



Planning for Retirement

Presented by:

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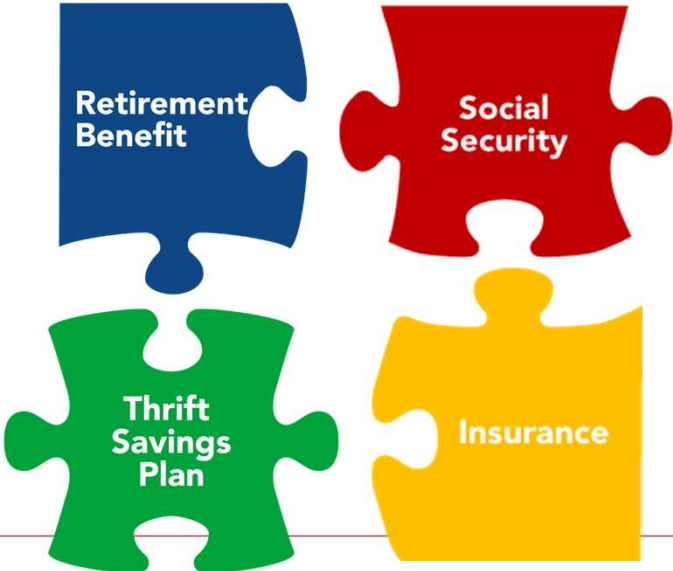
NITP
National Institute of
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BENEFITS, FINANCIAL AND RETIREMENT TRAINING FOR FEDERAL EMPLOYEES AT ALL CAREER STAGES

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Preparing For Retirement Involves Careful Planning of these Sources of Financial Security





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Module 1: Retirement Benefit

The steps for planning your retirement are:

- 1. **Eligibility**
- 2. Service Credit for Retirement
- 3. Basic Retirement Benefit
- 4. Survivor Benefits
- 5. Retirement Processing



Module 1-1

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Retirement Contributions

The Civil Service Retirement and Disability Fund (CSRDF)

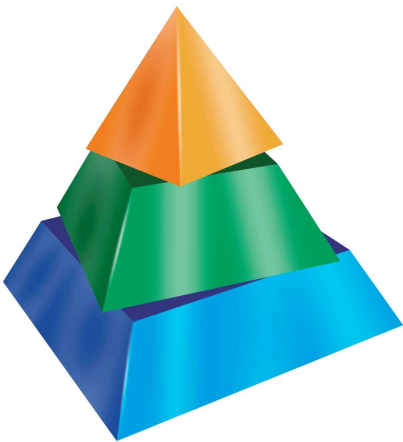
- 0.8% (FERS-RAE 3.1%, FERS-FRAE 4.4%) of base pay
- Special Provisions: 0.5% more
- Agency contributes significantly higher amount

Social Security – Federal Insurance Contributions Act (FICA)

- 6.2% of wages up to the maximum taxable wage limit
- Agency pays matching employer share of tax

The Thrift Savings Plan (TSP)

- Up to yearly IRS limit
- Agency automatic contribution equal to 1%, with match up to 4%



Module 1-3, CSRS Appendix A-2

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Minimum Age and Service Requirements

FERS Minimum Retirement Age (MRA)

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

Module 1-4

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Eligibility: Retirement Options

- Voluntary Optional
- MRA + 10
- Early
- Disability
- Special Provisions
- Deferred

Benefits Book Section 1, Page 4

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Minimum Age and Service Requirements: Voluntary Optional

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Voluntary Optional	MRA	30	Yes	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3 – Insurance)
	60	20	Yes	
	62	5	No	
MRA + 10 (Immediate Reduced or Postponed)	MRA	10	No	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3 – Insurance)



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Minimum Age and Service Requirements: Early

- Voluntary Early Retirement Authority (VERA)
- Discontinued Service (DSR)

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Early	50	20	At MRA	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3 – Insurance)
	Any age	25	At MRA	



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Minimum Age and Service Requirements: Disability

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Disability	Any age	18 months	No	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3 – Insurance)

Module 1-6, CSRS Appendix A-4

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Minimum Age and Service Requirements: Special Provisions

Retirement Option	Age	Years of Creditable Service	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Special Provisions	50 Any age	20 25	Yes Yes	Must meet 5-year test for FEHB and FEGLI; this is not a requirement for FEDVIP (see Module 3 – Insurance)

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Additional Considerations for Special Provisions

