



## PLANNING FOR RETIREMENT FOR FERS EMPLOYEES

### AUGUST 12, 2024 – AUGUST 29, 2024

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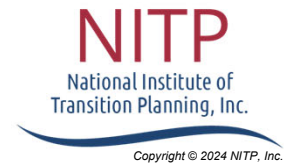


## Federal Retirement Benefits: FERS Part 1

Presented by:

Bob Braunstein, Federal Benefits Specialist

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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

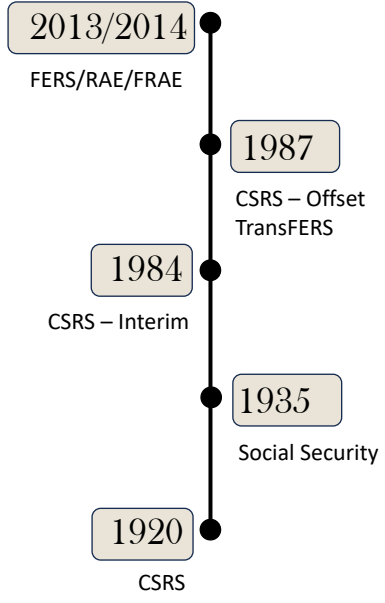
- **Determine when you are eligible**
- Determine your creditable service for retirement
- Determine your basic retirement benefit
- Consider survivor benefits
- Retirement processing



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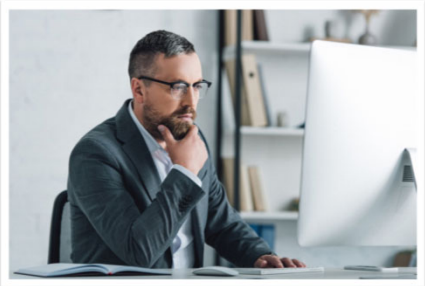
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# History of the Federal Retirement Systems



# Determine When You Are Eligible

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





## Retirement Options

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



## FERS Minimum Retirement Age (MRA)

Year of Birth	MRA	Year of Birth	MRA
Before 1948	55 years	1953–1964	56 years
1948	55 years, 2 months	1965	56 years, 2 months
1949	55 years, 4 months	1966	56 years, 4 months
1950	55 years, 6 months	1967	56 years, 6 months
1951	55 years, 8 months	1968	56 years, 8 months
1952	55 years, 10 months	1969	56 years, 10 months
		1970 and later	57 years

## FERS Minimum Age and Service Requirements

Retirement Option		Age	Service	Supplement	FEHB, FEGLI, FEDVIP
Immediate	Regular	MRA*	30	Yes	Must meet the 5-year test for FEHB and FEGLI
		60	20	Yes	
	<i>Reduced</i>	62	5	No	
		MRA	10	No	
	Early	50	20	At MRA	
Any age	25	At MRA			
Deferred	Disability	Any age	18 months	No	No
	Special Provisions	50	20	Yes	No
		Any age	25	Yes	No
Deferred	Deferred	MRA	30	No	No
		60	20	No	No
	<i>Reduced</i>	62	5	No	No
		MRA	10	No	No



## 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



# Creditable Service

Standard Form 50  
 Notification of  
 Personnel Action

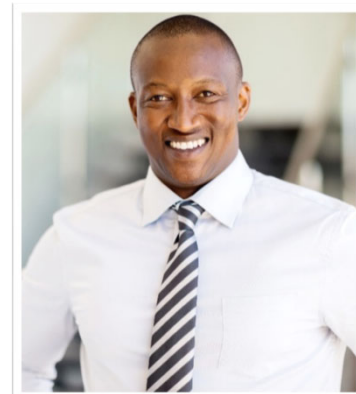
Filed in your  
 electronic Official  
 Personnel Folder  
 (eOPF)

The image shows a Standard Form 50 Notification of Personnel Action form. It is divided into several sections: 'FIRST ACTION', 'SECOND ACTION', 'EMPLOYEE DATA', 'POSITION DATA', and 'AGENCY DATA'. Numerous fields are redacted with yellow boxes. Blue arrows point to specific fields: one points to field 24 (Tenure) and another points to field 32 (Work Schedule). The form includes fields for name, social security number, date of birth, pay plan, grade, salary, and various codes for legal authority and position.



# 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?

- FERS civilian service deposits
- FERS civilian redeposits
- Military service deposits

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.



# 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

**Certified Summary of Federal Service**  
 Federal Employees Retirement System

Office of Personnel Management  
 (OPM Form 3108)

**Information for the Agency**

1. A certified copy of this form must accompany the employee's Application for Domestic 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 for your retirement purposes.

3. Complete Section E, Employee's Certification, and return the form to your employing office.

**Section A - Identification**

1. Name of employee (last, first, and middle)	2. Date of birth (month/day/year)	3. Social Security Number
4. List all other names used (include name, date, spelling variation)	5. Other birth dates used	6. Military serial number
	7. Service computation date for retirement 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 your records, to have part of the FERS annuity 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 enable military service for FERS retirement?  
 Yes (attach a copy of the military finance center's letter to the employee accepting waiver, if available.)  
 No (check name where a waiver is not necessary.)

**Section B - Verified Service History Documented in Official Personnel Records**

Federal agency or military service branch	Appointments, promotions, or compensation dates for civilian and active honorably military service	State of retirement system*	Remarks and non-creditable time**

\* Give details of creditable civilian service not subject to retirement deductions in Section C.  
 \*\* The Remarks column of CSRS service on other retirement systems is "Original CSRS or CSRS Offset." Indicate if service was performed on a WAFB or intermittent basis, show the number of days worked in "Remarks." If the number of days worked is not available, then show the month or leave worked.

CSRS/FERS Handbook for Personnel and Payroll Offices 3007-108  
 Previous editions are not valid. Revised Form 3108-1 Rev. and Mar. 2014



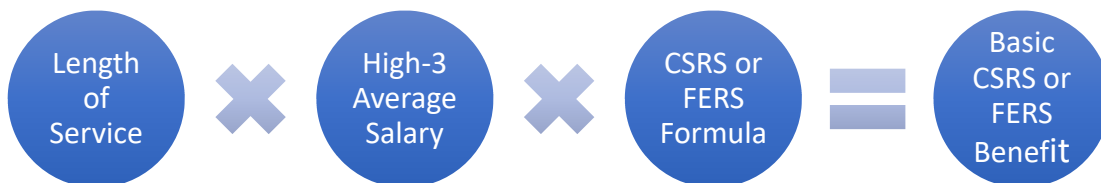
## Module 1: Your Retirement Benefit

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



## 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



## Length of Service: Shorter Length of Service

- Retirement Date minus Retirement SCD = Length of Service
- Example: Subtracting dates to calculate length of service (shorter length of service)

	Year	Month	Day
Retirement Date 6/15/2025	2024	18	
Retirement SCD 10/12/2013	- 2013	- 10	- 12
Length of Service 11 years 8 months 4 days	11	8	4



## 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>
<b>Total Creditable Service</b>	<b>33</b>	<b>4</b>	<b>5</b>





## 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.



## Basic Pay

YES	NO
Regular pay	Lump-sum payment for accrued and accumulated 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 for Federal 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
<b>Sum of Total Basic Pay</b>					\$249,615
<b>High-3 Salary</b>					\$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



