or decree in a divorce taking place after May 6, 1985; and
- Did not remarry before age 55 (unless the marriage between the employee and the former spouse lasted at least 30 years).



Children's Survivor Benefit

- Payable to dependent children upon the death of an employee or retiree
- An automatic benefit; no election is required
- Under law, a child is defined as an unmarried dependent child, including:
 - a recognized natural child
 - an adopted child
 - a stepchild (stepchild living with the employee/annuitant in a regular parent-child relationship)
 - a child of same-sex marriage
- Eligible children are unmarried AND:
 - Under age 18, or
 - Between 18 – 22, if full time student, or
 - Disabled prior to age 18 and incapable of self-support



Children’s Survivor Benefit (CSRS)

Fixed rate per child; 12/1/23 – 11/30/24*:

- \$656 per month per child (1 living parent), \$1,968 maximum
- \$787 per month per child (no living parent), \$2,361 maximum



Spousal Survivor Benefit Elections at Retirement

| Requirements | Changes Post Retirement |
|---|--|
| No health requirements | Within 30 days of retirement |
| Married minimum 9 months, unless accidental death | Increase benefit within 18 months with substantial penalty |
| Payable immediately until death or remarriage before age 55 | Elect within 2 years of post-retirement marriage |
| | Reduction ends if marriage ends |



Spousal Survivor Benefit Elections at Retirement

Former Spouse

- Election available with consent of current spouse, if applicable
- Court orders take precedence
- Submit court orders to OPM
- Acceptable for processing requirements
- Include court order with retirement application
- Terminates on death of former spouse or remarriage before 55 (unless married 30+ years)



CSRS Spousal Survivor Benefit

| | Survivor Benefit | Reduction to Retiree Benefit |
|----------------|----------------------------------|--|
| Max | 55% of the retirement benefit | 2.5% of the first \$3,600 of CSRS retirement benefit; 10% of amount over \$3,600 |
| Partial | 55% of the elected dollar amount | 2.5% of the elected dollar amount up to \$3,600; 10% of amount over \$3,600 |



Example: CSRS Spousal Survivor Benefit

- Unreduced Retirement Benefit = \$60,000
- Partial Election: \$10,000 (elected amount)

| | Survivor Benefit | Retirement Benefit With Reduction |
|----------------|----------------------------|-----------------------------------|
| Max | 55% of \$60,000 = \$33,000 | \$54,270 |
| Partial | 55% of \$10,000 = \$5,500 | \$59,270 |



CSRS Offset

- Same as CSRS
- Reduced (offset) if eligible for Social Security survivor benefits
- Generally, offset at age 60 or upon death of annuitant, if later
- Terminates:
 - Earned Social Security benefit larger
 - Remarriage before age 60
 - Minor child reaches age 16 and parent is under age 60



Insurable Interest Survivor Benefit

Retiree must:

- Be in good health
- Not retire under disability
- Name one person at time of retirement:
 - A close relative, or
 - Someone who depends on retiree for support

Insurable Interest Survivor Benefit

| | Survivor Benefit | Reduction to Retirement benefit |
|-----------------------------|----------------------------|---|
| CSRS or FERS | 55% of the reduced benefit | 10% if less than 5 years younger 15% if between 5 and 9 years younger 20% if between 10 and 14 years younger 25% if between 15 and 19 years younger 30% if between 20 and 24 years younger 35% if between 25 and 29 years younger 40% if 30 or more years younger |

Module 1: Your Retirement Benefit

- Determine when you are eligible
- Determine your creditable service for retirement
- Determine your basic retirement benefit
- Consider survivor benefits
- **Retirement processing**

Choosing Your Retirement Date

Best Day for CSRS and FERS Employees

Best Day for CSRS Employees

Which day of the month?

- Last day of the month (FERS and CSRS)
- CSRS 1st, 2nd, or 3rd also
- End of leave period

The Best Day to Retire

| If you retire on: | Your benefit will begin: |
|--|---|
| June 15 | July 1 (payable August 1) |
| June 30 | July 1 (payable August 1) |
| July 1, 2, or 3 | The day after retirement (CSRS only) (payable August 1, prorated for fewer than 30 days) |
| December 31 or for CSRS only, January 1, 2, or 3 | January 1 or for CSRS employees who retire on January 1, 2, or 3, the day following retirement (payable February 1) |

Retirement Processing

- Apply for retirement
- Forms
 - CSRS: SF 2801
 - FERS: SF 3107
- Last paycheck and payment for unused Annual Leave
- When you will get your first CSRS or FERS payment
- Withholdings
- When your application is finalized

Retirement Processing, cont'd.

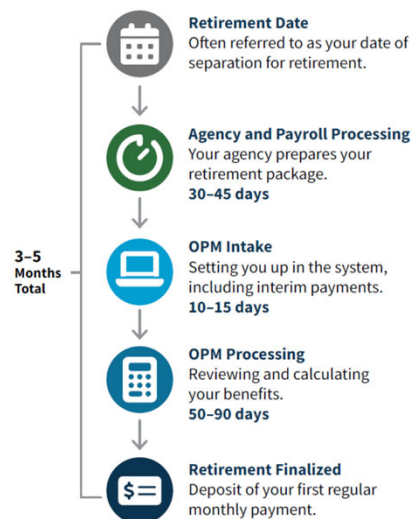
- Credit for Federal civilian service if you did not make retirement contributions
- Changing your FEHB health insurance coverage after retirement
- Changing your FEGLI life insurance coverage after retirement



OPM Process at a Glance

OPM Retirement Quick Guide:

- <https://www.opm.gov/retirement-center/retirement-quick-guide/opm-retirement-quick-guide.pdf>



Current estimates as of November 2023



SF 2801 – CSRS Application for Immediate Retirement

Everyone must answer #1 and #2:

- Are you married *now*?
- Do you have a living former spouse entitled to retirement or survivor benefits?

Section E - Marital Information (All applicants must complete questions 1 and 2 below.)

1. Are you married now? (A marriage exists until ended by death, divorce, or annulment. You must notify the Office of Personnel Management if this marriage ends.)

Yes (Complete items 1a - 1f and attach a copy of your marriage certificate) No (Go to item 2)

| | | |
|---|---|--|
| 1a. Spouse's name (last, first, middle) | 1b. Spouse's date of birth (mm/dd/yyyy) | 1c. Spouse's social security number(s) |
| 1d. Place of marriage (city, state) | 1e. Date of marriage (mm/dd/yyyy) | 1f. Marriage performed by: <input type="checkbox"/> Clergyman or Justice of Peace <input type="checkbox"/> Other (explain): |

2. Do you have a living former spouse(s) from whom you were divorced on or after May 7, 1985, and to whom a court order gives a survivor annuity or, awards a portion of your retirement benefit based on your Federal employment?

Yes (Attach a certified copy of the court order(s) and any amendments.) No

U.S. Office of Personnel Management
CSRS/FERS Handbook for Personnel and Payroll Offices
NSN 7540-00-634-4250

2801-111

Standard Form 2801
Revised June 2013
Previous editions are not usable.



SF 2801 CSRS Application for Immediate Retirement

Section F - Annuity Election

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the attached information on pages 2 through 5 and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained on pages 7 and 8 of the attached instructions. If you are married at retirement, the law provides an annuity with full survivor benefits for your spouse unless your spouse consents to your election not to provide maximum survivor benefits. If your marriage ends by death, divorce, or annulment, this election terminates and you must notify the Office of Personnel Management.

1. **Initials** I choose a reduced annuity with maximum survivor annuity (equal to 55% of my basic annuity) for my spouse named in Section E. 1a. If you are married at retirement, you will receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits. If your marriage ends by death, divorce, or annulment, this election terminates and you must notify the Office of Personnel Management.

2. **Initials** I choose a reduced annuity with a partial survivor annuity (equal to 55% of \$ _____ a year) for my spouse named in Section E. 1a. If you choose this option, the amount you enter must be less than your annual annuity. You must have your spouse's consent. Complete SF 2801-2, Spouse's Consent to Survivor Election, and attach it to your application. If your marriage ends by death, divorce, or annulment, this election terminates and you must notify the Office of Personnel Management.

3. **Initials** I choose an annuity payable only during my lifetime. If you are married at retirement, you cannot choose this type of annuity without your spouse's consent. No survivor annuity will be paid to your spouse after your death if he or she consents to this election and any health benefits will cease. In addition, your spouse will not be eligible to enroll in the Federal Long Term Care Insurance Program, if he/she is not enrolled at the time of your death. If you are married and elect this type of annuity, complete SF 2801-2, Spouse's Consent to Survivor Election, and attach it to your application.

4. **Initials** I choose a reduced annuity with survivor annuity for the person named below who has an insurable interest in me. You must be healthy and willing to provide medical evidence if you choose this type of annuity. (Disability annuitants are not eligible to choose this type of annuity.) If you are married and elect this type of annuity, complete SF 2801-2, Spouse's Consent to Survivor Election, and attach it to your application. **NOTE: This election is not included in determining the 55% maximum for the combined benefit elected for a spouse and former spouse in box 5.**

| | | | |
|--|---------------------|----------------------------|------------------------|
| Name of person with insurable interest | Relationship to you | Date of birth (mm/dd/yyyy) | Social security number |
|--|---------------------|----------------------------|------------------------|

5. **Initials** I choose a reduced annuity with survivor annuity for my former spouse(s) or for my spouse and former spouse(s) shown below. You must attach: (1) Copies of divorce decrees for all former spouses for whom you elect to provide a survivor annuity. (2) If you are married, attach a completed SF 2801-2, Spouse's Consent to Survivor Election. You cannot choose this option and provide a maximum survivor annuity for your spouse (Box 1). An election for a former spouse ends if your former spouse dies or remarries before age 55, unless you were married for 30 years or longer. If one of these events occurs, this election terminates and you must notify the Office of Personnel Management.

| | | | |
|------------------------------------|-------------------------------|------------------------------|--|
| Name and address of current spouse | | | Survivor annuity equal to _____% of my annuity |
| Name and address of former spouse | Date of marriage (mm/dd/yyyy) | Date of divorce (mm/dd/yyyy) | Survivor annuity equal to _____% of my annuity |
| | Date of birth (mm/dd/yyyy) | Social security number | |



NITP as a Resource

www.nitpinc.com

- **ForYourBenefit** eNews
- NITP webinars
- Checklists for each career stage



Summary

- Determine when you are eligible
- Determine your creditable service for retirement
- Determine your basic retirement benefit
- Consider survivor benefits
- Retirement processing



Q & A
QUESTIONS AND ANSWERS

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Federal Retirement Benefits: CSRS and FERS Deposits and Redeposits

Presented by:

Bob Braunstein, Federal Benefits Specialist

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BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES

What is the Difference Between a Deposit and a Redeposit

- Deposit – payment for a period of Federal civilian or military service for which contributions to CSRS or FERS were not withheld (often call FICA-only Federal service)
- Redeposit – payment for a period of Federal civilian service for which a refund of contributions to the Civil Service Retirement and Disability Fund (CSRDF) were received (upon resignation for a period of 31 or more days)
- Forms for making Deposits and Redeposits:
 - CSRS – SF 2803
 - FERS – SF 3108



Are Making Deposits and Redeposits Worth it?

- Deposits increase creditable service for retirement:
 - May make eligibility to retire earlier
 - Will increase annuity at retirement
 - Amounts paid are generally recovered within a year or two of retirement in the form of a higher annuity
- Redeposits will increase annuity
 - Without a required redeposit, service creditable for eligibility only for CSRS (not FERS)
 - With redeposit, service included in annuity calculation



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Deposits and Redeposits (CSRS)

- Civilian deposits (performed before or after 10/1/82 – retirement Code 2)
- Military deposit (hired on or after 10/1/82 or will be eligible for Social Security at 62 or retirement, if later)
- Redeposit (service period ending before or on or after 3/1/91)



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Example 1: CSRS Deposit for Code 2 Service that Occurred Prior to 10/1/82

- Amount owed is usually small
- Reduction is 10% of amount owed annually
- **e.g. if annuity is \$35,000 and amount owed for deposit is \$500, reduction to annuity is \$50 a year (or a little over \$4 a month before taxes)**



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Example 2: CSRS Deposit for Code 2 Service that Occurred On or After 10/1/82

- 1 year of Code 2 (FICA-only) service
- Total base pay = \$20,000
- Deposit = \$3,800
- Employee's high-3 salary = 140,000

| If deposit is paid: | Breakeven point if paid |
|---|---|
| The period will be considered in the CSRS retirement benefit calculation. $2\% \times \$140,000 = \$2,800$ per year reduction. | Less than 2 years <i>If not paid, the service will only count for retirement eligibility!</i> |



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Military Deposit Required in CSRS if...