- Annual/Sick Leave CANNOT meet minimum requirement
- Does not have to be in covered position at time of retirement
- 20 years covered service/fewer than 25/under age 50: Deferred not subject to age reduction – regular FERS formula
- Military service that interrupts covered position – may be used towards minimum service requirement



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Minimum Age and Service Requirements: Deferred

Retirement Option	Age of Application for Benefit	Years of Creditable Service at Separation	Eligible for Supplement	Eligible for Continuation of FEHB, FEGLI, and FEDVIP
Deferred	MRA	30	No	No
	60	20		
	62	5		
	MRA	10		

- Based on amount of service at time of separation
- Benefit payable at corresponding age
- Sick Leave at separation cannot be used in the computation
- Refunds of retirement contributions
 - May forfeit this benefit unless rehired and make redeposit

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Module 1: Retirement Benefit

The steps for planning your retirement are:

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Service Credit for Retirement

- Must be evidence documenting service history
 - eOPF (electronic Official Personnel Folder)
 - Documents: SF 50s, DD 214s, beneficiary designations, insurance elections
 - Download a copy of records for your personal file
- Service not subject to retirement deductions:
 - Civilian service credit deposit and redeposit
 - Military service credit deposit
- Fewer than 5 years of service under CSRS computed under FERS rules



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Retirement Service Computation Date (SCD)

- Not always the same as Block #31 on SF 50 (“leave” SCD)
- Determined at time you complete Online Retirement Application (ORA) or SF 3107
- Do not wait until time to retire to resolve service credit issues – contact HR
- OPM is final authority for eligibility and calculation
- Leave cannot be used to meet the minimum eligibility requirements
- Sick Leave is converted to credit for your benefit computation
- Annual Leave is paid in a lump sum



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Creditable Service: Changes in Work Schedule

- **Part-time work schedule**
 - 16 – 32 hours per week
 - Impacts basic benefit computation
 - Does not affect eligibility
- **Intermittent, Seasonal, and When Actually Employed (WAE)**
 - Irregular or occasional work that is sporadic and unpredictable
 - Which can vary from week to week
 - Credit for eligibility and calculation based on actual time worked
- **Leave Without Pay (LWOP), suspension, or furlough**
 - Generally, credit allowed for periods not exceeding 6 months in any calendar year



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Should I Pay a Deposit?

Type of Deposit	Recommendation and Reasoning
Civilian service ▪ Not covered by retirement contributions before 1/1/89 ▪ Refunded CSRS contributions (creditable under FERS) Peace Corps or VISTA service can be pre or post 1/1/89 Post-56 military service	Generally, it makes sense to pay because: ▪ If paid, service will count towards eligibility and computation of your retirement benefit ▪ Without payment, only towards leave accrual, not retirement benefit
Civilian service ▪ Covered by refunded (Redeposit Service) FERS contributions	Generally, it makes sense to pay because: ▪ If not paid, credited for eligibility only ▪ Must pay to count towards computation
Civilian service ▪ On or after 1/1/89 not covered by FERS retirement deductions	Under current law, you cannot pay a deposit, and service is not creditable towards eligibility or computation of your retirement benefit.



How Much Do I Owe?

- **Deposit:** 1.3% of base pay
- **Redeposit:** Refunded contributions
- **Military Deposit:** 3% of military base pay
- Service not covered by FERS on or after 1/1/89 – no deposit available

Interest will compound on unpaid deposit
2026 Variable Interest Rate: 4.25%



Civilian Deposits and Redeposits: Instructions

- Request estimate of retirement with and without payment
- Complete application:
 - SF 3108 – FERS Application to Make a Service Credit Payment
 - SF 2803 – CSRS Application to Make Deposit or Redeposit
- More than 6 months from retirement:
 - Submit to HR
- Fewer than 6 months from retirement:
 - Include with retirement application



Variable Interest Rates

Year	Rate	Year	Rate	Year	Rate	Year	Rate
1985	13.0%	1996	6.875%	2007	4.875%	2018	2.125%
1986	11.125%	1997	6.875%	2008	4.75%	2019	2.75%
1987	9.0%	1998	6.75%	2009	3.875%	2020	2.25%
1988	8.375%	1999	5.75%	2010	3.125%	2021	1.375%
1989	9.125%	2000	5.875%	2011	2.75%	2022	1.375%
1990	8.75%	2001	6.375%	2012	2.25%	2023	1.875%
1991	8.625%	2002	5.5%	2013	1.625%	2024	3.75%
1992	8.125%	2003	5.0%	2014	1.625%	2025	4.375%
1993	7.125%	2004	3.875%	2015	2.0%	2026	4.25%
1994	6.25%	2005	4.375%	2016	2.0%		
1995	7.0%	2006	4.125%	2017	1.875%		



Military Service Credit Deposit

- Must be honorable conditions
- Determining amount of military base pay
- Must be paid prior to retiring
- No effect on your other military benefits such as medical benefits, base access, commissary, or VA benefits including any disability payments from the VA.
- Amount owed = 3% of military earnings, plus interest
- Interest begins on 3rd anniversary of Federal civilian employment
- No Payment = No Credit for title or computation!