## FERS: Calculating the Basic Benefit (with sick leave)

$$1\% \text{ or } 1.1\% \times \text{High-3} \times \text{Years of service} = \text{Basic benefit}$$

$$1\% \times \$83,205 \times 33.3333 = \$27,734$$

$$1.1\% \times \$83,205 \times 33.3333 = \$30,508$$



## FERS: MRA + 10 Scenario

Age	Years of Service
MRA	10 - 29
60 or 61	10 - 19
62 or over	Does not apply

## Calculating the FERS Reduced Benefit for MRA + 10



**Basic benefit:** \$9,707 ( $\$83,205 \times .116667$ )

**Years of service:** 11 years and 8 months

**Age at separation:** 57 years, 0 months

Calculation:  $\$9,707 \times 0.7542 = \$7,321 / \text{year}$

## FERS: 5% Age Reduction Chart

Years	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
55	.6542	.6583	.6625	.6667	.6708	.6750	.6792	.6833	.6875	.6917	.6958	.7000
56	.7042	.7083	.7125	.7167	.7208	.7250	.7292	.7333	.7375	.7417	.7458	.7500
57	.7542	.7583	.7625	.7667	.7708	.7750	.7792	.7833	.7875	.7917	.7958	.8000
58	.8042	.8083	.8125	.8167	.8208	.8250	.8292	.8333	.8375	.8417	.8458	.8500
59	.8542	.8583	.8625	.8667	.8708	.8750	.8792	.8833	.8875	.8917	.8958	.9000
60	.9042	.9083	.9135	.9167	.9208	.9250	.9292	.9333	.9375	.9417	.9458	.9500
61	.9542	.9583	.9625	.9667	.9708	.9750	.9792	.9833	.9875	.9917	.9958	1.000

## Applying for Postponed MRA + 10 Retirement

- Proof of FEHB coverage (5 years)
- Proof of FEGLI coverage (5 years)
- Statement of Federal Service
  - Or records that document the beginning and ending dates of each Federal service appointment, changes in work schedule or retirement coverage and military Active-Duty records
- FERS Application for Deferred or Postponed Retirement RI 92-19

**IMPORTANT**  
 Keep a copy of the documents and final pay statement in your eOPF

## FERS: Special Retirement Provisions

1.7%	x	High-3	x	First 20 years of service
1.00%	x	High-3	x	Remaining years and months of service

## Calculate Basic Benefit FERS: Special Retirement Provisions

1.7%	x	\$100,000	x	20	=	\$34,000
1.00%	x	\$100,000	x	13.3333	=	13,333
Basic benefit					=	\$47,333

$.473330 \times \$100,000 = \$47,333$

## FERS: Part-Time Service


Calculate the high-3 average using:	Credit the service as:	Prorate the service:
Full-time basic pay rates	Hours actually worked	Divide the total hours worked by the total hours the employee would have worked if he or she had worked full time

**part-time percentage x the full-time benefit**



# Q & A

QUESTIONS AND ANSWERS



## Federal Retirement Benefits: FERS Part 2

Presented by:  
Bob Braunstein, Federal Benefits Specialist


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

## FERS Retiree Annuity Supplement

- What is the FERS Supplement?
  - Bridge to Social Security
  - Part of your FERS Application for Retirement
  - Not included in “interim” pay during retirement processing
- Eligibility
  - Under age 62 with unreduced, immediate retirement (FERS)
  - At MRA for early retirement (VERA and DSR)
  - MRA + 10 reduced / postponed not eligible
  - Special groups receive supplement immediately / no earnings limit until MRA



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## FERS Retiree Annuity Supplement:

- Is NOT Social Security
- Has no impact on Social Security
- Is automatically paid as part of retirement when:
  - Retiring immediately prior to age 62 w/o age reduction
  - Retiring on VERA/VSIP or DSR – may be delayed
- Ends at age 62 (eligibility for Social Security)
- Is not reduced for pension, TSP, investment, rental property or similar income



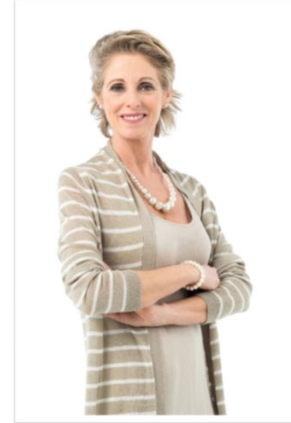
## Estimate the FERS Retiree Annuity Supplement

1. Estimate your SS benefit as if you were age 62	\$1,600
2. Calculate civilian service creditable under FERS	30 years
3. Divide the years of FERS service by 40	$30 \div 40 = .75$
4. Multiply the career SS benefit by amount in Step 3	$\$1,600 \times .75 = \$1,200$ per month



## FERS Retiree Annuity Supplement Earnings Test Example: Judy

- Judy retired: 8/31/2023
- Supplement: \$1,450 / month
- FERS Supplement Earnings Limit for 2023: \$21,240
- Wages 9/2023 – 12/2023: \$25,000
- Exceeding the 2023 limit (**\$21,240**) by: \$3,760
- Reduction effective July 2024: \$1,880 / year or \$156 / month
- Judy's reduced supplement: **\$1,294** (\$1,450 - \$156)



## FERS Retiree Annuity Supplement Earnings Test Example: Ryan, Special Agent

- Special Provisions not subject to earnings limit until MRA
- Annual earnings limit
- Annual earnings survey sent in the spring

- Ryan retired: 12/31/2023 at age 51
- Supplement: \$1,200 / month
- Supplement continues regardless of earnings until MRA (age 57)



## Disability Retirement (FERS): Example

- Age: 42
- Years of service: 20
- High-3 salary: \$45,000
- Applied for but was denied a SS disability benefit

First 12 months	60%	x	\$45,000	=	\$27,000
Starting the 13 <sup>th</sup> month	40%	x	\$45,000	=	\$18,000
Starting at age 62	1.1% x 40 years	x	\$45,000	=	\$19,800



## 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%



## 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



## Consider Survivor Benefits

### Death of **EMPLOYEE**:

- Spousal monthly survivor benefit (spouse/former spouse) – automatic/not elected
- Basic Employee Death Benefit (BEDB) – not elected
- 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 (no BEDB payable for death after retirement)
- Insurable interest survivor benefit (only electable once; not payable with death in service)
- 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 ( <a href="http://www.opm.gov/forms">www.opm.gov/forms</a> )	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 <a href="http://tsp.gov">tsp.gov</a>



## 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](http://www.tsp.gov); this slide is not in your book.

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## FERS Spousal Survivor Benefits: Death of Federal Employee

### Spouse (18+ months of service):

#### Lump-sum death benefit

- \$41,568.31 (2024) Plus 50% of your final salary (or High-3 salary, if greater)
- Not available after retirement

### Spouse (10+ years of service):

- Surviving spouse annuity of 50% of the basic retirement benefit



Page 1-52 \*Draft BAL 12/4/2023

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## CSRS/FERS Qualifying Criteria for Former Spouse Survivor Benefit

**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 a 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 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) (OPM)

### 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



## Children's Survivor Benefit (FERS) (Social Security)

### A child's survivor benefit rate is:

1. The total amount payable to all children under CSRS (previous slide)
2. Minus the total amount payable to all children by Social Security
3. Divided by the number of children



## 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)



## FERS Spousal Survivor Benefit

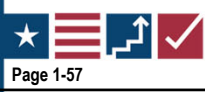
	Survivor Benefit	Reduction to Retiree Benefit
<b>Max</b>	50% of the benefit	10% of the benefit
<b>Partial</b>	25% of the benefit	5% of the benefit



## Example: FERS Spousal Survivor Benefit

- Retirement Benefit = \$30,000

	Survivor Benefit	Retirement Benefit With Reduction
<b>Max</b>	50% of \$30,000 = \$15,000	\$27,000
<b>Partial</b>	25% of \$30,000 = \$7,500	\$28,500



## FERS Spousal Supplement

### The surviving spouse must be:

- Entitled to a current spouse FERS retiree survivor benefit
- Added to FERS retiree survivor benefit
- Increases benefit to 1.8 times the amount
- Under age 60 (SS survivor benefit age)
- Entitled to Social Security survivor benefits at 60
- Ineligible for Social Security benefits as a parent of an eligible child



## 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 1<sup>st</sup>, 2<sup>nd</sup>, or 3<sup>rd</sup> also
- End of leave period

## Retirement Processing

- Apply for retirement
- Form 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

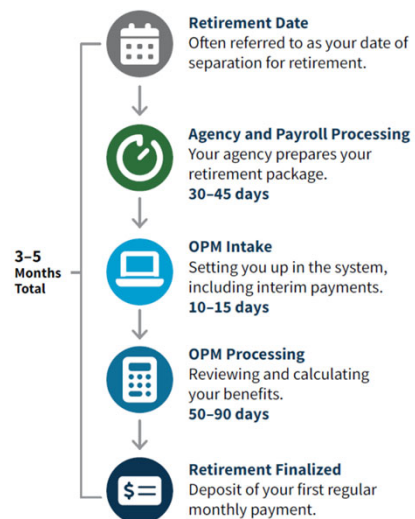
## Retirement Processing, cont'd.