- You will be eligible for Social Security at 62 or retirement if later
- You were hired in CSRS on or after 10/1/82
- Deposit will be 7% of military base pay plus interest



Example 1: CSRS Military Deposit Required

- Hired in first CSRS position in 1983
- 5 years of military service
- Total base pay = \$400,000
- Deposit due = \$6,500 (7% of base plus interest)
- Employee's high-3 salary = \$120,000

| If deposit is not paid: | If the deposit is paid: |
|--|---|
| The service will not be considered in the FERS retirement benefit calculation – will count for retirement eligibility only. 10% x \$120,000 = \$12,000 per year reduction | The service will be included with the CSRS civilian service in determining the annuity. The deposit amount will be recovered in less than 2 years (through the higher annuity) |

Example 2: CSRS Military Deposit Not Required

- Hired in CSRS in 1978
- 5 years of military service
- Total military base pay = \$400,000
- Will not be eligible for Social Security at age 62
- Annuity will include military time at age 62 (i.e., retiree not affected by “Catch 62”)



Example 1: CSRS Redeposit for Refunded Service that Ended Prior to 3/1/1991

- Refund for 5 years of CSRS service in 1987
- Service counts for eligibility and annuity even if not paid
- Non-payment results in a permanent monthly actuarial reduction
- Reduction is based on amount owed and age at retirement
- **e.g. if \$25,000 is owed and retirement is at age 60, reduction would be approximately \$109.89 per month or \$1,180.20 per year (present value factor for age 60 was 254.2 at time of retirement)**



Example 2: CSRS Redeposit for Refunded Service that Ended On or After 3/1/1991

- Refund for 5 years of service in 1995
- Total owed plus interest = \$25,000
- Employee's high-3 salary = \$120,000

| If deposit is not paid. . . | Breakeven point if paid |
|---|--|
| The 5 years will not count for annuity unless paid $5 \times 2\% \times \$120,000 = \$12,000$ per year reduction | Just over 2 years <i>If not paid – no annuity credit for these years! ...or loss of \$10,000 per year</i> |



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Deposits and Redeposits (FERS)

- Civilian deposits (performed before 1/1/89) – retirement code 2
- Civilian deposits for Peace Corps and VISTA service
- Military deposits
- Redeposits (for any refunded FERS service)



Page 1-14

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FERS Deposit for Pre-1/1/89 Code 2 Service and Peace Corps/Vista Service (at any time)

- 1 year of Code 2 Federal service
- Total base pay = \$20,000
- Deposit = \$800
- Employee's high-3 salary = \$100,000

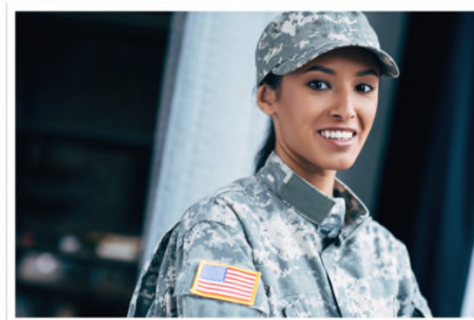
| If deposit is not paid. . . | Breakeven point if paid |
|--|--|
| The service will not be considered in the FERS retirement benefit calculation 1% x \$100,000 = \$1,000 per year reduction | Less than 1 year <i>If not paid – no credit for either retirement eligibility or annuity!</i> |



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FERS Military Service Deposit

- Military Service Deposit
- Determining Base Pay
- Military Retired?
 - Regular? or
 - Reserves?



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Example 1 : Military Deposit

- 5 years of military service
- Total base pay = \$85,000
- Deposit = \$5,200 (3% of base plus interest)
- Employee's high-3 salary = \$120,000

| If deposit is paid: | If not paid: |
|---|---|
| The service will be considered in the FERS retirement benefit calculation $5\% \times \$120,000 = \$6,000$ per year more in annuity Recovered in higher annuity in less than a year | <p><i>No credit for service for either eligibility to retire under FERS or for FERS annuity!</i></p> |



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Example 2: Military Deposit (Retired Military)

- 20 years of military service
- Retired E7 -- Military annuity = \$30,000 per year
- Deposit for FERS = \$21,000 (3% of military base plus interest)
- 22 years of FERS service
- FERS high-3 salary = \$185,000

| If military deposit paid: | If military deposit not paid: |
|--|---|
| Total of 42 years for FERS $42\% \times \$185,000 = \mathbf{\$77,700}$ per year (military annuity waived at retirement) Deposit amount paid recovered in less than 3 years thru higher annuity | Total of 22 years for FERS $22\% \times 185,000 = \$40,700$ Military annuity = \$30,000 Total of annuities = \$70,700 |



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Example 3: Military Deposit (Retired Military)

- 20 years of military service
- Retired O5 -- Military annuity = \$65,000 per year
- Deposit for FERS = \$21,000 (3% of military base plus interest)
- 22 years of FERS service
- FERS high-3 salary = \$185,000

| If military deposit paid: | If military deposit not paid: |
|--|--|
| Total of 42 years for FERS $42\% \times \$185,000 = \mathbf{\$77,700}$ per year (military annuity waived at retirement) | Total of 22 years for FERS $22\% \times 185,000 = \$40,700$ Military annuity = \$65,000 Total of annuities = \$105,700 <i>-- Obviously the better option!</i> |



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When Military Annuity is Waived at Civilian Retirement

- Military rank RET is unaffected
- Retiree retains:
 - Military ID card
 - Commissary
 - PX
 - TRICARE
- Can purchase FERS survivor benefit through DFAS instead of FERS annuity reduction

<https://militarypay.defense.gov/Benefits/Survivor-benefit-program/stopping-SBP/>

Note: Members who retire in reserves do not have to waive their military pensions. Service bought back for FERS will also count in military annuity.



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Acceptable Proof of Military Service For FERS Buyback (CSRS and FERS)

- DD-214 for periods of Active Duty (for more than 90 days)
- NGB Form 22 and 23
- Reserve separation orders
- Enlistment orders, contracts and pay stubs
- Certificates of release or discharge from Active Duty



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Example: FERS Redeposit

- 4 years of service (contributions refunded)
- Refunded amount: \$4,000
- Redeposit = \$10,000
- Employee's high-3 salary = \$120,000

| If deposit is not paid. . . | Breakeven point if paid |
|--|---|
| The service will not be considered in the FERS retirement benefit calculation $4\% \times \$120,000 = \$4,800$ per year reduction | Just over 2 years <i>If not paid – no eligibility or annuity credit for these years!</i> |



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Q & A
QUESTIONS AND ANSWERS

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Federal Retirement Benefits: Social Security and Medicare

Presented by:
Bob Braunstein, Federal Benefits Specialist

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BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES

Module 2: Social Security



2

Module 2: Social Security

- **Qualifying for a benefit**
 - Who
 - How
 - When
- Calculating your retirement benefit
- Claiming strategies



Qualifying for a Benefit: Who

| CSRS | FERS |
|---------------------------|------------------------------|
| CSRS Exempt from FICA tax | Social Security part of FERS |
| CSRS-Offset pay FICA tax | |
| WEP and GPO may apply | |

- Create or sign-in to your account at www.ssa.gov
- Free and secure
- Provides personalized tools for everyone whether you receive benefits or not



Qualifying for a Benefit: How

- Pay FICA taxes 6.2% of wages up to:
 - 2023: \$160,200
 - 2024: \$168,600
 - Earn 40 credits
- Social Security online calculators
- Maximum benefit amounts for high wage earners

\$1,730 = 1 credit 2024
4 credits per year (\$6,920+)
Fully Insured = 40 credits



Qualifying for a Benefit: How

- You may be able to estimate your retirement benefit
- www.ssa.gov/estimator
- Table: Benefit for workers with maximum-taxable earnings

| Age in 2024 | Maximum Monthly Benefit in 2024 |
|-------------|---------------------------------|
| 62 | \$2,710 |
| 65 | \$3,426 |
| 66 | \$3,652 |
| 67 | \$3,911 |
| 70 | \$4,873 |

NOTE: These illustrations assume steady earnings at the maximum level since age 22



Qualifying for a Benefit: When

- Full benefit at your Full Retirement Age (65 – 67)
- Reduced benefit at age 62
- Delayed retirement credits to age 70

If you were born in 1960 or later:

- Your Full Retirement Age is 67
- 70% of your full benefit payable at age 62
- 124% of your full benefit payable at age 70



Full Retirement Age (FRA)

| Year of Birth | Full Retirement Age (FRA) | Benefits, as a percentage of Primary Insurance Amount (PIA), beginning at age: | | | | | | |
|---------------|---------------------------|--|------|------|-------|-------|-------|-------|
| | | 62 | 63 | 64 | 65 | 66 | 67 | 70 |
| 1937 | 65 years | 80.0 | 86.7 | 93.3 | 100.0 | 106.5 | 113.0 | 132.5 |
| 1938 | 65 years, 2 months | 79.2 | 85.5 | 92.2 | 98.9 | 105.4 | 111.9 | 131.4 |
| 1939 | 65 years, 4 months | 78.3 | 84.4 | 91.1 | 97.8 | 104.7 | 111.7 | 132.7 |
| 1940 | 65 years, 6 months | 77.5 | 83.3 | 90.0 | 96.7 | 103.5 | 110.5 | 131.5 |
| 1941 | 65 years, 8 months | 76.7 | 82.2 | 88.9 | 95.6 | 102.5 | 110.0 | 132.5 |
| 1942 | 65 years, 10 months | 75.8 | 81.1 | 87.8 | 94.4 | 101.2 | 108.7 | 131.2 |
| 1943-1954 | 66 years | 75.0 | 80.0 | 86.7 | 93.3 | 100.0 | 108.0 | 132.0 |
| 1955 | 66 years, 2 months | 74.2 | 79.1 | 85.5 | 92.2 | 98.9 | 106.7 | 130.7 |
| 1956 | 66 years, 4 months | 73.3 | 78.3 | 84.4 | 91.1 | 97.8 | 105.3 | 129.3 |
| 1957 | 66 years, 6 months | 72.5 | 77.5 | 83.3 | 90.0 | 96.7 | 104.0 | 128.0 |
| 1958 | 66 years, 8 months | 71.7 | 76.7 | 82.2 | 88.9 | 95.6 | 102.7 | 126.7 |
| 1959 | 66 years, 10 months | 70.8 | 75.8 | 81.1 | 87.8 | 94.4 | 101.3 | 125.3 |
| 1960 or later | 67 years | 70.0 | 75.0 | 80.0 | 86.7 | 93.3 | 100.0 | 124.0 |



Social Security Topics

- Qualifying for a benefit
 - Who
 - How
 - When
- **Calculating your retirement benefit**
- Claiming strategies



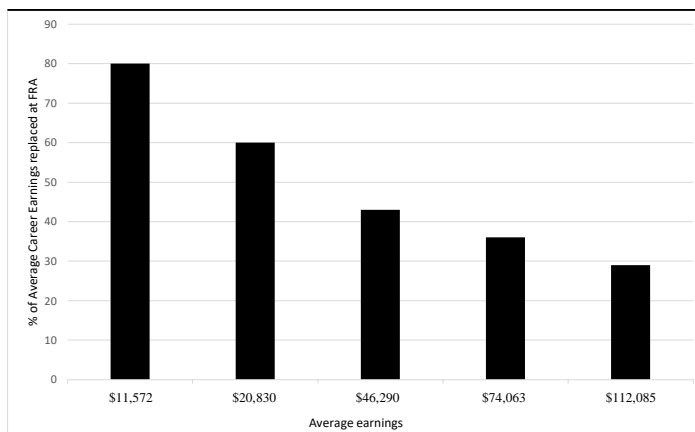
To Average Earning, Indexing is Applied

- Indexing equalizes career earnings
- Purchasing power set to \$ value at age 60
- No indexing for income beyond age 60
- Average determined dividing indexed earnings by 420 months (# months in 35 years)



Calculating the Retirement Benefit

- Social Security provides higher replacement rates to low wage earners
- Due to Social Security formula “bend points”
- The \$ benefit for higher earners is larger, but a lower percentage of career earnings



Source: Social Security Administration



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Calculate Your Estimated Monthly Benefit

- Index Earnings
- High-35 Years
- Divide by 420 Months
- Apply the formula (2024):
 - 90% of \$1,174 of AIME, plus
 - 32% of \$1,174 through \$7,078, plus
 - 15% of AIME over \$7,078
- Add a, b, and c (next slide)



Page 2-7

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Calculate Your Estimated Monthly Retirement

Case A Calculation (AIME = \$5,321)

| | | | | | |
|---|-----|---|--------------------------------|---|--------------|
| a. | 90% | x | \$1,174 | = | \$ 1,056.60 |
| b. | 32% | x | \$4,147 (\$5,321 - \$1,174) | = | 1,327.04 |
| c. | 15% | x | \$0 | = | \$0 |
| Monthly Benefit at Age 67 (Full Retirement Age) | | | | | = \$2,383.60 |
| Monthly Benefit at Age 62 (30% reduction) | | | | | \$1,668.00 |

$\$2,383.60 \times 12 = \$28,603.20 / \$69,455 = 41.1\%$ of pre-retirement wages at FRA
 $\$1,668.00 \times 12 = \$20,016.00 / \$69,455 = 28.8\%$ of pre-retirement wages at age 62



Calculate Your Estimated Monthly Retirement

Case B Calculation (AIME = \$10,911)

| | | | | | |
|--|-----|---|------------------------------|---|--------------|
| a. | 90% | x | \$960 | = | \$ 864 |
| b. | 32% | x | 4,825 (\$5,785 - \$960) | = | 1,544 |
| c. | 15% | x | \$5,126 (\$10,911 - \$5,785) | = | \$768.90 |
| Monthly Benefit at Age 66 & 8 months (FRA) | | | | | = \$3,176.90 |
| Monthly Benefit with COLAs from age 62 | | | | | = \$3,822 |

$\$3,822 \times 12 = \$45,864 / \$160,200 = 28.6\%$ of pre-retirement wages at FRA



Windfall Elimination Provision (WEP)

Reduces the Social Security benefit for Federal retirees who have earned a:

- Government pension through Federal work that was not covered by Social Security, and
- Social Security benefit through non-Federal work.
- Reduces 90% bend point to 40% with 20 or less years of substantial Social Security taxed earnings.