Example Military Deposit

- 5 years of military service
- Total base pay = \$85,000
- Deposit = \$5,200 (3% of base pay plus interest)
- 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. 5% x \$100,000 = \$5,000 per year reduction	1 year <i>If not paid – no eligibility or annuity credit for these years</i>



Military Deposit Payment

Military retirees barred from receiving credit unless they waive military retired pay with the following exceptions:



- Due to a service-connected disability either incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war, or
- Under the provisions of Chapter 1223, Title 10, U.S.C. (pertaining to retirement from a Reserve component of the Armed Forces).



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Military Service Credit Deposit: Instructions

- Provide documentation of military service
 - Attach copies of all DD 214s and supporting documents
- Request your military earnings by submitting RI 20-97 and supporting documents to the military finance center
- Complete Application to Make Service Credit Payment
 - SF 3108 (FERS), SF 2803 (CSRS)
 - Request assistance from HR
 - Indicate payment preference



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Module 1: Retirement Benefit

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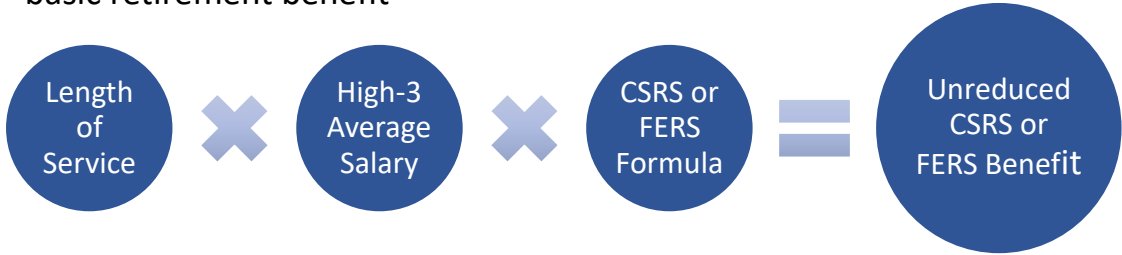
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Determine Your Basic Retirement Benefit

- 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



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Length of Service: Longer Length of Service

- **Formula:** Retirement Date minus Retirement SCD = Length of Service
- **Example:** Subtracting dates to calculate length of service

Dates	Year	Month	Day
Retirement Date: 12/31/2030	2030	12	31
Retirement SCD: 8/18/96	- 1996	- 8	-18
Length of Service: 34 years	34	4	13



Credit Unused Sick Leave

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



Credit Sick Leave Hours

- Total creditable Sick Leave: 1 year, 1 month, 2 days

2,268	Hours of Sick Leave
- 2087	Hours in 1 year
= 181	1 month, 2 days



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Converting Unused Sick Leave

Days	Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	0	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	702	875	1049	1223	1397	1571	1745	1919
2	12	186	360	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1931
4	23	197	371	545	719	893	1067	1241	1415	1589	1762	1936
5	29	203	377	551	725	899	1073	1246	1420	1594	1768	1942
6	35	209	383	557	731	904	1078	1252	1426	1600	1774	1948
7	41	215	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	568	742	916	1090	1264	1438	1612	1786	1960
9	52	226	400	574	748	922	1096	1270	1444	1618	1791	1965
10	58	232	406	580	754	928	1102	1275	1449	1623	1797	1971



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Add Unused Sick Leave to Total Service

	Years	Months	Days
Creditable Service	34	4	13
Unused Sick Leave	<u>+ 1</u>	<u>+ 1</u>	<u>+ 2</u>
Total Creditable Service	35	5	15



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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



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Calculate Your High-3 Salary

- Your High-3 salary is your highest average basic pay over any consecutive 3-year period in Federal Service
- Basic pay includes:
 - Locality Pay
 - Law Enforcement Availability Pay (LEAP)