- 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 3107 – FERS 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 C - 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.)

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
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) to whom a court order gives a survivor annuity or a portion of your retirement benefits based on your Federal employment?

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



# SF 3107 – FERS Application for Immediate Retirement

**Section D - 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 pamphlet SF 3113, *Applying for Immediate Retirement under FERS*, and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained in the pamphlet. 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.

Your election to provide a survivor annuity for a current spouse terminates upon the death of that spouse or if the marriage ends due to divorce or annulment. You are required to make a new election (reselect) within 2 years of the terminating event if you wish to reselect a former spouse or within 2 years of a post-retirement marriage to elect a post-retirement spouse.

1.  **Initials** I choose a reduced annuity with maximum survivor annuity for my spouse named in Section C. 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 you receive this annuity, your annuity will be reduced by 10%. Your spouse's annuity upon your death will be 50% of your unreduced annuity.

2.  **Initials** I choose a reduced annuity with a partial survivor annuity for my spouse named in Section C. If you choose this option, your annuity will be reduced by 5%. Upon your death, your spouse's annuity will be 25% of your unreduced annuity. You must have your spouse's consent to choose this option. Complete form SF 3107-2, *Spouse's Consent to Survivor Election*, and attach it to your application.

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, complete form SF 3107-2, *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.)

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) as follows: 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 3107-2, *Spouse's Consent to Survivor Election*. You cannot choose this option and provide a maximum survivor annuity for your spouse (Box 1). Your election to provide a survivor annuity for a former spouse terminates upon the death of that spouse or the remarriage of your former spouse before age 55.

Name and address of former spouse	Date of marriage (mm/dd/yyyy)	Date of divorce (mm/dd/yyyy)	Survivor annuity equal
	Date of birth	Social Security Number	to %





# SF 3107 FERS Application Sections E, F & G

**Section E - Insurance Information** See the pamphlet SF 3113, *Applying for Immediate Retirement Under the Federal Employees Retirement System*, for information.

1a. Are you eligible to continue Federal Employees Health Benefits coverage as a retiree?  Yes  No

1b. Is there a court order or administrative order currently in effect that requires you to provide health benefits coverage for your children?  Yes (Attach a copy of the court/administrative order)  No

2. Are you eligible to continue Federal Employee's Group Life Insurance coverage as a retiree?  Yes  No

3. Are you enrolled in the Federal Dental and Vision Insurance Program (FEDVIP)?  Yes  No

4. Are you currently enrolled in the Federal Long Term Care Insurance Program (FLTCIP)?  Yes  No

**Section F - Other Claim Information**

1. Have you applied for, are you receiving, or have you ever received workers' compensation from the Department of Labor because of a job-related illness or injury?  Yes (Complete Schedule C and attach it to this form)  No

2. Have you previously filed any application under the Civil Service Retirement System or Federal Employees Retirement System (for retirement, refund, deposit or redoposit, or voluntary contributions)?  Yes (Complete items 2a and 2b below)  No

2a. Type of application:  Refund  Deposit or redoposit  Voluntary contributions

2b. Claim number(s):  Retirement  Return of excess deductions  Voluntary contributions

**Section G (Optional) - Information About Your Unmarried Dependent Children**

1. Dependent child's name (first, middle, last)	2. Date of birth (mm/dd/yyyy)	3. Disabled (✓)	1. Dependent child's name (first, middle, last)	2. Date of birth (mm/dd/yyyy)	3. Disabled (✓)

3107-107 Previous editions are not usable. Standard Form 3107 Revised May 2014



# SF 3107 FERS Application Sections H & I

**Notes:**

- No state tax withholding until final adjudication
- Remember to SIGN your application after you print the completed form

**Section H - Payment Instructions**

1. Federal benefits payments will be made electronically by Direct Deposit into a savings or checking account or by a Direct Express debit card provided by the Department of the Treasury. See the instructions for Section H of this application and SF 3113, *Applying for Immediate Retirement Under the Federal Employees Retirement System*, for additional information. This does not apply to you if your payment payment address is outside the United States in a country not accessible via direct deposit.

Please select one of the following:

Please send my annuity payments directly to my checking or savings account. (Go to item 2.)

Please send my annuity payments to my Direct Express debit card. (Go to item 3a.)

My payment payment address is outside the United States in a country not accessible via Direct Deposit/Direct Express. (Go to item 3b.)

2a. Financial Institution Routing Number:

2b. Checking or Savings Account Number:

2c. What kind of account do you want?  Checking  Savings

2d. Telephone number of your financial institution (including area code):

3a. Name and address of financial institution:

3b. Do you want Federal income tax withheld from your annuity payments?  Yes (Go to item 3b)  No (Go to Section I)

3c. Do you want to have Federal income tax withheld at the rate currently being withheld from your salary?  Yes (Attach copy of SF 4 form on file with your employing agency.)  No (Attach new SF 4 form, otherwise tax withholding will be at rate for married with 3 exemptions.)

**Section I - Applicant's Certification**

I hereby certify that all statements made in this application are true to the best of my knowledge and belief.

Any intentional false statement in this application or other pertinent information, subject to the penalties provided by law, is a violation of the provisions of 5 U.S.C. 5315.

**Applicant's Checklist**

	Yes	No	Not Applicable
1. Military Service: If you answered "yes" to Section H, item 4, did you attach Schedule A?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Military Related Pay: If you answered "yes" to Section H, item 5, did you attach Schedule B?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Military Related Pay: If you completed Schedule B and answered "yes" to item 2, did you attach a copy of the notice of award or other documentation of the type of military related pay you are receiving?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Military Related Pay: If you completed Schedule B and answered "yes" to item 2, did you attach a copy of your report for review and a copy of the military finance officer's acknowledgment or approval of your request for review (if applicable)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Survivor Election: If you are married and did not select item 1 of Section H, did you attach SF 3107-2, <i>Spouse's Consent to Survivor Election</i> ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Life Insurance: If you answered "yes" to Section H, item 2, did you attach SF 2814, <i>Continuation of Life Insurance Coverage in Retirement or Compensation</i> ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. OCEIP: If you answered "yes" to Section F, item 1, did you attach Schedule C?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Tax: If you want to elect a Federal income tax withholding rate, did you attach a W-4 form?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Court or Administrative Order: If you answered "yes" to Section C, item 2 and "yes" to Section E, item 1b, did you attach a copy of the order?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





## Reemployed Annuitants

### Options:

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



## NITP as a Resource

[www.nitpinc.com](http://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



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**Q & A**  
QUESTIONS AND ANSWERS

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Thank You For Attending

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## Federal Retirement Benefits: CSRS and FERS Deposits and Redeposits

Presented by:

Bob Braunstein, Federal Benefits Specialist

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



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

## What is the Difference Between and 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 <b><i>If not paid, the service will only count for retirement eligibility!</i></b>



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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

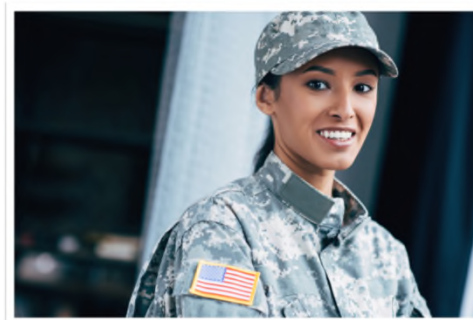
If deposit is not paid. . .	Breakeven point if paid
The service will not be considered in the FERS retirement benefit calculation  1% x \$100,000 = \$1,000 per year reduction	Less than 1 year  <i>If not paid – no credit for either retirement eligibility or annuity!</i>