Windfall Elimination Provision (WEP)

| Maximum Monthly Amount Your Benefit May Be Reduced Because Of The Windfall Elimination Provision (WEP)* | | | | | | | | | | |
|---|------|---|-------|-------|-------|-------|-------|-------|-------|-------|
| | | First Eligibility Year (generally age 62) | | | | | | | | |
| Years of Substantial Earnings | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| | <=20 | | 428.0 | 442.5 | 447.5 | 463.0 | 480.0 | 498.0 | 512.0 | 557.5 |
| 21 | | 385.2 | 398.3 | 402.8 | 416.7 | 432.0 | 448.2 | 460.8 | 501.8 | 528.3 |
| 22 | | 342.4 | 354.0 | 358.0 | 370.4 | 384.0 | 398.4 | 409.6 | 446 | 469.6 |
| 23 | | 299.6 | 309.8 | 313.3 | 324.1 | 336.0 | 348.6 | 358.4 | 390.3 | 410.9 |
| 24 | | 256.8 | 265.5 | 268.5 | 277.8 | 288.0 | 298.8 | 307.2 | 334.5 | 352.2 |
| 25 | | 214.0 | 221.3 | 223.8 | 231.5 | 240.0 | 249.0 | 256.0 | 278.8 | 293.5 |
| 26 | | 171.2 | 177.0 | 179.0 | 185.2 | 192.0 | 199.2 | 204.8 | 223 | 234.8 |
| 27 | | 128.4 | 132.8 | 134.3 | 138.9 | 144.0 | 149.4 | 153.6 | 167.3 | 176.1 |
| 28 | | 85.6 | 88.5 | 89.5 | 92.6 | 96.0 | 99.6 | 102.4 | 111.5 | 117.4 |
| 29 | | 42.8 | 44.3 | 44.8 | 46.3 | 48.0 | 48.8 | 51.2 | 55.8 | 58.7 |
| 30 | | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

* Important: The maximum amount may be overstated. The WEP reduction is limited to one-half of your pension from non-covered employment.

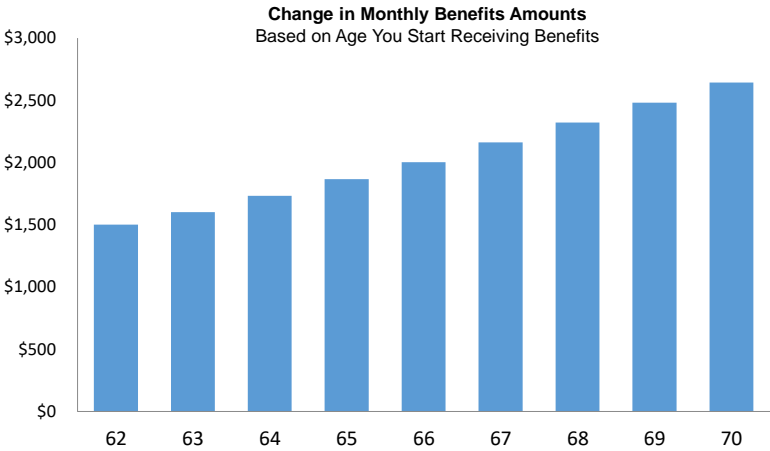


Delayed Retirement Credits

- For every month, increase your full benefit
- Earn delayed retirement credits up to age 70
- Percentage based on your year of birth
- Delayed retirement credits will also increase surviving spouse's or surviving divorced spouse's benefit



Delayed Retirement Credits



This chart assumes a \$2000 monthly benefit at your Full Retirement Age (66).



Reduction in Benefit Due to Earnings (2024)

| If You Are | And Earn More Than | Your Benefit Will Be Reduced By |
|---|--------------------------------------|--|
| Under your Full Retirement Age (FRA) | \$22,320 per year (\$1,860 monthly) | \$1 for every \$2 over the limit |
| In the year you will reach your Full Retirement Age | \$59,520 that year (\$4,960 monthly) | \$1 for every \$3 over the limit until the month you reach Full Retirement Age |
| In the year(s) past reaching your Full Retirement Age | No limit | Zero |



Social Security Topics

- Qualifying for a benefit
 - Who
 - How
 - When
- Calculating your retirement benefit
- **Claiming strategies**



Claiming Strategies

Strategy #1: Claiming at age 62 or at retirement, if later

- Do you need the money?
- Are you in poor health?
- Do you have dependent children?



Claiming Strategies:

Strategy #2: Delay claiming to your Full Retirement Age (FRA) or as late as age 70

- Want a higher monthly benefit
- Anticipate high longevity
- Married couples – higher earner sets up higher survivor benefit
- Use TSP or other investment income first – reduce future required distributions from the TSP



Changing a Strategy: Stopping or Suspending

Stop benefits

- Within 12 months of starting
- Repay & re-apply (do over)

Suspend benefits

- Started drawing before FRA
- Received more than 12 months
- May suspend anytime between FRA and 70



Dual Entitlement Example: Stacy and Sam

Example: Stacy and Sam

| | Benefit | Amount |
|--|---|----------------|
| Stacy (66 years) | Stacy Full Benefit | \$2,045 |
| Sam (70 years) | Sam Delayed Retirement Credits (PIA at 67 was \$2,462) | \$3,240 |
| Couple's Combined Amount (after 2026) | | \$5,285 |
| Surviving Spouse will receive the higher benefits | | \$3,240 |



Spousal Benefits:



Example: Bill and Cathy

| | Benefit | Amount |
|------------------------|--------------------|-------------------|
| Bill (age 66) | Retirement Benefit | \$2,680.00 |
| Cathy (age 62) | Spousal Benefit | \$938 |
| Combined Amount | | \$3,484.00 |
| Cathy (FRA) | | \$1,340.00 |
| Cathy | Survivor Benefit | \$2,680.00 |
| Debra (age 66) | Former Spouse | \$938 |
| | | \$1,340.00 |
| | | \$2,680.00 |

Government Pension Offset (GPO)

- Reduces the spousal SS benefit by \$2 for every \$3 in CSRS benefit
- Intended to ensure spousal benefits are paid to those in financial need
- Does not apply to FERS employees

Government Pension Offset (GPO)

Example: Barbara and Ben

| | Benefit | Amount |
|------------------------|----------------------------|----------------|
| Ben (age 66) | Social Security Retirement | \$3,000 |
| Barbara | CSRS | \$6,000 |
| Combined Amount | | \$9,000 |



Government Pension Offset (GPO), cont'd.

Example: Barbara and Ben

| | Benefit | Amount |
|----------------|-------------|-----------------|
| Ben (age 66) | Deceased | \$0 |
| Barbara | CSRS | \$6,641* |

| | Benefit | Amount |
|--------------|-----------------------|---------|
| Ben (age 66) | Social Security | \$3,000 |
| | CSRS Survivor Benefit | \$3,652 |
| Barbara | Deceased | \$0 |



* 2/3 of \$6,641 = \$4,423 which is higher than \$3,000

Taxes on Social Security

| Individual Return | Joint Return | Pay tax on: |
|---------------------|---------------------|----------------|
| \$25,000 - \$34,000 | \$32,000 - \$44,000 | 50% of benefit |
| More than \$34,000 | More than \$44,000 | 85% of benefit |

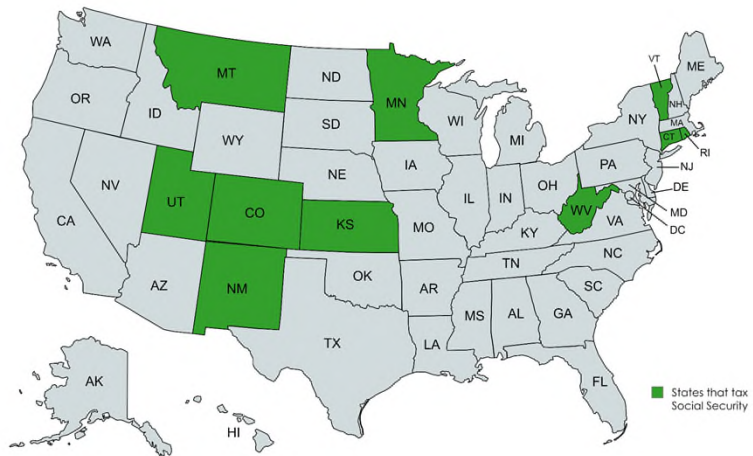
- Social Security Benefits Statement (Form SSA-1099)
- Estimated tax payments to the IRS or tax withholding from Social Security benefit
- See IRS Publication 915: Social Security and Equivalent Railroad Retirement Benefits



Does Your State Tax Social Security Benefits?

The only states that tax Social Security are:

- Colorado
- Connecticut
- Kansas
- Minnesota
- Montana
- New Mexico
- Rhode Island
- Utah
- Vermont
- West Virginia



Interesting Facts

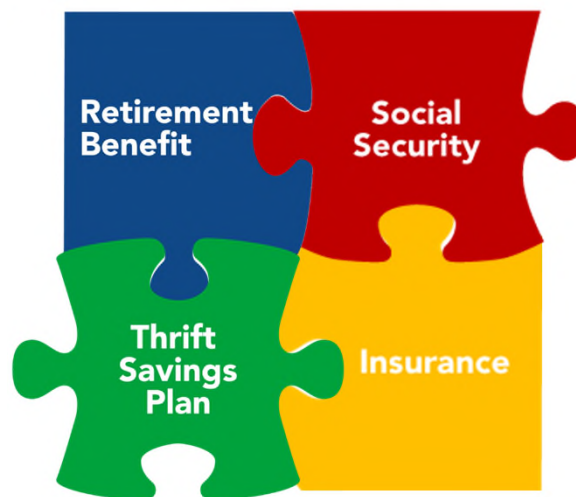
- 1940: 42 workers per retiree/2023: less than 3 workers per retiree
- Baby Boomers claiming Social Security @ 10K per day
- Additional \$ from Trust fund to fund current benefit levels will exhaust in 2034
- Benefits will have to be reduced by 20 to 25%... Unless we
 - **Raise OASDI cap – to delay reduction for 10 years**
 - **Increase OASDI tax to 7.4% – to delay reduction for 8 more years**
 - **Raise FRA to 70 and continue work income reduction to that age**
- Demographics could again support benefit on OASDI tax alone if worker-to-retiree ratio is more than 3 workers per retiree



Slide Not in Book

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Module 3: Federal Insurances



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Module 3: Federal Insurances

- Federal Employee Health Benefits (FEHB)
- High Deductible Health Plans (HDHP)
- **Medicare**
- Federal Employees Dental and Vision Insurance Program (FEDVIP)
- Flexible Spending Accounts (FSAs)
- Federal Employees' Group Life Insurance (FGLI)
- Federal Long Term Care Insurance Program (FLTCIP)



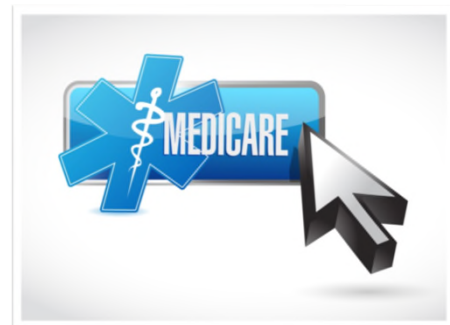
Medicare

Part A—Hospitalization

Part B—Doctors services, outpatient care

Part C—Medicare Advantage Plans

Part D—Prescription drug coverage



Enrollment in Medicare

- Initial Enrollment
 - 3 months either side of age 65
- Special Enrollment
 - Within 8 months of retirement
- General Enrollment
 - January – March
 - Coverage begins month after enrollment
 - Penalty for late enrollment



Medicare Premiums

Part A

- Most people receive Part A premium **FREE**

Part B

- Starts at \$174.70 (2024) per month per person
(chart on next slide)



Medicare Part B Premiums: IRMAA (Income-Related Monthly Adjusted Amount)

| 2024 Medicare Part B Premiums | | |
|--|-----------------------|----------------------------|
| If 2022 Modified Adjusted Gross Income is: | | Then Your 2024 Premium is: |
| Single | Married Couple | You Each Pay per month |
| \$103,000 or less | \$206,000 or less | \$174.70 |
| \$103,001–\$129,000 | \$206,001–\$258,000 | \$244.60 |
| \$129,001–\$161,000 | \$258,001–\$322,000 | \$349.40 |
| \$161,001–\$193,000 | \$322,001–\$386,000 | \$454.20 |
| \$193,001 - \$500,000 | \$386,001 - \$750,000 | \$559.00 |
| \$500,001 and above | \$750,001 and above | \$594.00 |