Determine the Beginning of the High-3 Period (Step 1)

Steps	Year	Month	Day
Retirement Date or end of High-3 Period	2030	12	31
Subtract 3 Years	- 3	- 0	- 0
Beginning of High-3 Period	2027	12	31

Determine the Average High-3 Salary (Step 2)

Beginning Date	End Date	Total Time (Years, Months, Days)	Time Factor	Annual Rate	Total Basic Pay
1/1/2028	1/8/2028	0 – 0 – 8	.022	\$88,430	\$1,945.46
1/9/2028	1/6/2029	0 – 11 – 28	.994	\$90,783	\$90,238.30
1/7/2029	6/23/2029	0 – 5 – 17	.464	\$94,952	\$44,057.72
6/24/2029	1/5/2030	0 – 6 – 12	.533	\$99,890	\$53,241.37
1/6/2030	12/31/2030	0 – 11 – 25	.986	\$102,590	\$101,153.74
Total: 3 – 0 – 0				Total Basic Pay	\$290,636.60
				High-3 Salary	\$96,878.87
Round High-3 Salary to the Nearest Dollar					\$96,879



Module 1-23 and 1-24

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Calculate Your Basic Benefit

- 35 years, 5 months of service
- High-3 salary of \$96,879
- Age 60

Factor	High-3 Salary	Total Years and Months of Service	Basic Benefit
1%	x \$96,879	x 35.4167	= \$34,311 (\$2,859/month)
1.1%*	x \$96,879	x 35.4167	= \$37,742 (\$3,145/month)

*Employees who are age 62 or older with 20 or more years of service, use 1.1%



Module 1-26, CSRS Appendix A-11

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FERS: MRA + 10

- Postponed MRA + 10
- No FERS supplement
- Subject to age reduction under 62
- Commencement date of postponed MRA+10 retirement must be no later than 2 days **before** your 62nd birthday
- With 20 or more years of service, choose the first day of the month **after** reaching age 60 to avoid age reduction



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Example: MRA+10



Calculate Unreduced Retirement:

- John, age at separation: 57 years
- Creditable service: 11 years and 8 months
- High-3 average salary: \$96,879
- Basic benefit: $1\% \times \$96,879 \times 11.6667 = \$11,302$ per year (\$941 per month)



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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

Reduced Benefit: \$11,302 x 0.7542 = \$8,524/year or \$710/month



Special Retirement Provisions – Basic Benefit Formula

- Must meet one of the age and service requirements:
 - Age 50 and 20 years
 - Any age and 25 years
- Calculate each of the following, then add totals

Factor	x	High-3	x	Years of Service
1.7%	x	High-3	x	First 20 years of covered service
1.0%	x	High-3	x	Remaining years and months of service



Special Retirement Provisions – Calculate Basic Benefit

Factor	High-3 Salary	Years	Total
1.7%	x \$157,747	x 20 (first 20 years)	= \$53,634
1.0%	x \$157,747	x 5.5 (5 years, 6 months)	= \$8,676
Annual Unreduced Basic Benefit = \$62,310			
Monthly Unreduced Basic Benefit = \$5,192			

Calculation of Basic Benefit Using the Easy FERS Calculation Chart
.395000 x \$157,747 = \$62,310 per year or \$5,192 per month



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FERS: Part-Time Service

- Part-time percentage multiplied by the full-time benefit

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 actually worked by the total hours the employee would have worked if full- time



Module 1-34, CSRS Appendix A-13

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FERS 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



Estimate the FERS Annuity Supplement

Steps	Example
1. Estimate the Social Security benefit as if you were age 62	\$2,200
2. Calculate civilian service creditable under FERS	30 years
3. Divide the years of FERS service by 40	$30 \div 40 = 0.75$
4. Multiply the career Social Security benefit by amount determined in Step 3	$(\$2,200) (75\%) = \$1,650 \text{ per month or } \$19,800 \text{ per year}$



FERS Annuity Supplement Earnings Test Example: Shawn

- Shawn retired: 8/31/2025
- Supplement: \$1,800/month
- FERS Supplement Earnings Limit for 2025: \$23,400
- Wages 9/2025 – 12/2025: \$25,500
- Exceeding the 2025 limit by: \$2,100
- Reduction: \$1,050/year or \$87.50/month (*effective July 2026*)
- Shawn’s reduced supplement (payable August 1, 2026): **\$1,712.50** (\$1,800 - \$87.50)