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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><b><i>No credit for service for either eligibility to retire under FERS or for FERS annuity!</i></b></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 = <b>\$70,700</b>



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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% x \$185,000 = <b>\$77,700 per year</b> (military annuity waived at retirement)	Total of 22 years for FERS 22% x 185,000 = \$40,700 Military annuity = \$65,000 Total of annuities = <b>\$105,700</b> -- <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

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

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

## Module 2: Social Security



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## 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](http://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](http://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



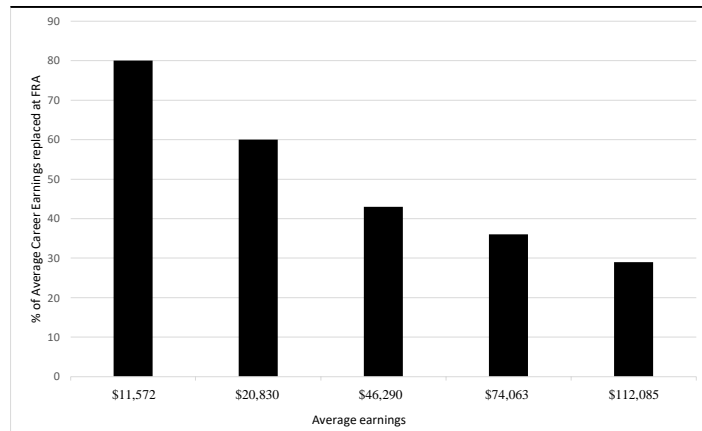
## To Average Earning, Indexing is Applied

- 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)



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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.



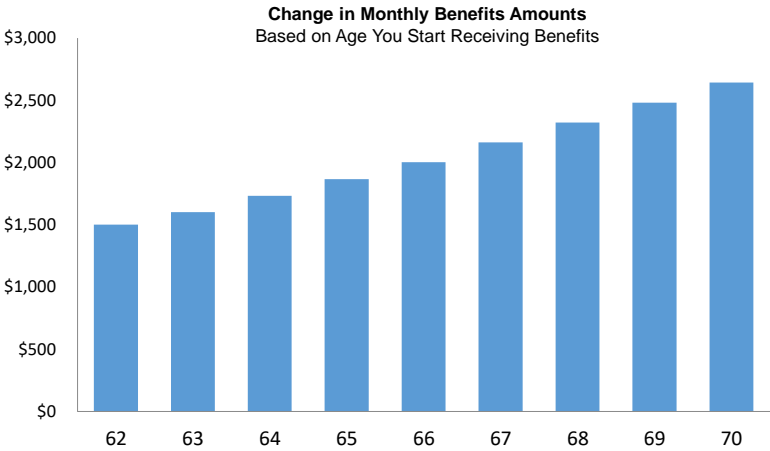


# Delayed Retirement Credits

- 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
<b>Couple's Combined Amount (after 2026)</b>		<b>\$5,285</b>
<b>Surviving Spouse will receive the higher benefits</b>		<b>\$3,240</b>



## Spousal Benefits:



### Example: Bill and Cathy

	Benefit	Amount
Bill (age 66)	Retirement Benefit	\$2,680.00
Cathy (age 62)	Spousal Benefit	\$938
<b>Combined Amount</b>		<b>\$3,484.00</b>
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
<b>Barbara</b>	<b>CSRS</b>	<b>\$6,000</b>
<b>Combined Amount</b>		<b>\$9,000</b>



## Government Pension Offset (GPO), cont'd.

### Example: Barbara and Ben

	Benefit	Amount
Ben (age 66)	Deceased	\$0
<b>Barbara</b>	<b>CSRS</b>	<b>\$6,641*</b>

	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

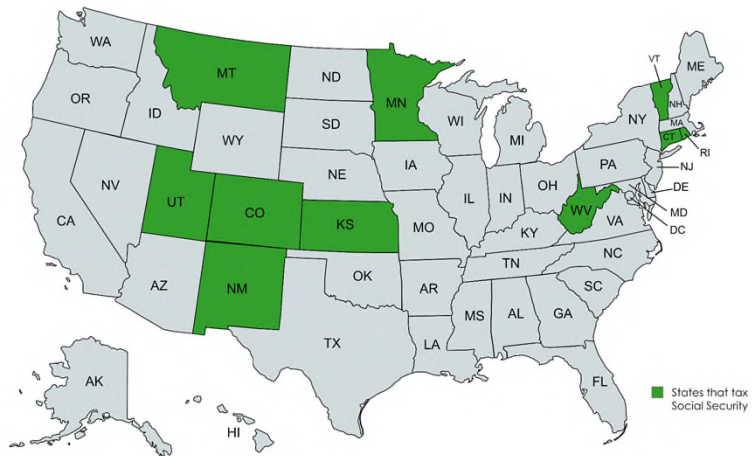
- Social Security Benefits Statement (Form SSA-1099)
- Estimated tax payments to the IRS or tax withholding from Social Security benefit
- See IRS Publication 915: Social Security and Equivalent Railroad Retirement Benefits



## 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

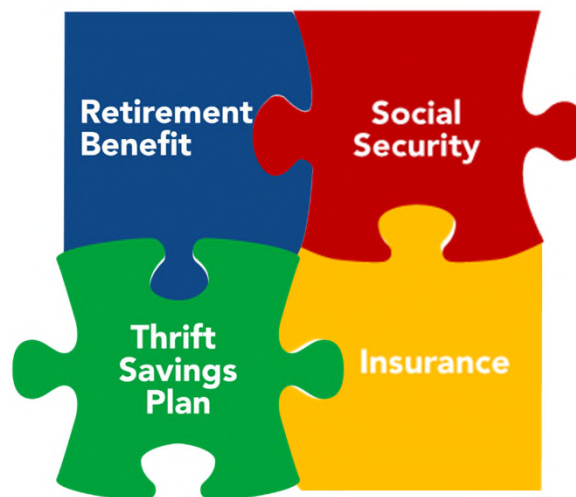
- 1940: 42 workers per retiree/2023: less than 3 workers per retiree
- Baby Boomers claiming Social Security @ 10K per day
- Additional \$ from Trust fund to fund current benefit levels will exhaust in 2034
- Benefits will have to be reduced by 20 to 25%... Unless we
  - **Raise OASDI cap – to delay 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)



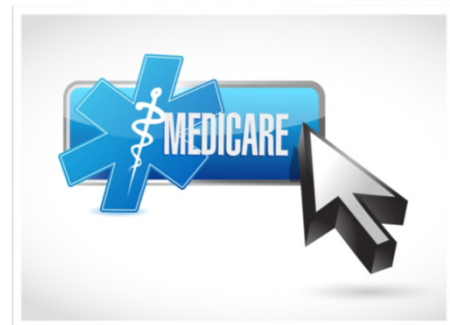
## Medicare

**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 <sup>st</sup> through 90 <sup>th</sup> 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"><li>Medicare caters to over 65 population</li></ul>	<ul style="list-style-type: none"><li>Medicare Part B is not required under FEHB</li></ul>
<ul style="list-style-type: none"><li>FEHB plans offer incentives to enroll in Medicare</li></ul>	<ul style="list-style-type: none"><li>FEHB limits payments to Medicare approved amounts</li></ul>
<ul style="list-style-type: none"><li>FEHB plans may have enhanced Medicare Advantage options</li></ul>	<ul style="list-style-type: none"><li>Consider needs of all family members</li></ul>
<ul style="list-style-type: none"><li>TRICARE for Life requires A &amp; B</li></ul>	<ul style="list-style-type: none"><li>IRMAA makes Part B a less obvious choice</li></ul>



## 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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National Institute of  
Transition Planning, Inc.