Medicare Part A and FEHB (2024)

- Primary payer: Medicare
- Secondary payer: FEHB

| Hospital Charge | Medicare Pays | FEHB Pays |
|--|-------------------|---|
| Up to 60 days | All but \$1,632 | \$1,632 |
| 61 st through 90 th day | All but \$408/day | \$408/day (30 days x \$408 = \$12,240) |
| Days 91 and beyond (up to 60 lifetime reserve days) | All but \$816/day | \$816/day (60 days x \$816 = \$48,960) |
| After 60 lifetime reserved days are used, additional days | \$0 | All charges (there may be some out-of-pocket charges in a nonmember hospital) |



Medicare Part B and FEHB

| ADVANTAGES | DISADVANTAGES |
|---|---|
| <ul style="list-style-type: none">Medicare caters to over 65 population | <ul style="list-style-type: none">Medicare Part B is not required under FEHB |
| <ul style="list-style-type: none">FEHB plans offer incentives to enroll in Medicare | <ul style="list-style-type: none">FEHB limits payments to Medicare approved amounts |
| <ul style="list-style-type: none">FEHB plans may have enhanced Medicare Advantage options | <ul style="list-style-type: none">Consider needs of all family members |
| <ul style="list-style-type: none">TRICARE for Life requires A & B | <ul style="list-style-type: none">IRMAA makes Part B a less obvious choice |



Medicare Part A & B and FEHB

- It is **Your** decision
- Part A – free
- What’s in it for you? Check Section 9 of FEHBP brochure
- Switch FEHBP plan
- Wraparound coverage with extra \$ to pay for Part B premium
- FEHB alone with cost-sharing (if less expensive)



Coordination of Benefits

- Primary payer – Medicare
- Secondary payer – FEHB
- TRICARE (military) – secondary to Medicare; tertiary if also enrolled in FEHB



Q & A
QUESTIONS AND ANSWERS




Thank You For Attending

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Federal Retirement Benefits: Federal Insurances


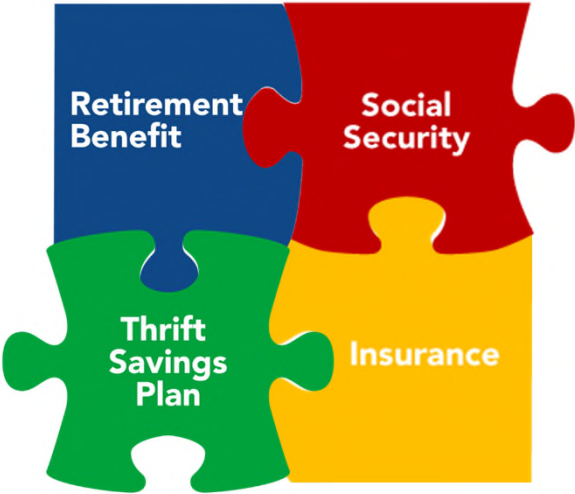
Presented by:
Bob Braunstein, Federal Benefits Specialist

nitpinc.com

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BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES

Module 3: Federal Insurances



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Module 3: Federal Insurances

- Federal Employee Health Benefits (FEHB)
- High Deductible Health Plans (HDHP)
- Medicare (discussed during previous session)
- Federal Employees Dental and Vision Insurance Program (FEDVIP)
- Flexible Spending Accounts (FSAs)
- Federal Employees' Group Life Insurance (FGLI)
- Federal Long Term Care Insurance Program (FLTCIP)



Health Insurance (FEHB)

Requirements to continue coverage:

- Retire on an immediate annuity
 - Includes postponed MRA + 10, if eligible to apply at separation
 - Deferred annuitants not eligible
- Continuously covered for the 5 years immediately preceding retirement

If not eligible to continue coverage, may elect
Temporary Continuation of Coverage (TCC)



Health Insurance (FEHB), cont'd.

Open Season

- Open Season for retirees and for active employees
- OPM mails information to retirees for Open Season
- Employees and retirees cannot be denied coverage because of age, health, or preexisting conditions
- Information on the plans serving your area:
 - Compare Health Plans: <http://www.opm.gov/healthcare-insurance/healthcare/plan-information/compare-plans/>
 - Consumers' Checkbook Guide to Health Plans For Federal Employees: <http://www.checkbook.org/newhig2/hig.cfm>



FEHB Coverage in Retirement

- Cancellation
 - *Caution – This decision is irreversible*
 - *But can do this to change subscribership to Federal spouse who will work longer*
- Suspension if you have
 - TRICARE
 - Peace Corps
 - Medicare Advantage
- Premiums
 - Government continues to pay its share
 - Note for retired Public Safety Officers: \$3,000 deduction
 - Premiums deducted from CSRS or FERS



Family Coverage

- During Retirement
 - Family coverage continues
 - Children to age 26 / incapable of self support
- Survivors
 - Must receive survivor annuity
 - Basic employee death benefit qualifies
- Divorce
 - Change to Self-Only unless covering dependent children
 - Contact FEHB
 - TCC or spouse equity coverage for former spouse



High Deductible Health Plans (HDHP)

- Medical insurance with low premiums
- HSA helps pay for medical expenses
 - 2024 contribution limits
 - \$4,150 Self-Only
 - \$8,300 Self Plus One or Family
 - \$1,000 catch-up 55 and over
 - You do not have to use the funds in the plan year
 - The funds will earn interest
 - You will not lose the funds you contribute



Characteristics of a Health Savings Account (HSA)

- You do not have to use the funds in the plan year, balance remains in account
- Funds will earn tax-free interest
- Withdrawals for qualified expenses are tax-free
- Withdrawals for non-qualified expenses are taxed (and penalized of 10%, if under age 65)
- You will not lose funds if you change plans, leave Federal service, or retire



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Federal Employees Dental and Vision Insurance Program (FEDVIP)

- 12 dental / 5 vision plans
- Enrollment periods
- Retirees may be eligible
- Continuation of FEDVIP coverage into retirement
 - No 5-year requirement
 - Coverage ends under MRA + 10 retirement if annuity is postponed
 - May reenroll when you begin receiving annuity
- Eligible family members

www.benefeds.com



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10

Federal Flexible Spending Accounts (FSAs)

- Allow employees to use pre-tax dollars to pay for medical and/or dependent care expenses
- Draw upon your FSA accounts for reimbursement as you incur eligible expenses
- Use for eligible expenses for you, your spouse, and your dependents
- Eligible expenses at www.fsafeds.com



Health Care Federal Flexible Spending Account (HCFSAs)

- Pre-tax dollars to help pay for medical expenses
- Deducted as a paycheck allotment
- Contribution Limits:
 - Minimum \$100
 - Maximum \$3,200
- Use it or lose it
- Carry over up to \$640 for HCFSAs and LEX HCFSAs



Dependent Care Flexible Spending Account (DCFSA)

- Pre-tax dollars to help pay for dependent care expenses
- \$5,000 household maximum
- Use it or lose it
- Grace period for DCFSA until March 15th to use prior year funds



Federal FSAs and Retirement

- Retirees are not eligible to participate
- You must use HCFSA funds before retirement
- You are not responsible for continuing payments after retirement
- You may use DCFSA funds after retirement for expenses incurred while working



Life Insurance (FEGLI)

- Basic and 3 optional types of coverage
- The Government pays 1/3 of the premium for Basic life
- Employees pay 2/3 of the premium for Basic life and the total cost of optional coverage
- Use OPM's FEGLI calculator



Basic Life Insurance in Retirement

- Cost of Basic coverage before retirement
- Coverage = Salary, rounded up, + \$2,000
- Cost is \$0.16 per \$1,000 bi-weekly

EXAMPLE

Salary = \$47,300

Coverage = \$50,000 (Basic Insurance Amount)

Cost is $50 \times .16 = \$8.00$ bi-weekly



Option A: Standard

- Basic coverage plus \$10,000



| Age Group | Biweekly |
|-----------|----------|
| Under 35 | \$0.20 |
| 35-39 | \$0.20 |
| 40-44 | \$0.30 |
| 45-49 | \$0.60 |
| 50-54 | \$1.00 |
| 55-59 | \$1.80 |
| 60+ | \$6.00 |

Option B: Additional

- Basic coverage plus 1 to 5 times your annual base pay



| Age Group | Biweekly Withholding (\$) per \$1,000 of Insurance |
|-------------------|--|
| Under age 35 | 0.02 |
| Age 35 through 39 | 0.03 |
| Age 40 through 44 | 0.04 |
| Age 45 through 49 | 0.07 |
| Age 50 through 54 | 0.11 |
| Age 55 through 59 | 0.20 |
| Age 60 through 64 | 0.44 |
| Age 65 through 69 | 0.54 |
| Age 70 through 74 | 0.96 |
| Age 75 through 79 | 1.80 |
| Age 80 and Over | 2.64 |

Option C: Family

- Basic coverage plus:
 - \$5,000 for spouse
 - \$2,500 per dependent child
- Additional coverage in multiples of up to 5 times the base amount



| Employee's Age Group | Biweekly, per multiple |
|----------------------|------------------------|
| Under 35 | \$0.20 |
| 35-39 | \$0.24 |
| 40-44 | \$0.37 |
| 45-49 | \$0.53 |
| 50-54 | \$0.83 |
| 55-59 | \$1.33 |
| 60-64 | \$2.43 |
| 65-69 | \$2.83 |
| 70-74 | \$3.83 |
| 75-79 | \$5.76 |
| 80 and over | \$7.80 |

FEGLI Pre-Retirement

Changes to FEGLI while employed:

- Qualifying Life Event (QLE)
- Called to serve on Active Duty
- Outside of open enrollment
 - SF 2822
 - Basic + A and/or B



Last Open Enrollment was September 2016 (effective October 1, 2017)

FEGLI and Retirement

You may continue your coverage if you:

- Retire on an immediate annuity or MRA + 10
- Have been covered for the 5 years of service immediately preceding retirement
- Have not converted to an individual policy
- Have not waived Basic life insurance



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Basic FEGLI and Retirement

- Regular coverage until age 65
- After age 65:
 - 75% reduction
 - 50% reduction
 - No reduction



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Optional Coverage and Retirement

- Living Benefit
- Assignment
- Optional Coverage
 - Option A coverage reduces to \$2,500
 - Options B and/or C coverage
 - Full reduction
 - No reduction



Optional Coverage and Retirement

- Example: Options A, B, and C Monthly Premiums

| \$10,000 (Retiree) Option A | | \$240,000 (Retiree) Option B | | \$25,000 (Spouse) Option C, 5 Multiples | |
|--|---------|---|--------------------|--|----------------------|
| Age | Cost | Cost per \$1,000 | Cost for \$240,000 | Cost per Multiple | Cost for 5 Multiples |
| 50-54 | \$2.17 | \$0.217 | \$52.08 | \$1.80 | \$9.00 |
| 55-59 | \$3.90 | \$0.390 | \$93.60 | \$2.88 | \$14.40 |
| 60-64 | \$13.00 | \$0.867 | \$208.08 | \$5.27 | \$26.35 |
| 65-69 | \$0 | \$1.040 | \$249.60 | \$6.13 | \$30.65 |
| 70-74 | \$0 | \$1.863 | \$447.12 | \$8.30 | \$41.50 |
| 75-79 | \$0 | \$3.900 | \$936.00 | \$12.48 | \$62.40 |
| 80+ | \$0 | \$6.240 | \$1,497.60 | \$16.90 | \$84.50 |



Discuss with Financial Planner

- How much do you still need?
- Have you paid off your mortgage?
- Have you eliminated credit card debt?
- Have your children successfully launched?
- Consider reducing your coverage for more income?
- Or reprogram the premium outlay for a different benefit – i.e., long term care insurance?



Continuation of Life Insurance

- Choose the amount of FEGLI to take with you on FEGLI Form SF 2818

FEGLI
Continuation of Life Insurance Coverage
As an Annuitant or Compensation
Federal Employees Group Life Insurance (FEGLI) Program

Important: Read instructions on pages 1-3 before completing this form.

Identifying Information

| | | |
|--|--|--|
| 1. Employee's name (last, first, middle) | 2. Date of birth (mm/dd/yyyy) | 3. Social Security number |
| 4. Employing department/agency | 5. Work location (city, state, ZIP code) | 6. Compensation claim number (if applicable) |

Basic Life Insurance

7. Do you want to have Basic Life Insurance in retirement/compensation if you are eligible?

Yes (If yes, complete item 8.) No I received a full Living Benefit. (skip to item 9)

8. What level of Basic do you want in retirement/compensation? Check only one box. If you received a partial Living Benefit, you must check No Reduction.

75% Reduction 50% Reduction No Reduction

Option A — Standard Optional Insurance

9. Do you want to have Option A in retirement/compensation if you are eligible? To continue Option A, you must also continue Basic. (Check "yes" only if you currently have as an employee)

Yes No I don't have Option A.

Option B — Additional Optional Insurance

10. Do you want to have Option B in retirement/compensation if you are eligible? To continue Option B, you must also continue Basic. (Check "yes" only if you currently have as an employee)

Yes (If yes, complete item 11.) No I don't have Option B.