Module 1-36

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FERS Annuity Supplement Earnings Test Example: Pat, Special Agent

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

- Pat retired: 12/31/2025 at age 51
- Supplement: \$1,957/month
- Supplement continues regardless of earnings until MRA (age 57)





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Disability Retirement (FERS and TransFERS) - Example

- Martha, age: 42
- Years of service: 20
- High-3 salary: \$72,553
- Denied a Social Security (SS) benefit

	Factor	Multiply by High-3 Salary	Total per Year	Total per Month
First 12 months	60%	x \$72,553	= \$43,531.80	\$3,627
Starting the 13 th month	40%	x \$72,553	= \$29,021.20	\$2,418
Starting at age 62	40 years (1.1%)	x \$124,000*	= \$54,560	\$4,546

*High-3 increased by all FERS cost-of-living increases while receiving a disability annuity, regardless of whether the annuity was actually increased by the COLAs.



Cost-of-Living Adjustment (COLA)

- Provided for all CSRS retirees
- Based on the change in the CPI
- Generally provided for FERS retirees 62 and older
- COLAs are provided immediately for:
 - Special Provisions retirees
 - Disability retirees
 - Survivor annuitants

YEAR	CSRS	FERS
2018	2.0%	2.0%
2019	2.8%	2.0%
2020	1.6%	1.6%
2021	1.3%	1.3%
2022	5.9%	4.9%
2023	8.7%	7.7%
2024	3.2%	2.2%
2025	2.5%	2.0%
2026	2.8%	2.0%



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Consider Survivor Benefits: Death of Employee

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



Module 1-43, CSRS Appendix A-18

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FERS Spousal Survivor Benefit: Death of a Federal Employee

Spouse (18+ months of service):

- Lump-sum death benefit
- \$43,800.53 (2026) 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



Module 1-45, CSRS Appendix A-18

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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).



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Children's Survivor Benefit

- Payable to dependent children upon the death of a retiree
- An automatic benefit; no election is required
- 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



Module 1-46, CSRS Appendix A-19

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Children's Survivor Benefit, continued

The child's survivor benefit rate for FERS is computed as:

1. The total amount payable to all children:
 - \$692 per month per child (1 living parent), \$2,076 maximum
 - \$830 per month per child (no living parent), \$2,492 maximum
2. Minus the total amount payable to all children by Social Security
3. Divided by the number of children



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Consider Survivor Benefits: Death of Retiree

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



Module 1-43, CSRS Appendix A-18

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Spousal Survivor Benefit: Elections At Retirement

- No health requirements
- Married minimum 9 months, unless accidental death
- Payable immediately until death or remarriage before age 55



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Spousal Survivor Benefit Elections at Retirement, Former Spouse

- Election available with consent of current spouse, if applicable
- Court orders take precedence over any other election
- Include court order with retirement application
- Terminates on death of former spouse or remarriage before age 55 (unless married 30+ years)



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FERS Spousal Survivor Benefit

Options	Survivor Benefit	Reduction to Retiree Benefit
Max	50% of the unreduced benefit	10% of the benefit
Partial	25% of the unreduced benefit	5% of the benefit
None	No survivor annuity payable at death	No reduction in annuity



Module 1-49, CSRS Appendix A-20

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FERS Spousal Survivor Benefit: Example

▪ Unreduced Retirement Benefit = \$30,000

Options	Survivor Benefit	Retirement Annuity With Reduction
Max	50% of \$30,000 = \$15,000	\$27,000/year \$2,250/month
Partial	25% of \$30,000 = \$7,500	\$28,500/year \$2,375/month



Module 1-49, CSRS Appendix A-20

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Spousal Survivor Benefit: Elections At Retirement, continued

Guidelines for Changes After Retirement

- Within 30 days of retirement
- Increase benefit within 18 months of retirement being finalized
 - Substantial penalty
- Elect within 2 years of post retirement marriage
 - Must pay substantial deposit back to:
 - Date of retirement, or
 - Date previous survivor election ended
- Reduction ends if marriage ends



Module 1-47

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Death of an Annuitant and Health Benefits

VERY IMPORTANT!