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## Federal Retirement Benefits: Federal Insurances


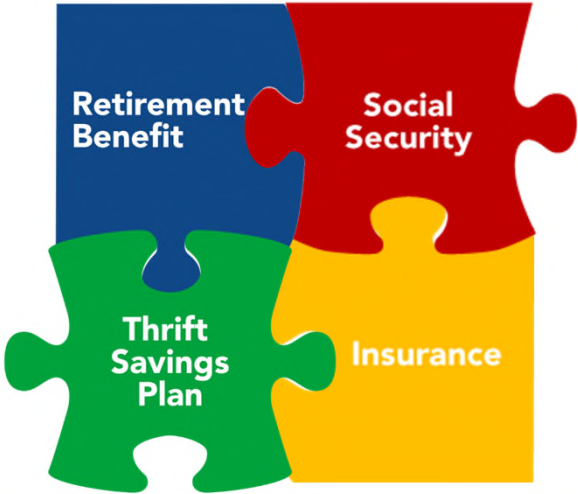
Presented by:  
Bob Braunstein, Federal Benefits Specialist

[nitpinc.com](http://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](http://www.benefeds.com)



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## 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](http://www.fsafeds.com)



## Health Care Federal Flexible Spending Account (HCFSA)

- 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 HCFSA and LEX HCFSA



## 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 15<sup>th</sup> 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

<b>\$10,000 (Retiree) Option A</b>		<b>\$240,000 (Retiree) Option B</b>		<b>\$25,000 (Spouse) Option C, 5 Multiples</b>	
<b>Age</b>	<b>Cost</b>	<b>Cost per \$1,000</b>	<b>Cost for \$240,000</b>	<b>Cost per Multiple</b>	<b>Cost for 5 Multiples</b>
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



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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](http://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?



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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](http://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?



Page 3-24

34

# Summary

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



**Q & A**  
QUESTIONS AND ANSWERS





Thank You For Attending

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National Institute of  
Transition Planning, Inc.



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





**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

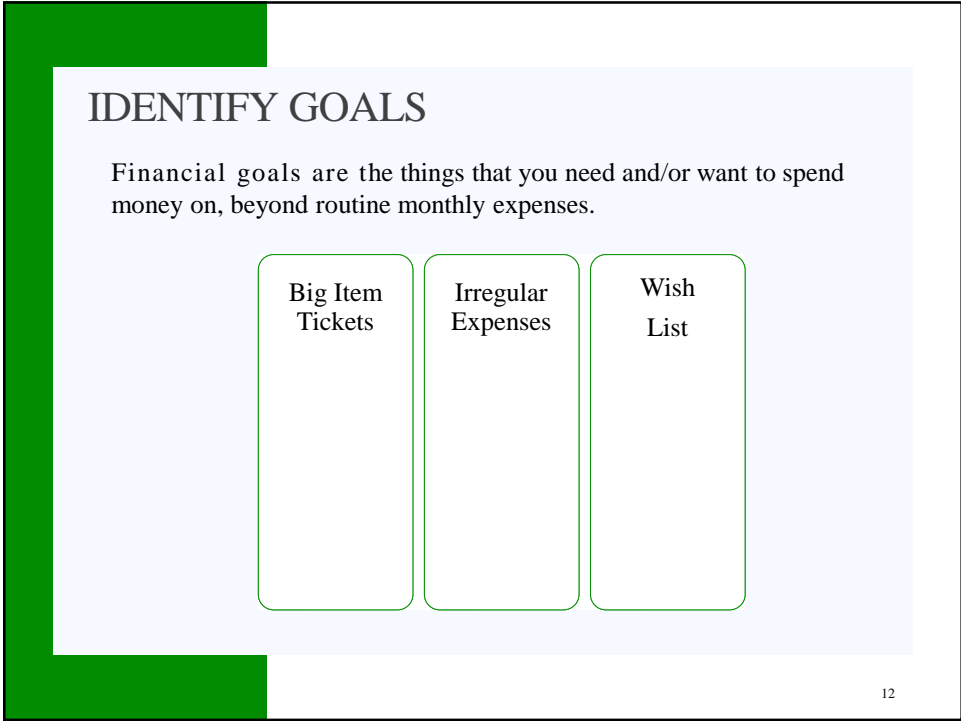
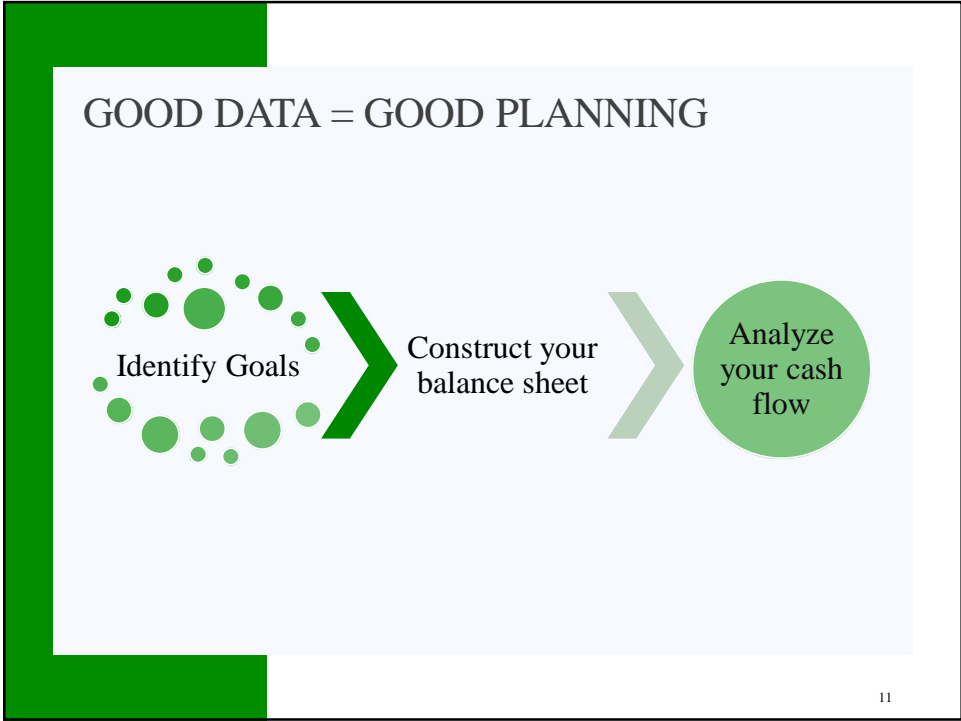
REGARDING MY FINANCIAL PLAN, I AM:



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.





### 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

income

usual expenses    occasional expenses    true emergencies

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

14

## BALANCE SHEET

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



15

## 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](http://www.quicken.com)
- [www.mint.com](http://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		
<b>TOTAL</b>		

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!

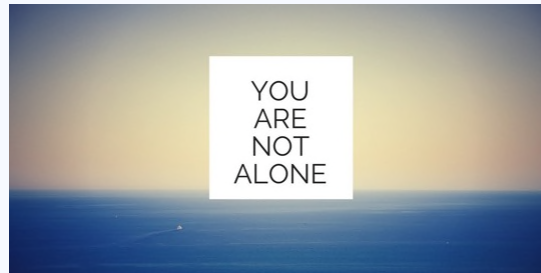


### APPROPRIATE USE OF A CREDIT CARD



## 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](http://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.

25

## TAKE ACTION

Pay off highest APR first

- Makes most sense.

Pay off lowest balance first

- Provides motivation.

Consolidate

- Pay more than the minimum.

26

## 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](http://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.



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## 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.

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## 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.