11. How many multiples of Option B do you want to have in retirement/compensation? You can elect up to the number of multiples you are eligible to continue in retirement. Put a number on each line to indicate how many multiples you want for NO REDUCTION and FULL REDUCTION. If the number is "zero," 0 should be written on that line. The total of both No and Full Reduction multiples cannot exceed 5. See the instructions.

(number of NO REDUCTION multiples) _____ (number of FULL REDUCTION multiples) _____

Option C — Family Optional Insurance

12. Do you want to have Option C in retirement/compensation if you are eligible? To continue Option C, you must also continue Basic. (Check "yes" only if you currently have as an employee)

Yes (If yes, complete item 13.) No I don't have Option C.

13. How many multiples of Option C do you want to have in retirement/compensation? You can elect up to the number of multiples you are eligible to continue in retirement. Put a number on each line to indicate how many multiples you want for NO REDUCTION and FULL REDUCTION. If the number is "zero," 0 should be written on that line. The total of both No and Full Reduction multiples cannot exceed 5. See the instructions.

(number of NO REDUCTION multiples) _____ (number of FULL REDUCTION multiples) _____

Signature

14. Signature (Do not print.) Only the insured may sign. Signatures by guardians, conservators, or through a power of attorney are not acceptable. Date (mm/dd/yyyy)



Long-Term Care Insurance (FLTCIP)

Nonskilled custodial care:

- Helps with activities of daily living
 - Bathing
 - Dressing
 - Eating
 - Transferring
 - Continence
 - Toileting
- Provides supervision of individuals with cognitive impairment



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Who Provides and Pays for Long-Term Care?

- Public programs
 - Medicare
 - Medicaid
 - Community services
 - U.S. Department of Veterans Affairs
- Private options



Without Long-Term Care insurance, paid for out-of-pocket



Page 3-22

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Federal Long Term Care Insurance

- FLTCIP program suspended effective **December 19, 2022** (potentially for 24 months)
- Current Enrollees coverage status will not change
- For those in a claim status, there is no change to coverage or the claims reimbursement process

- For more information visit www.LTCFEDS.com
 - Call 1-800-582-3337 between 8 AM – 6 PM ET



Current Cost for Nursing/In-home Care

- Nursing homes: \$297 per day average for shared room; up to \$1,000 per day for single room
(*Medicaidplanningassistance.org*)

- In-home care: Average \$4,957 per month up to \$6,900 per month; from \$16 to \$40 per hours @ 40 hours per week
(*Genworth Financial – Cost of Care Survey*)

- Live-in home care: Average between \$16,000 to \$18,000 per month
(*Genworth Financial – Cost of Care Survey*)



Drivers to LTC Enrollment

- Based on your family history, how likely are you to need LTC?
- Can you rely on/do you want to rely on family caregivers?
- Do you have \$200 to \$300K to set aside (average cost of LTC -- \$200/\$250 per day for 3 years– are you average?)
- Do you want control over your care?
- Can you reduce life insurance coverage and instead invest premiums in LTC?



Slide Not in Book

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Long-Term Care Statistics

- Over 80% of elderly people receiving assistance live in private homes in the community
- 65.7 million informal and family caregivers in USA
- Annually 8,357,100 people receive support from the 5 main long-term care service;
 - Home health agencies (4,742,500),
 - Nursing homes (1,383,700),
 - Hospices (1,244,500),
 - Residential care communities (713,300) and
 - Adult day service centers (273,200).



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Source: <https://www.caregiver.org/resource/selected-long-term-care-statistics/>

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Consider Private Insurance Companies

- Health discounts
- Spousal and partnership discounts
- Hybrid options
- American Association for Long Term Care Insurance www.aaltci.org



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Steps to Determine Self-Funding Long-Term Care

- Likelihood of needing care?
 - <https://www.ltcfeds.com/long-term-care>
- Cost of care?
 - <https://www.ltcfeds.com/planning-tools/tools>
- What type of care best fits your needs?
 - <https://www.ltcfeds.com/long-term-care/options>
- Aging in Place options.
 - <https://www.nia.nih.gov/health/aging-place-growing-older-home>
- Retirement income support long-term care?
- Separate long-term care assets from spendable assets?



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Summary

- FEHB
- Medicare
- FEDVIP
- FSAs
- FEGLI
- LTC



Q & A
QUESTIONS AND ANSWERS



Thank You For Attending

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**FINANCIAL PLANNING
FOR RETIREMENT
PART 1**

KAREN P. SCHAEFFER, CFP®


1

COURSE TOPICS

| | |
|---|---|
|  Goals |  Balance Sheet |
|  Appropriate Use of Debt |  Investing Basics |

3

HOW OLD ARE YOU?



4

HOW LONG HAVE YOU WORKED IN THE FEDERAL GOVERNMENT?



6

REGARDING MY FINANCIAL PLAN, I AM:



8

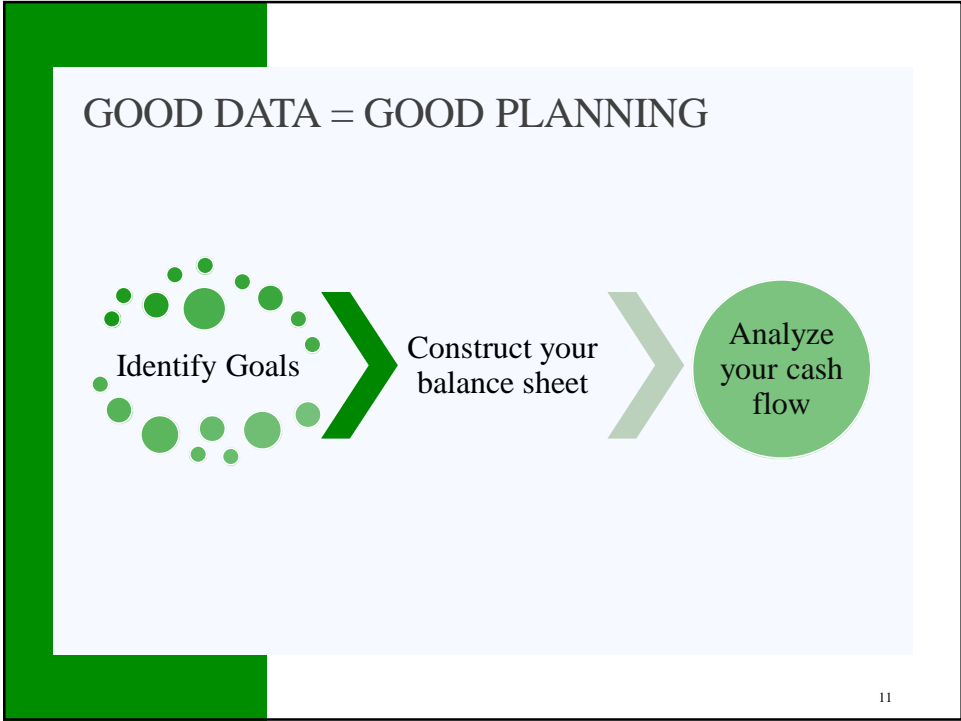
CAN YOU AFFORD TO RETIRE?

It's hard to be sure

- Too many unknowns.
- Too long of a time period.
- The best financial plans are flexible.



10



IDENTIFY GOALS

Financial goals are the things that you need and/or want to spend money on, beyond routine monthly expenses.

| | | |
|------------------|--------------------|-----------|
| Big Item Tickets | Irregular Expenses | Wish List |
|------------------|--------------------|-----------|

12

ASK YOURSELF

- Am I behaving like someone trying to protect the goal of retiring comfortably?
- How long do I need to make my money last?
- How expensive am I?

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LOOK FOR HEALTHY TRENDS

The diagram consists of a central box containing a green dollar sign icon with the word 'income' next to it. Three lines descend from the bottom of the 'income' icon to three separate jars. The first jar is orange and labeled 'usual expenses', the second is yellow and labeled 'occasional expenses', and the third is blue and labeled 'true emergencies'. Each jar contains a stack of money.

- Debt trend
- Asset trend
- Cash flow
- Live within your means?

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BALANCE SHEET

Make a balance sheet and take an annual snap-shot of assets and liabilities.



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ASSETS

- What is it?
- What is the value?
- How is it titled?
- Who is the beneficiary?
- What is it for?



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DEBT

- What is the debt?
- Outstanding balance?
- Interest rate?
- How and when does it vary?
- Monthly payment?
- Have you co-signed?



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CASH FLOW

Construct an Average Monthly Cash Flow

- Analyze actual earning and spending from previous year before making projections.
- www.quicken.com
- www.mint.com



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| SAMPLE Monthly Cash Flow Items | | |
|-----------------------------------|---------|------------|
| Income | Current | Retirement |
| Salary | | |
| Interest/Dividends | | |
| Other | | |
| Expenses | | |
| Retirement Funds | | |
| Taxes | | |
| Mortgage | | |
| Auto | | |
| Life Insurance | | |
| Child Care | | |
| Vacations | | |
| TOTAL | | |

WHAT'S THE NUMBER ONE PROBLEM FACING RETIREES THESE DAYS?

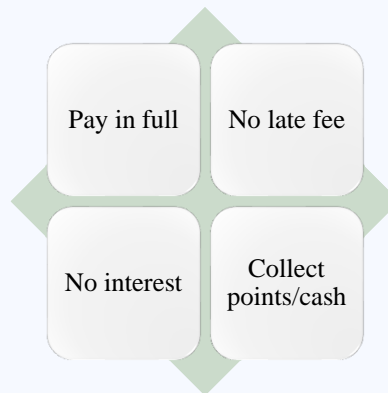


APPROPRIATE USE OF DEBT

- Will you rely on debt or use it to your advantage?
- Retirees can't rely on debt!

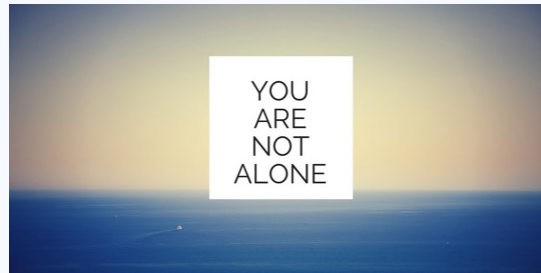


APPROPRIATE USE OF A CREDIT CARD



BURIED IN CREDIT CARD DEBT

- \$3.9 trillion = total outstanding U.S. consumer debt
- \$15,561 average American credit card debt per household
- 35% proportion of Americans who carry credit card debt from month to month.



www.nfcc.org

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CREDIT CARD STRATEGIES

1. Get organized.
2. Gather the balances.
3. Know the interest rates.
4. Know the due dates.
5. Know the minimum payments.
6. Pay more than the minimum.

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TAKE ACTION

Pay off highest APR first

- Makes most sense.

Pay off lowest balance first

- Provides motivation.

Consolidate

- Pay more than the minimum.

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CONTACT CONSUMER CREDIT COUNSELING

- Get free help now!
- Largest and longest-serving non-profit financial counseling organization in the U.S.
- Professional counselors can help:
 1. Eliminate late fees and over limit charges.
 2. Stop collection calls.
 3. Lower interest rates regardless of credit score.
 4. Consolidate bills into one smaller monthly payment.
 5. Pay off debt faster.
 6. Improve money habits.

www.nfcc.org

27

EDUCATION LOANS

- Control the cost of education.
- Aim for a two-year payback rule.
- Understand loan versus grant.
- Understand merit versus need.
- The repayment options can be very complicated.

28

VEHICLE FINANCING

When does it make sense to get a car loan?

- Low interest
- Two-year duration



29

FINDING A GOOD AUTO LOAN

- Credit union
- Banks
- Saving and loans
- Family
- Home equity line of credit



30

HOME EQUITY LINE OF CREDIT

- Do not put your house at unnecessary risk.
- Limit the amount you borrow to what what you know you can pay back within two years.
- Test your cash flow and make sure HELOC payment doesn't conflict with higher priority goals, for example, higher TSP contributions.



31

TSP LOANS

Thrift Savings Plan

- General Purpose Loan = 1-5 year term
- Purchase of Primary Residence Loan = 1-15 year term
 - Interest = G Fund rate (fixed)
 - \$50 loan fee
 - \$1000 minimum
 - Maximum is lessor of $\frac{1}{2}$ vested balance or \$50K
- Can continue to make payments in retirement, but not withheld from pension.
- 10% early withdrawal if younger than 55 at time of loan default.

32

WHAT IS THE REAL COST?

- Assumptions:
 - Borrow \$5,000.
 - Loan length is 5 years.
 - Interest on G Fund = 2%.
 - Rate of return on stock funds averages 8%.
- You lose around an additional \$16,000 in compounding over 30 years.



The example is hypothetical and is provided for educational and illustrative purposes only. It is not intended to represent any specific return or investment, nor is it indicative of future results. The rate of return on investments will vary over time.

33

MORTGAGE DEBT

- Does paying off your mortgage early make sense?



34

CONS

- Better rate of return elsewhere.
- Time value of money.
- Flexibility.



35

PROS

- Simplicity.
- Peace of Mind.
- Sense of Accomplishment.




STAY CURRENT

- Planning is an on-going process.
- Update data annually.
- Review before big decisions.



ASSET ALLOCATION DECISIONS

- Organize goals from most immediate into future.
- Link assets to goals.



38

MOST IMPORTANT RULE FOR SUCCESSFUL ASSET ALLOCATION

- Keep short term money out of the market.
- Get long term money into the market.

39

ASSET ALLOCATION

- Long term = beyond 5 year
- Short Term = 5 years or less

40

OUT OF THE MARKET ASSETS

Cash or cash equivalent

- Checking and savings accounts
- Money market funds
- Short term treasury obligations
- Certificate of deposits



41

IN THE MARKET ASSETS

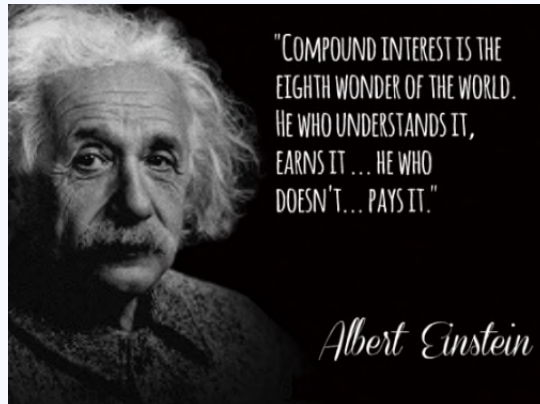
Not Cash!

- Stocks
- Bonds
- Real Estate
- Currencies
- Commodities
- Collectables



42

INVEST EARLY AND OFTEN



43

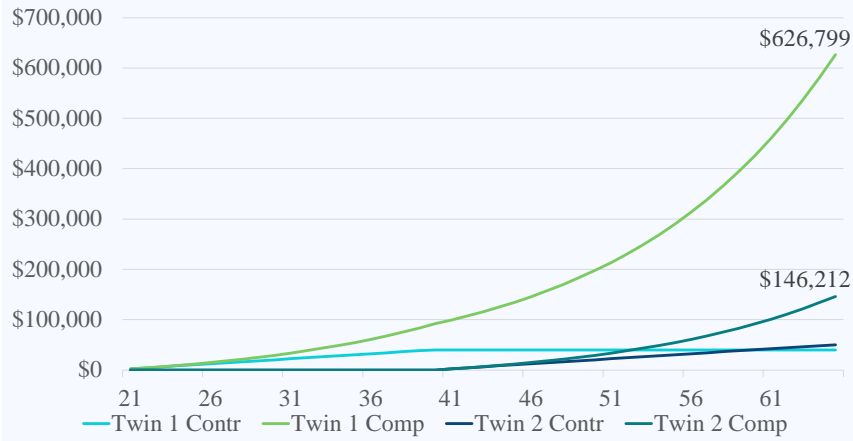
ROUTINE INVESTING

- Decide how much you want to invest in TSP from every paycheck.
- Be reasonable, but don't be shy about saving as much as you can.
- Consider additional direct deposit or automatic fund transfers into your checking or savings account for short term goals.



44

TWIN 1 - \$2,000 FOR 20 YEARS (AGE 21- 40)
TWIN 2 - \$2,000 FOR 25 YEARS (AGE 41 – 65)
(AT 8%)



45

WHAT IF YOU PUT \$5 OF STARBUCKS MONEY INTO C-FUND EVERY DAY FOR 10 YEARS?

\$5/day for 10 years = (\$18,250)

out of pocket cost

Invested in the C-Fund = \$28,250

lost opportunity cost

Total cost = \$46,500

*compound return of 7%



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REASONS TO CONSIDER BONDS

- Diversification
- Regular income
- Potential tax benefits
- Preservation of principal

47

TYPES OF BONDS

- US Treasury
- Corporate
- Agency
- Municipal
- High yield

48

WHEN DO STOCKS MAKE SENSE?

- Diversify
- Long term growth
- Out pace inflation
- Potential tax benefits

49

BUY IT IN A FUND OR BUY IT OUTRIGHT?

Real estate, stocks, and bonds can be bought directly and/or through a mutual fund.



50

WHEN DOES REAL ESTATE MAKE SENSE?

- Offers diversification beyond traditional stocks and bonds.
- Historically less correlated to other investments.
- Acts as a potential hedge against inflation.



51

WARNING

- Real estate investments require unpredictable time and money.



ANY QUESTIONS?



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**FINANCIAL PLANNING
TSP AND IRAS
PART 2**

KAREN P. SCHAEFFER, CFP®

COURSE TOPICS

| | | |
|---|--|--|
|  TSP Contributions |  Fund Choices |  Reallocation |
|  ROTH TSP |  IRAs |  Traditional vs. Roth |

ASSETS

- What is it?
- What is the value?
- How is it titled?
- Who is the beneficiary?
- What is it for?



4

MOST IMPORTANT RULE FOR SUCCESSFUL ASSET ALLOCATION

- Keep short term money out of the market.
- Get long term money into the market.

5

MAKING THE MOST OF YOUR TSP



6

CONTRIBUTION LIMITS FOR 2024

- \$23,000 elective deferral limit
- \$7,500 catch up amount (no longer a separate election)



7

TSP MATCHING

- FERS employee contributions are matched up to the first 5%.



WHEN I HEAR THE MARKET IS DROPPING?



GROWING YOUR TSP

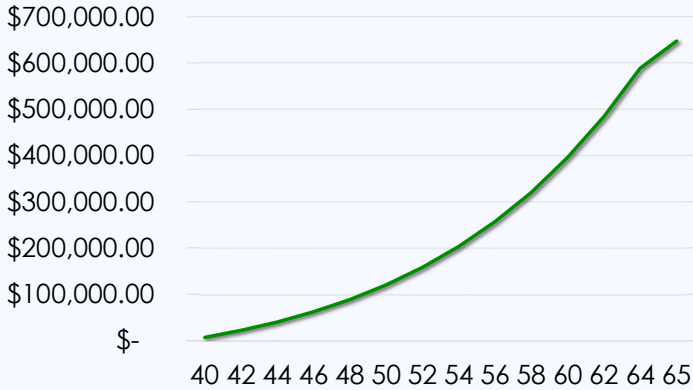
The retirement income you receive will depend on how much you contribute and how you allocate your money among the various investment choices.

Let's Assume:

- Employee begins contributions at 40
- 10% contributions
- \$60K salary
- Annual increase of 2.5%
- 8% annual rate of return

PROJECTED TSP BALANCE

At age 65 your TSP could be worth \$647,536.

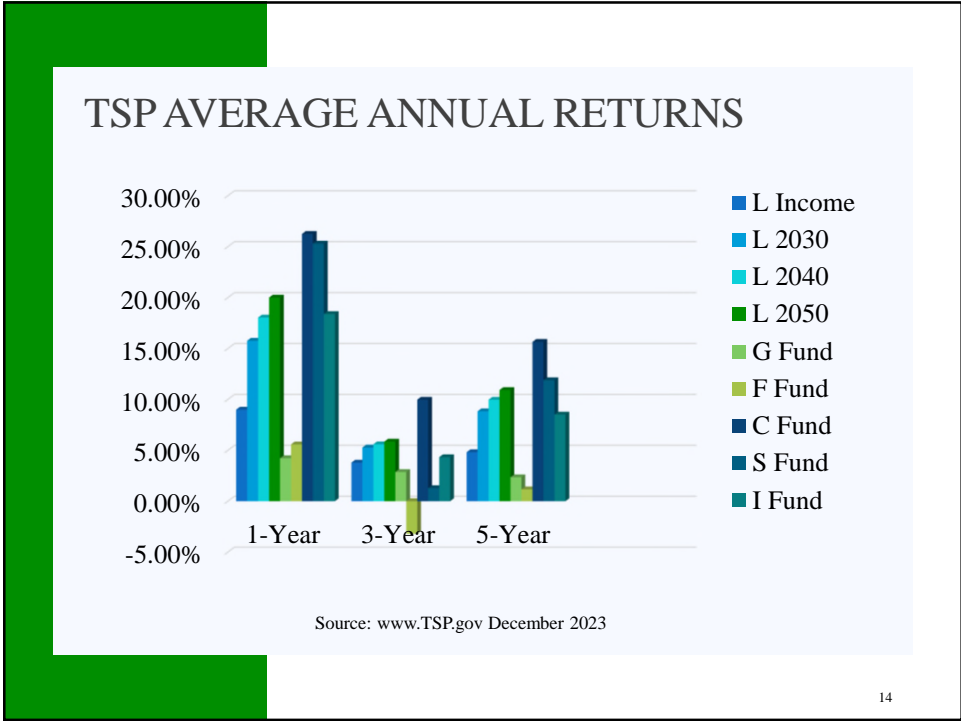


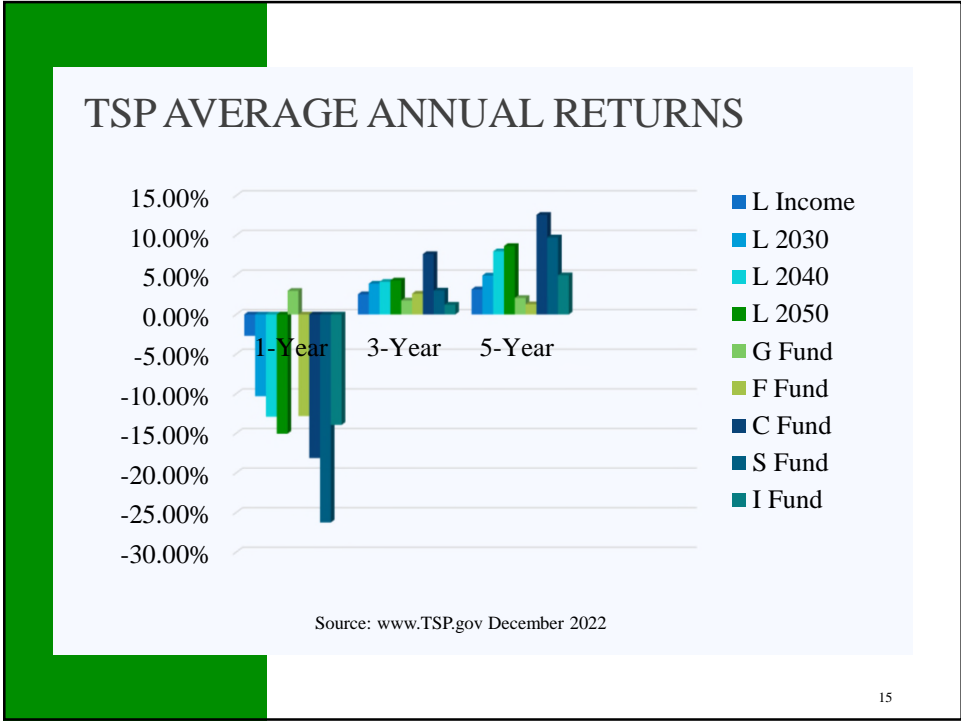
The example is hypothetical and is provided for educational and illustrative purposes only. It is not intended to represent any specific return or investment, nor is it indicative of future results. The rate of return on investments will vary over time.

KEY TO YOUR TSP

- Just signing up isn't enough.
- Fund selection is key.

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GOVERNMENT SECURITIES FUND

G Fund

- Backed with full faith and credit of US Government.
- Short term, nonmarketable US Treasury securities.
- No risk of loss.
- Very little growth.

WHEN DOES THE G FUND MAKE SENSE?

Peace of mind

Short term goals

17

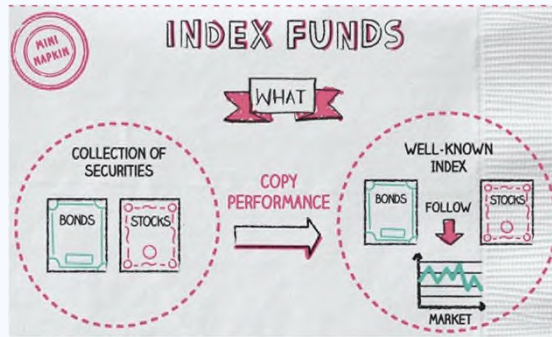
STUCK IN THE G FUND?



18

WHAT IS AN INDEX FUND?

- Benefits:
 - Cheap
 - Easy
 - Diversification
- Disadvantage:
 - No control
 - Limited upside
 - Less flexibility



19

FIXED INCOME INDEX FUND

F Fund

- Bloomberg Barclays Aggregate US Bond Market.
- Mix of high-grade government and corporate bonds.
- Varied maturity dates.
- Low volatility.
- Potential to earn rates above money market funds.

20

WHEN DOES THE FUND MAKE SENSE?

Investing for income

Balancing against stock

21

COMMON STOCK INDEX FUND

C Fund

- Replicates the total return version of the S&P 500.
- Large Capitalization US Stocks.
- Increase market volatility risk.
- Potential for long term growth.