36

## STAY CURRENT


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



37

## 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



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## IN THE MARKET ASSETS

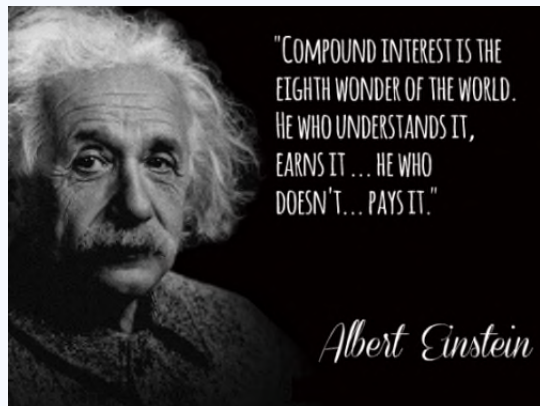
Not Cash!

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



42

## INVEST EARLY AND OFTEN



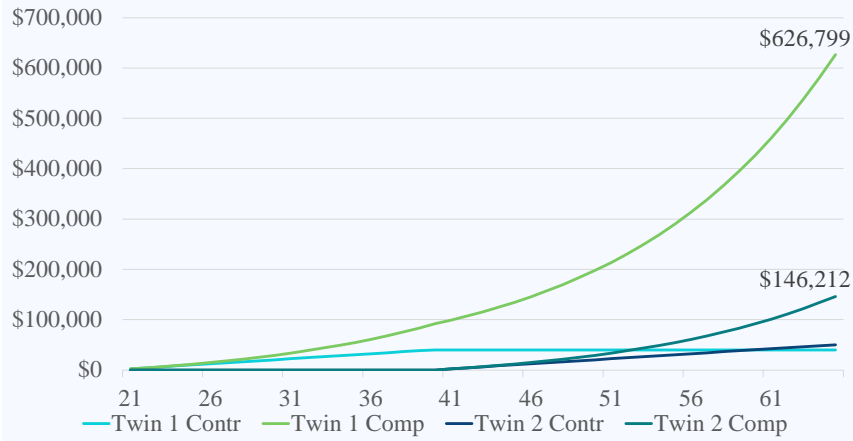
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## ROUTINE INVESTING

- 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.



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



### 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

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.



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### 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®**

1

**COURSE TOPICS**

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

3

## 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

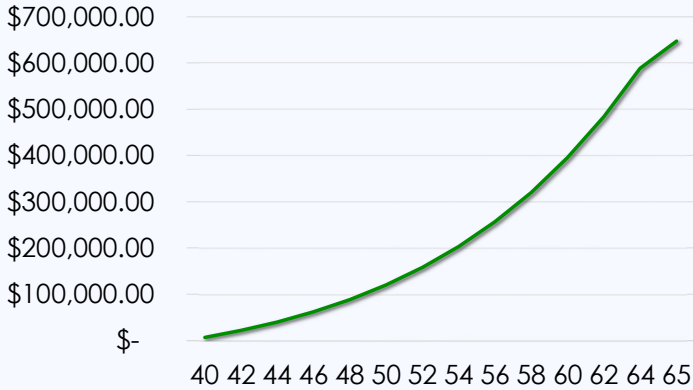
The retirement income you receive will depend on how much you contribute and how you allocate your money among the various investment choices.

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.

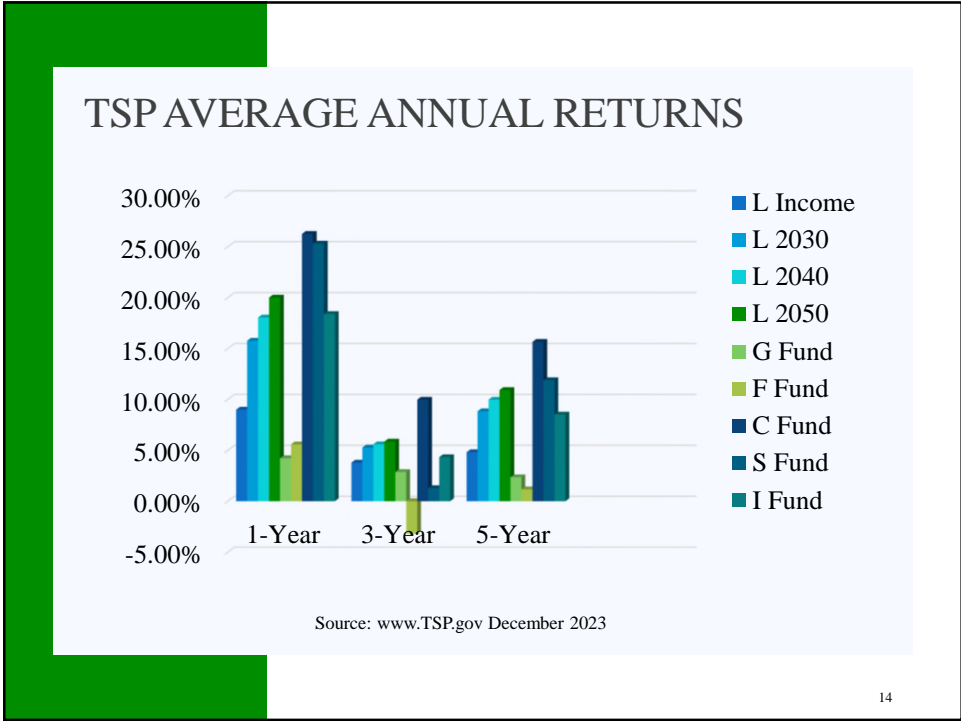


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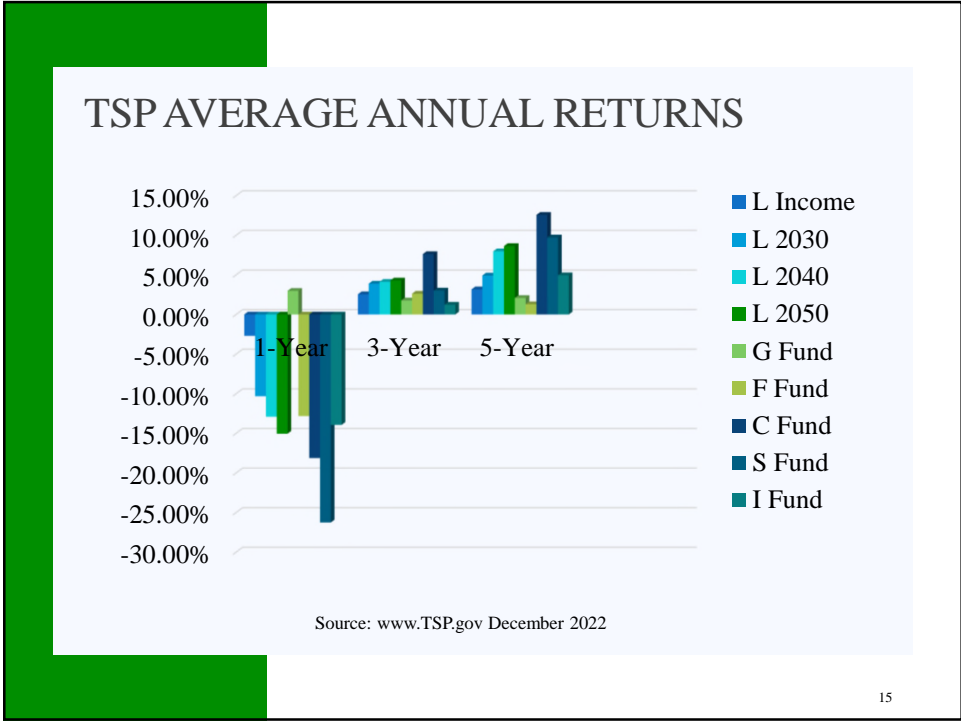
### KEY TO YOUR TSP

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

13







## 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

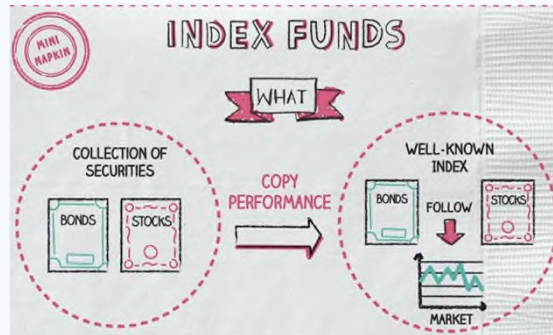
STUCK IN THE G FUND?