22

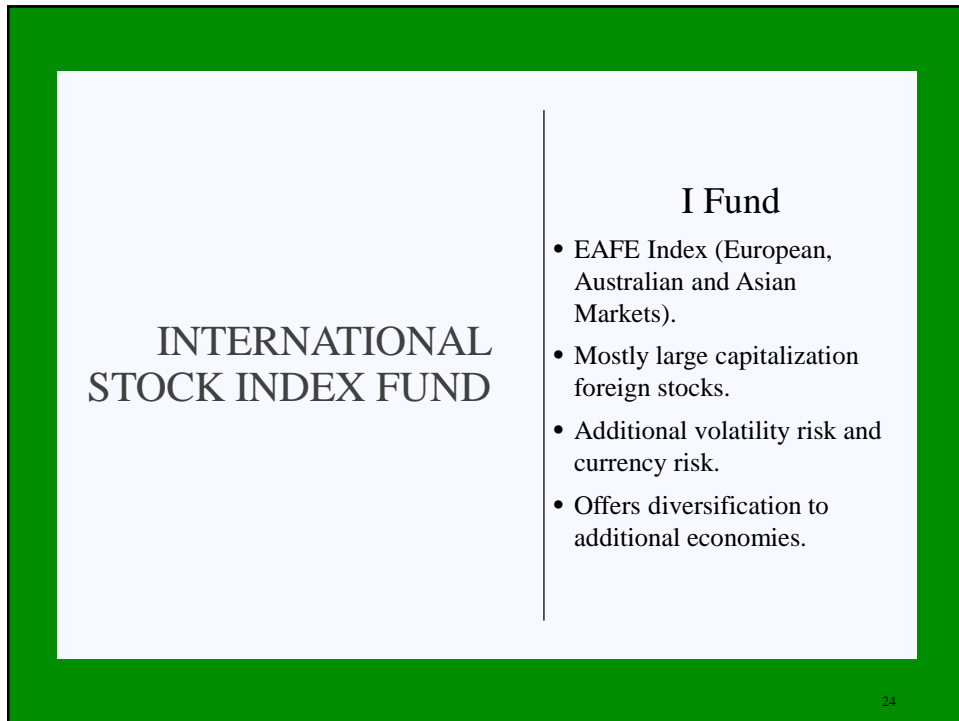


SMALL
CAPITALIZATION
STOCK INDEX

S Fund

- Dow Jones US Completion Total Stock Market Index.
- Small and mid-capitalization US stocks.
- Increase volatility risk.
- Potential long-term growth.

23



INTERNATIONAL
STOCK INDEX FUND

I Fund

- EAFE Index (European, Australian and Asian Markets).
- Mostly large capitalization foreign stocks.
- Additional volatility risk and currency risk.
- Offers diversification to additional economies.

24

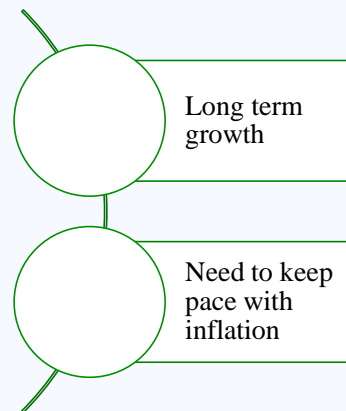
CHANGES TO THE I FUND?

- 2017** – TSP Board decides to expand the I Fund to become more of a global investment, including small, mid and large cap stocks.
- 2018** – Congressional push back on investing in Chinese companies, citing money will support Chinese Weapons development.
- 2019** – Aon Hewitt conducts 2nd study, again endorsing wider index.
- 2019** – TSP Board reaffirms decision to expand fund.
- 2020** – TSP Board postpones action until the 2022 planned widening of the TSP offerings.
- 2021** – Legislation introduced to Ban TSP Investment in China
- 2022** – I-Fund action on hold indefinitely.



25

WHEN DO THE STOCK FUNDS MAKE SENSE?



26

HOW DO YOU CHOOSE BETWEEN THEM?

- C is more conservative.
- S & I offers wider diversification.

27

STEPS FOR ALLOCATING YOUR TSP

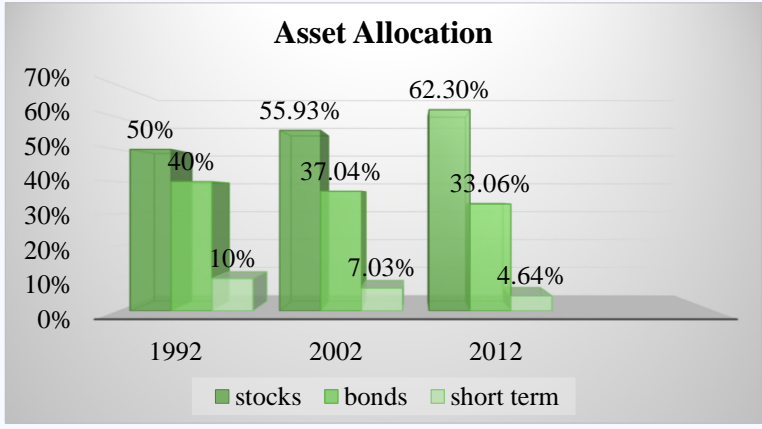
STEP 1:
Which allocation meets your time frame?

STEP 2:
Which allocation meets your temperament?

STEP 3:
Keep it balanced.

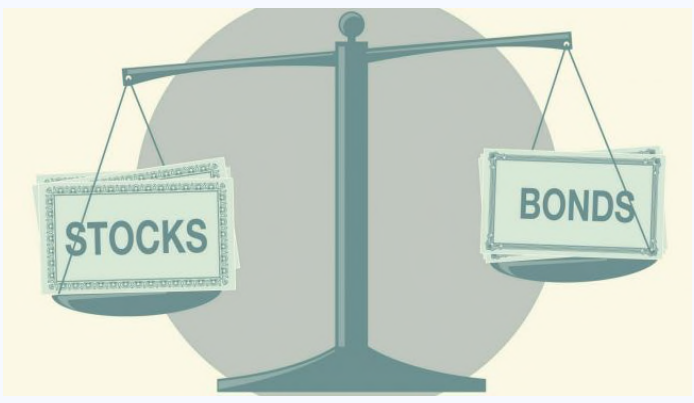
28

MARKET DRIFT



December 1992–December 2013
Target Asset Mix: 50% Stocks, 40% Bonds, 10% Short-Term Investments

HOW OFTEN DO YOU LOOK AT YOUR TSP ACCOUNT AND CONSIDER REBALANCING?

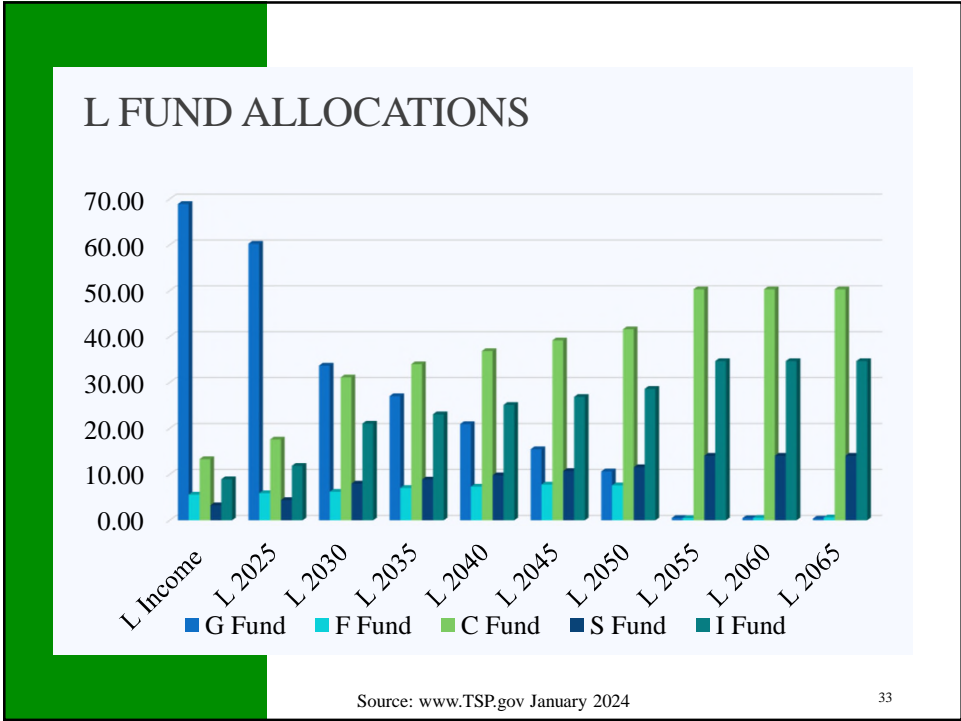


HATE REBALANCING?

L Fund

- Invested in TSP Funds through professionally diversified portfolios.
- L Funds are for participants with time horizons that meet the stated dates.
- L Income is for participants who want income.

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CHANGES TO THE L FUND

(EFFECTIVE JANUARY 2019)

- Increased exposure to International stocks (from 30% to 35%) of the overall stock allocation in all L Funds.
- L Income Fund stock allocation (C S & I Funds) will increase from 20% to 30% over 10 years.
- L 2030, L 2040 and L 2050 stock allocations will hold steady for awhile.
- The pause will align these funds with the new L 2060 Fund (beginning 2020) that will have an initial stock allocation of 99%.

34

WHEN DO THE L FUND MAKE SENSE?

Automatic rebalancing

Avoid mistakes

35

HOW DO YOU CHOOSE BETWEEN THEM?

- Consider when will you need the money?
- How much is in G?

36

HOW OFTEN SHOULD YOU REVIEW?

| | |
|---|--|
| <p>Everyone</p> <ul style="list-style-type: none">• Once a year• Big life events | <p>If you're not using an L Fund</p> <ul style="list-style-type: none">• At least quarterly• On big market days |
|---|--|

37

MUTUAL FUND WINDOW

- Introduced in 2022, allows access to outside fund from your TSP account.
- Additional investment options for participants what are interested in more diverse choices.



38

MUTUAL FUND WINDOW

- \$55 annual administrative fee to ensure the cost of the mutual fund window does not increase costs for those who choose not to use it.
- \$95 annual maintenance fee.
- \$28.75 per trade fee.
- Specific mutual fund fees and expenses.
- Minimum transfer and balance amounts imposed.



39

CHANGE YOUR INVESTMENTS

- **Investment** election – applies to new money (can be done any time)
- **Reallocation** election – applies to existing money (limited to twice a month)
- **Transfer** election – used to move money to the mutual fund portal



40

ARE YOU USING THE ROTH TSP OPTION?



41

TRADITIONAL TSP VS. ROTH TSP

| | |
|--|--|
| Potentially have TWO types of balances | <ul style="list-style-type: none">• A Traditional TSP balance• A Roth TSP balance |
| Agency Contributions | <ul style="list-style-type: none">• Will ALWAYS = Traditional (not Roth) |
| Money already in your account | <ul style="list-style-type: none">• Will remain part of your Traditional• You CANNOT convert it to Roth |
| Your Contributions | <ul style="list-style-type: none">• You may choose |

43

TRADITIONAL VS. ROTH TSP

| |
|--|
| Traditional <ul style="list-style-type: none">• Contributions are made with pre-tax dollars.• Earnings are tax deferred.• Withdrawals are taxed as ordinary income. |
| Roth <ul style="list-style-type: none">• Contributions are made with after-tax dollars.• Earnings are tax deferred.• Withdrawals are tax free. |

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BEFORE YOU CHOOSE ROTH, CONSIDER...

- What if the tax laws change?
- What if you don't live a long time?
- What if you're in a low tax bracket?



MAXING THRIFT?



AFTER TSP, CONSIDER AN IRA

- Excellent vehicle for accumulating wealth.
- Allows you to save with a tax advantage.
- An employer sponsored plan may not be enough to accumulate the savings you need.



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TRADITIONAL VS. ROTH IRA

Traditional

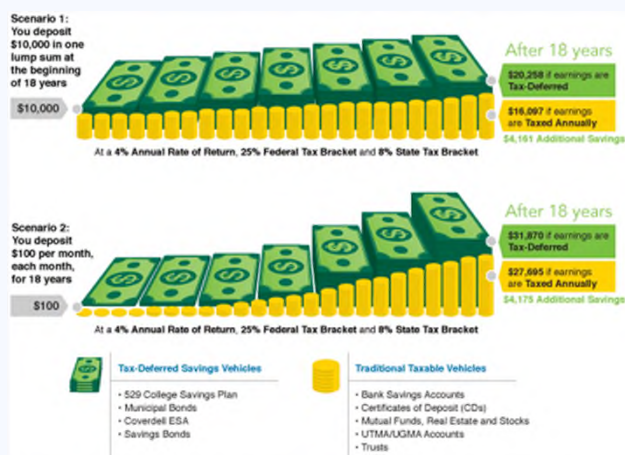
- Any person with earned income and their non-working spouse.
- Deductible contribution are very limited.
- RMDs at age 73.

Roth

- Contribution limited by MAGI (modified adjusted gross income).
- None of the contribution is deductible.
- No RMD before death.

48

TAXABLE VS. TAX DEFERRED



49

ROTH CONVERSION

- Changing traditional retirement funds to Roth retirement funds.
- This can trigger a substantial income tax to the amount converted.
 - Example: if a traditional IRA worth \$50,000 is converted, it can trigger a \$12,500 tax for someone in a 25% tax bracket.
- Weigh the cost of paying taxes against the potential for earning tax free income.
- All traditional IRAs must be included in the calculation.
- Seek tax advice before acting.

50

529 PLANS

- Tax advantaged account designed for education savings.
- You can contribute up to the annual gift tax exclusion amount (\$17,000 for 2023).
- Earnings grow tax free and withdrawals made for qualified education expenses are not subject to federal income tax.



51

529 PLAN QUALIFIED EDUCATION EXPENSES

- College Tuition and Fees
- College Room and Board
- College books and supplies
- K-12 tuition and fees, up to \$10K/year
- Student Loans, limited \$10K/lifetime

New in 2024

Beneficiaries of 529 savings accounts are permitted to rollover up to \$35,000 from a 529 account in their name to a Roth IRA account, tax and penalty free. Rollovers are subject to IRA annual contribution limits and are available for 529 accounts that have been open for more than 15 years. Rollovers are permitted starting 2024.

52

FINDING ADVICE

- Be able to articulate what it is you want.
- Ask what qualifies you to give me advice and how much will it cost?
- People give advice, not firms.
- CFP Board of Standards, Inc.

www.cfp.net

www.letsmakeaplan.org



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ANY QUESTIONS?



54

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**FINANCIAL PLANNING
HAVE A PLAN
PART 3**

KAREN P. SCHAEFFER, CFP®

2

COURSE TOPICS

| | | |
|--|---|---|
|  Cash Flow |  TSP at Retirement |  Housing |
|  Estate Planning |  Life Insurance |  Long Term Care |

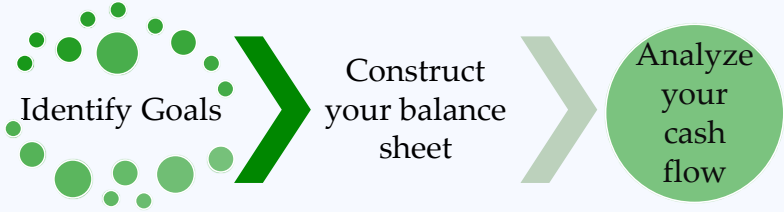
3

HOW CLOSE ARE YOU YOU TO RETIRING?



4

GOOD DATA = GOOD PLANNING



6

CASH FLOW

Construct an Average Monthly Cash Flow

- Analyze actual earning and spending from previous year before making projections.
- www.quicken.com
- www.mint.com



7

SAMPLE Monthly Cash Flow Items

| Income | Current | Retirement |
|--------------------|---------|------------|
| Salary | | |
| Interest/Dividends | | |
| Other | | |
| Expenses | | |
| Retirement Funds | | |
| Taxes | | |
| Mortgage | | |
| Auto | | |
| Life Insurance | | |
| Child Care | | |
| Vacations | | |
| TOTAL | | |

8

**SPENDING-DOWN
PHASE**

- Spending down money wisely requires a whole new strategy.
- Time to rethink asset allocation.
- Be aware of volatility.
- Know fixed vs. discretionary expenses.
- This is not autopilot.

9

HOW MUCH CAN I SPEND IN RETIREMENT?


- Odds are, 4% adjusted annually for inflation should last 30-35 years.
- For example, if inflation averages 3% withdrawals from \$100,000 nest egg can be:

| | | |
|---|---------------------------------------|--|
| \$100,000 = \$4,000 of income in year one | In year two income will be \$4,120 | In year five income will be \$4,501 |
|---|---------------------------------------|--|

10

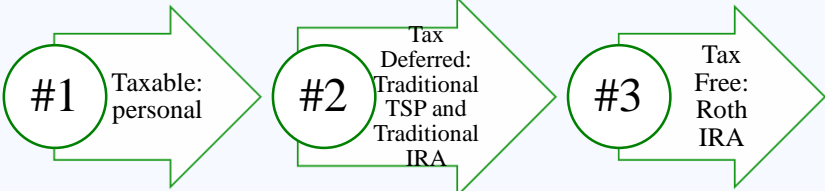
REVIEW ANNUALLY AND BE MINDFUL OF:

- Declining health
- Outliving life expectancy
- Unforeseen expenses
- Downturn in the market



11

ORDER OF SPEND-DOWN IN RETIREMENT



#1 Taxable: personal

#2 Tax Deferred: Traditional TSP and Traditional IRA

#3 Tax Free: Roth IRA

12

SLOW DOWN

- Be sure to look at your personal tax return each year.
- Focus on unusual expenses and deductions.
- Laws and brackets change, and the impact can be significant.



TSP OPTIONS AT RETIREMENT



TSP WITHDRAWAL OPTIONS

- Take a partial withdrawal whenever you want (limited to once a month).
- Take monthly, quarterly or annual withdrawals – starting and stopping when you want.
- Mix and match partial withdrawals with scheduled payments.
- Single Payment
- Annuity

15

WITHDRAWALS

All withdrawals are made pro-rata, but you can request what amount should come from Traditional versus Roth.



16

TSP REQUIRED MINIMUM DISTRIBUTIONS

- The IRS requires that TSP participants receive a portion of their accounts no later April 1 of the year following the year they become 73 **and** is separated from service.
- There are severe penalties if the RMD is not taken which includes an IRS penalty of 25% of the amount that should have been taken.
- If you take no action, TSP will automatically send you a distribution – *if they can find you.*

RMD Age:

Use age 72 if born in 1950 or earlier
(before 2020 the age was 70 ½)

Use age 73 if born 1951-1959

Use age 75 if born 1960 or later

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RMD CALCULATION

- Divide your year-end account balance from the *previous year* by the IRS life expectancy factor, based on your age in the *current year*.
- Sarah's TSP balance:
 - April 2024 = \$250,000
 - December 31, 2023 = \$225,000
 - She turns 73 in June, 2024
 - **2024 RMD = \$225K/25.6 = \$8,789**



18

TSP BENEFICIARY PARTICIPANTS

- Only spouses can be TSP beneficiary *participants*.
- In the event of the death of the beneficiary participant, the account cannot remain in the TSP (must be withdrawn within 5 years).
- Distributions from Traditional TSP accounts will be taxed as ordinary income to the beneficiary.
- Distributions from Roth TSP accounts are not taxable when distributed.
- Funds will be distributed to the beneficiary(ies) indicated on the Designation of Beneficiary Form.
- A will or other document is not a substitute and will not be honored.

19

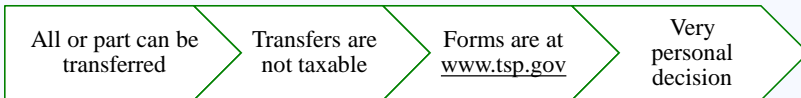
BENEFICIARY FORM

- Be sure to check who is listed on your beneficiary form – not all information transferred with the recent website changes!



20

CONSIDERING AN IRA?



21

TRANSFER TO AN IRA

- Advantages of moving all or part of your TSP include:
 - More investment choices.
 - Targeted versus pro rata withdrawals.
 - Tax advantage on withdrawals for non spouse beneficiaries.



22

IRA STRETCH *AFTER* 2019 SECURE ACT

- SECURE Act requires distribution from inherited IRAs within ten years of the death.
- Spouses, minor children and beneficiaries not more than 10 years younger than the deceased are exempt.
- Beneficiaries of IRAs still have more choices for taking distributions.
- Non-spousal heirs of any age, regardless of the type of IRA, must complete withdrawals within 10 years.

23

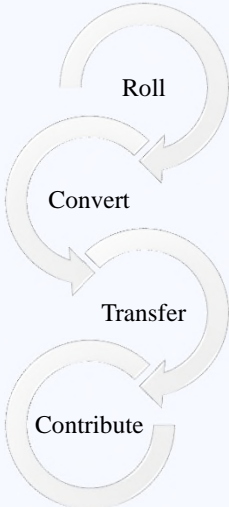
CAUTION

- IRAs can be more expensive.
- Some “advisors” recommend expensive, inappropriate products.
- If you close your TSP Account, you can never go back.
- Leaving just a small balance in TSP keeps the account open.



24

IRA VOCCABULARY




25

TRANSFER VS. ROLLOVER

Transfer and Rollover are NOT the same thing

- Transfer means money is sent to IRA company: custodian to custodian.
- Rollover means money is sent to you: taxes will be withheld even if you re-invest in Traditional IRA within 60 days.



26

CHOOSING AN IRA CUSTODIAN



- Fees
- Investment options
- Services
- Practical consideration

27

TSP AND IRA RULES DIFFER

- Penalty free withdrawals from the TSP are allowed at age 55.
- From a Traditional IRA they begin at age 59 ½.



28

**IRA EARLY
WITHDRAWAL
PENALTY EXCEPTIONS**

- Death or disability.
- Unreimbursed medical expenses, if greater than 7.5% AGI.
- Health insurance premiums paid while unemployed.
- Qualified higher education expenses.
- First time home buyers; \$10,000 limit.
- Series of substantially equal payments.
- The CARES Act Exemptions.

29

IRA REQUIRED MINIMUM DISTRIBUTIONS

RMD

Traditional IRA 73 Roth IRA None

TAXABLE TAX FREE

30

WHEN TO START SOCIAL SECURITY?



31

SOCIAL SECURITY BENEFIT ESTIMATES AND EARNINGS RECORD

- SSA.GOV – *my Social Security*
- Must Register
- Age 62 benefit estimate
- Full Retirement Age estimate (66-67)
- Age 70 benefit estimate

32

RETIREMENT OPTIONS BASED ON AGE

- Full Retirement Age = FRA (65-67)
 - Based upon year of birth
- Reduced Benefits = Age 62
 - 25% reduction if full benefit age is 66
 - 30% reduction if full benefit age is 67
- Delayed Retirement Credits
 - 8% increase for each year over FRA

33

WHEN TO COLLECT CONSIDERATIONS

- Life expectancy
- Cash needs
- Financial goals
- Survivor benefits
- Desire/Need to work

34


HOUSING CONSIDERATIONS


- One of the most expensive decisions that we make is where to live.
- Consider intergenerational living.
- Be mindful of accessibility, affordability, and support networks.





35


RENT OR BUY?


 Be mindful of transaction costs

 Research the state and local taxes

 Rent temporarily

 Travel costs to family/friends

 Part-time jobs

 Available healthcare

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CONTINUING CARE RETIREMENT COMMUNITIES

- Most people wished they moved sooner.
- Costs and amenities can vary greatly.
- Life plan communities are a new option.
- Financing options deserve study.



ENSURE YOUR PLAN'S SUCCESS



ESTATE PLANNING

- If you don't plan, your state of residence has a plan for you.
- Good planning requires documents and conversations.



Seniors



Adults



Young Adults



Kids

ESSENTIAL PLANNING DOCUMENTS

- Wills
- Durable Power of Attorney
- Health Care Directives
- Living Will
- Trusts

ESSENTIAL DOCUMENTS FOR SENIOR LOVED ONES



WHAT DOCUMENTS ARE IN PLACE FOR YOUNGER GENERATIONS?



CHARITABLE GIVING

- Assets left to charities are deducted from your taxable estate.
- Charities don't pay income tax on inherited TSP/IRA money.



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ARE YOUR INSURANCE POLICIES IN ORDER?



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LIFE INSURANCE

- Who needs it?
- Will you have financially dependent survivors?
- What financial goals live beyond you?
- Will there be debts that will adversely affect your heirs?



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LIFE INSURANCE

- How much?
- Assess the needs of loved ones.
- Make up for lost income.
- Be realistic about how long money will last.



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WHAT TYPE OF LIFE INSURANCE?

- Term provides benefit upon death for specific premium, if death occurs in stated time period.
- FEGLI is a form of Term Insurance.



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FEDERAL EMPLOYEE GROUP LIFE INSURANCE

FEGLI is group term life insurance available for employees and their families.

- FEGLI consists of basic life insurance and three optional types of coverage.
- The Government pays one-third of the premium.
- Employees pay two-thirds for the basic, and the full cost of any optional coverage.
- The cost rises with age.
- New employees are automatically covered by basic life unless they waive it.

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OTHER TYPES OF LIFE INSURANCE

| | |
|-----------|--|
| Whole | <ul style="list-style-type: none">• Coverage for entire life, pays fixed death benefit and accrues savings benefits. |
| Universal | <ul style="list-style-type: none">• Combines term with savings feature. |
| Variable | <ul style="list-style-type: none">• Death benefit dependent on portfolio market value. |

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LONG-TERM CARE INSURANCE

| | |
|--|---|
| | <ul style="list-style-type: none">• 70% of adults over age 65 will need LTC.• Policies cover what's not covered by health insurance, Medicare, or Medicaid for skilled nursing, rehabilitation, care-oriented conditions.• Premiums and Underwriting requirements have increased. |
|--|---|

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LONG TERM CARE INSURANCE

Federal Long-Term Care Insurance

- www.ltcfeds.com
- As of 12/19/22 – 24-month suspension of applications



The **Federal** Long Term Care Insurance Program

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HOMEOWNERS INSURANCE

- Dwelling
- Personal Property
- Liability
- Other?



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AUTO INSURANCE

- Bodily Injury Liability
- Property Damage Liability
- Uninsured Motorist
- Collision
- Comprehensive



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UMBRELLA INSURANCE

Additional insurance designed to protect you from major claims and lawsuits.



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STAY CURRENT

- Planning is an on-going process.
- Update data annually.
- Review before big decisions.



ANY QUESTIONS?



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