18

## WHAT IS AN INDEX FUND?

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



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## 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

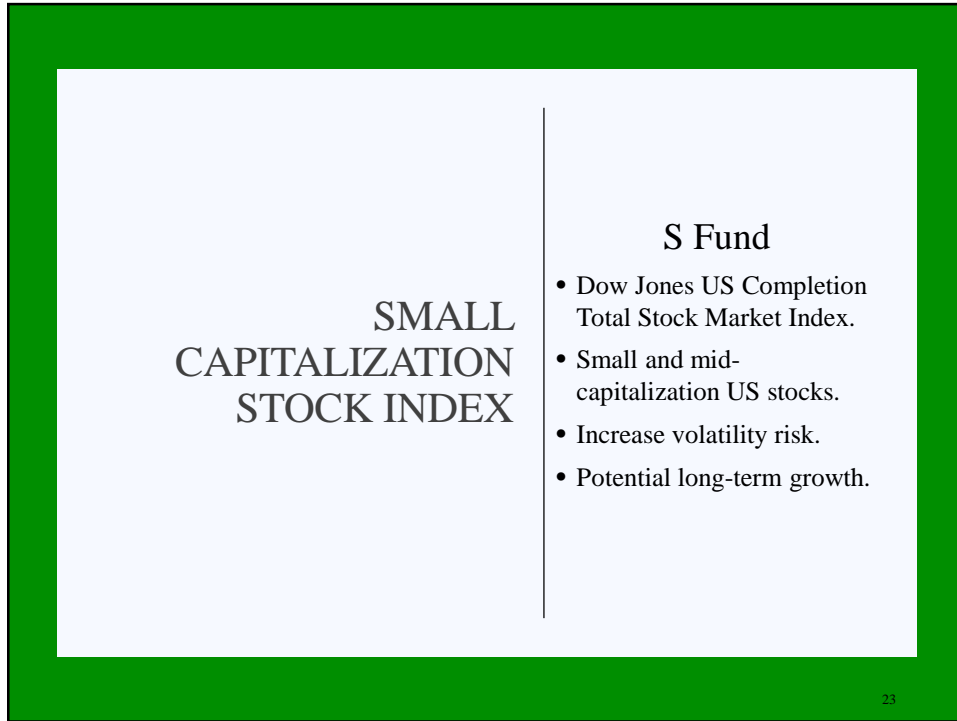
21

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

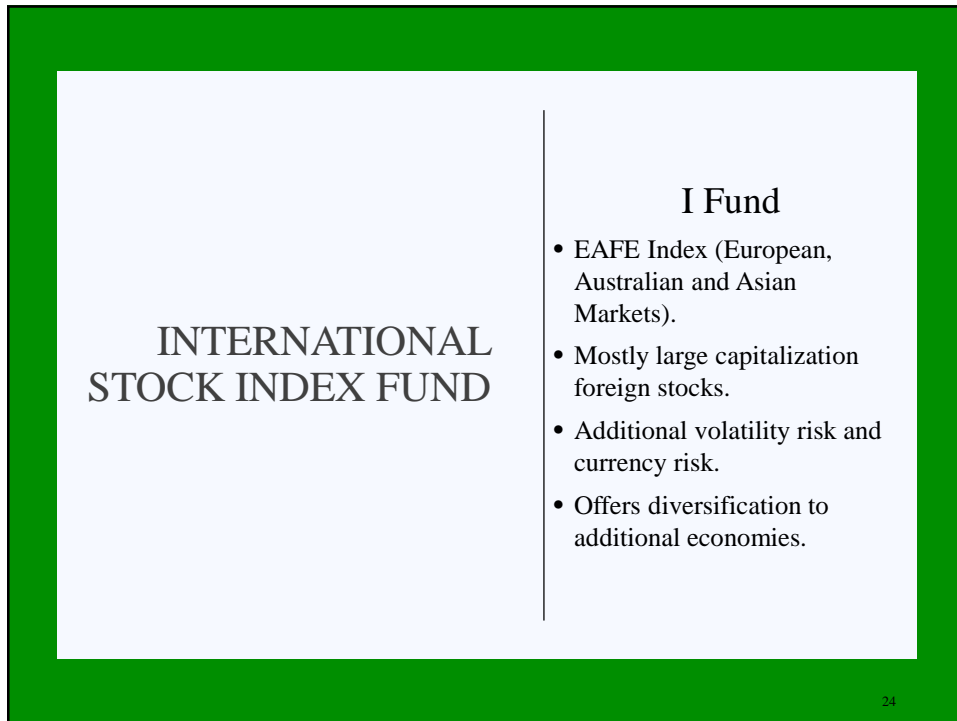


**SMALL  
CAPITALIZATION  
STOCK INDEX**

**S Fund**

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

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**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

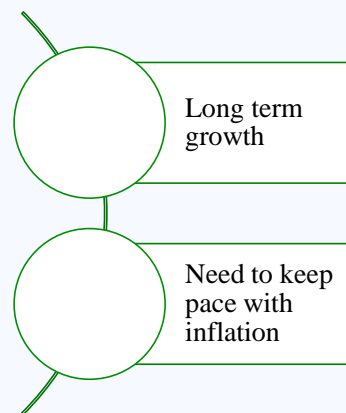
## CHANGES TO THE I FUND?

- 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 2<sup>nd</sup> 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.



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## 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

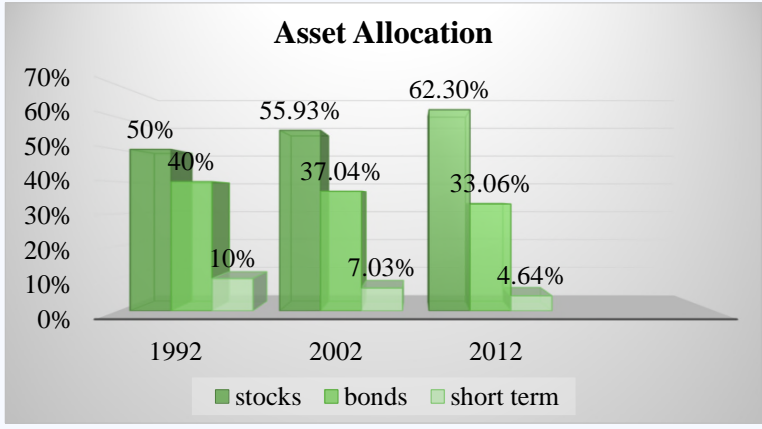
STEP 1:  
Which allocation meets your time frame?

STEP 2:  
Which allocation meets your temperament?

STEP 3:  
Keep it balanced.

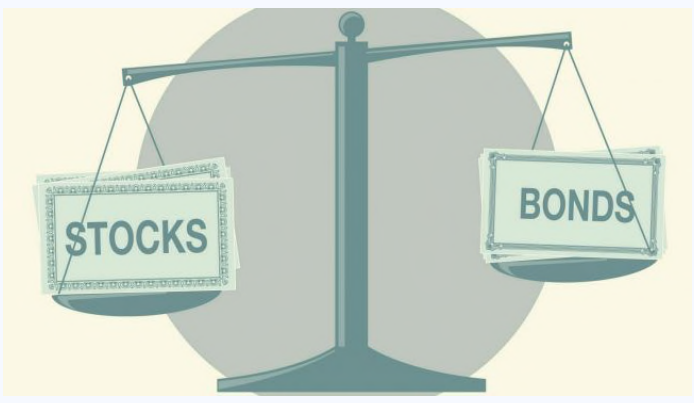
28

### 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?



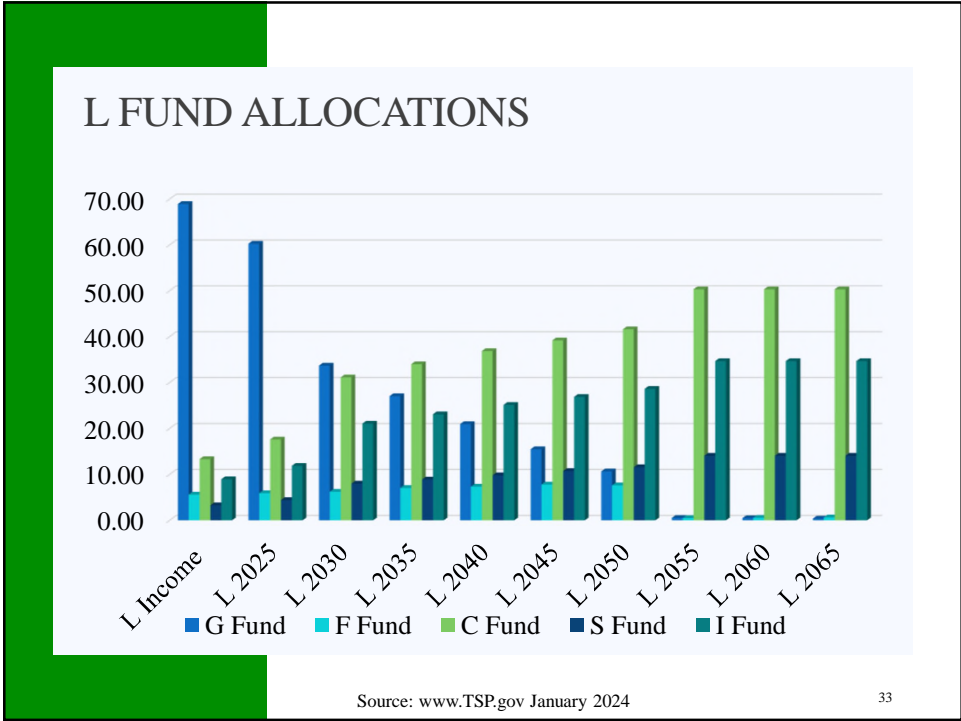


## HATE REBALANCING?

### 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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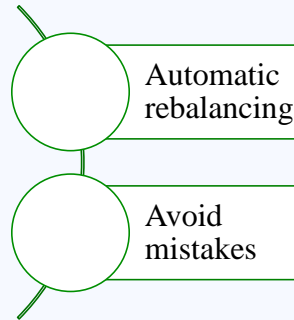
## CHANGES TO THE L FUND

(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%.

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WHEN DO THE L FUND  
MAKE SENSE?



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



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## 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.



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## 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?



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## TRADITIONAL TSP VS. ROTH TSP

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

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## TRADITIONAL VS. ROTH TSP

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

44

## 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?



45

## MAXING THRIFT?



46

## 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.

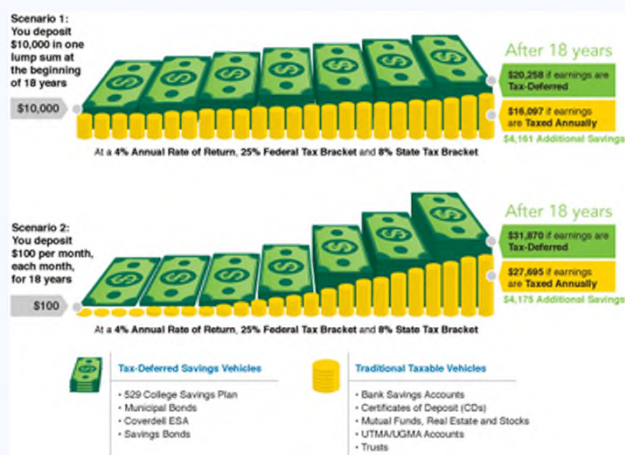
### Roth

- 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.



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## 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](http://www.cfp.net)

[www.letsmakeaplan.org](http://www.letsmakeaplan.org)



### ANY QUESTIONS?



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**FINANCIAL PLANNING  
HAVE A PLAN  
PART 3**

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KAREN P. SCHAEFFER, CFP®

2

**COURSE TOPICS**

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

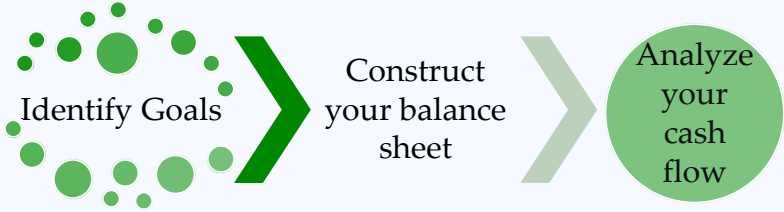
3

### HOW CLOSE ARE YOU 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](http://www.quicken.com)
- [www.mint.com](http://www.mint.com)



7

### SAMPLE Monthly Cash Flow Items

Income	Current	Retirement
Salary		
Interest/Dividends		
Other		
<b>Expenses</b>		
Retirement Funds		
Taxes		
Mortgage		
Auto		
Life Insurance		
Child Care		
Vacations		
<b>TOTAL</b>		

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
---	---------------------------------------	--

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**REVIEW ANNUALLY AND BE MINDFUL OF:**

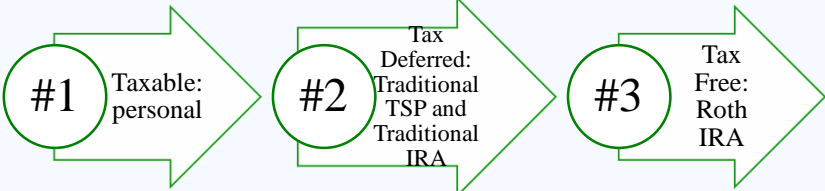
- Declining health
- Outliving life expectancy
- Unforeseen expenses
- Downturn in the market



The word "BE AWARE" is written in large, bold, black capital letters. The letter "A" is replaced by a black silhouette of a person walking to the right. The letters "B", "E", "A", "R", and "E" have short horizontal lines underneath them, suggesting a shadow or a path.

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**ORDER OF SPEND-DOWN IN RETIREMENT**



The diagram shows three green arrows pointing from left to right, each containing a number and a description of a retirement account type. The first arrow is labeled "#1 Taxable: personal". The second arrow is labeled "#2 Tax Deferred: Traditional TSP and Traditional IRA". The third arrow is labeled "#3 Tax Free: Roth IRA".

#1 Taxable: personal

#2 Tax Deferred: Traditional TSP and Traditional IRA

#3 Tax Free: Roth IRA

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### 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

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## WITHDRAWALS

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



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## 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**



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## 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.

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## BENEFICIARY FORM

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



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## CONSIDERING AN IRA?

All or part can be transferred

Transfers are not taxable

Forms are at [www.tsp.gov](http://www.tsp.gov)

Very personal decision

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## 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.



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## 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.

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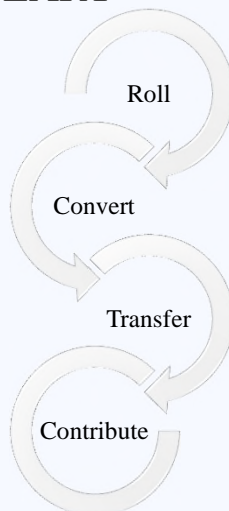
## CAUTION

- 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.



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## IRA VOCCABULARY



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## 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.



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## CHOOSING AN IRA CUSTODIAN



- Fees
- Investment options
- Services
- Practical consideration

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## 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.



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**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.

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**IRA REQUIRED MINIMUM DISTRIBUTIONS**

RMD

Traditional IRA 73      Roth IRA None

TAXABLE      TAX FREE

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## WHEN TO START SOCIAL SECURITY?



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## 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

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## 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

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## WHEN TO COLLECT CONSIDERATIONS

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

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## 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.



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## 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.



### ARE YOUR INSURANCE POLICIES IN ORDER?



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

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## LONG-TERM CARE INSURANCE

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

### Federal Long-Term Care Insurance

- [www.ltcfeds.com](http://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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