For surviving spouse to continue FEHB coverage:

- Must be entitled to a full or partial survivor annuity
- Covered under FEHB on the date of retiree’s death



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Spousal Survivor Benefit Elections at Retirement, Married Federal Couples

Guidelines for Married Federal Couples

- Survivor election not required for Federal spouse to continue FEHB
- Spouse must be eligible for FEHB through their own retirement



Module 1-47

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FERS Spousal Supplement

The surviving spouse must be:

- Entitled to a current spouse FERS retiree survivor benefit
- Under age 60
- Entitled to Social Security survivor benefits at age 60
- Ineligible for Social Security benefits as a parent of an eligible child



Module 1-49

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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



Module 1-50

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Insurable Interest Survivor Benefit: Reduction to Retirement Benefit

- CSRS or FERS
- Survivor Benefit: 55% of the reduced benefit
- Reduction to retirement benefit is shown in this table

Reduction to Retirement 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 1-50

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Designation of Beneficiary Forms

Designation of Beneficiary Forms	Form / Website
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 at tsp.gov</i>



Module 1-44 www.opm.gov/forms

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Designation of Beneficiary

Designate beneficiary or payment goes to:

1. Your widow or widower
2. Your children or their descendants
3. Your parents
4. Determined by executor/administrator of estate
5. Next of kin (determined by OPM)



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Module 1: Retirement Benefit (Step 5)

The steps for planning your retirement are:

1. Eligibility
2. Service Credit for Retirement
3. Basic Retirement Benefit
4. Survivor Benefits
5. **Retirement Processing**



Module 1-51

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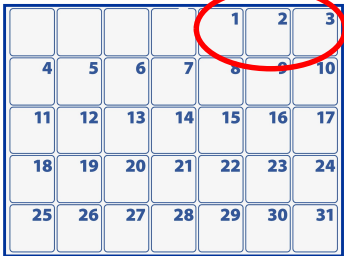
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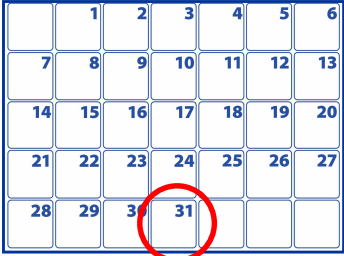
Choosing Your Retirement Date

Which day of the month?

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

Best Day for CSRS Employees





Best Day for CSRS and FERS Employees



Module 1-53, CSRS Appendix A-21

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Reductions and Withholdings

Reductions (Reduce Taxable Income)	Withholdings (After Tax)
▪ Age	▪ Federal Tax
▪ Survivor Benefits	▪ State Tax (as applicable)
▪ Part-time Proration	▪ Insurance Premiums
▪ Unpaid Deposits (CSRS)	▪ Former Spouse Apportionment
▪ Alternative Form of Annuity	



Module 1-19

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Retirement Application Tips: Sections A & B

Section A – Identifying Information

- Be sure to use home address and phone number and update as necessary to receive important information.

Section B – Federal Service

- Complete Schedule A and/or B on the SF 3107 if you answer “yes” to Military Service questions.
- If you answer “yes” on the ORA, you will be prompted to provide additional information regarding military service.



Module 1-54

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Retirement Application Tips: Section C

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:
		☐ Clergyman or Justice of Peace
		☐ 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



Module 1-54. Form available at: [OPM Form SF 3107 \(PDF\)](#)

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Retirement Application Tips: E, F, and G

- Section E – Insurance Information
- Section F – Other Claim Information
- Section G – Information About Your Unmarried Dependent Children

Section E - Insurance Information

1a. Are you eligible to continue Federal Employees Health benefits coverage as a retiree?

1b. Is there a court order or administrative order currently in effect that requires you to provide health benefits coverage for your children?

2. Are you eligible to continue Federal Employees Group Life Insurance coverage as a retiree?

3. Are you enrolled in the Federal Dental and Vision Insurance Program (FDVIP)?

4. Are you currently enrolled in the Federal Long Term Care Insurance Program (FLTCIP)?

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?

2. Have you previously filed any application under the Civil Service Retirement System or Federal Employees Retirement System (for retirement, refund, deposit or redeposit, or voluntary contributions)?

2a. Type of application

2b. Chain number(s)

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

1. Dependent child's name (first, middle, last)	2. Date of birth (month/day/year)	3. Disabled (Y/N)	4. Dependent child's name (first, middle, last)	5. Date of birth (month/day/year)	6. Disabled (Y/N)



Module 1-55

Retirement Application Tips: H and I

- Section H – Payment Instructions
- Section I – Applicant's Certification

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 III of the 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 permanent payment address is outside the United States in a country not accessible via direct deposit.

Please select one of the following:

2a. Financial Institution Routing Number

2b. Checking or Savings Account Number

2c. Name and address of Financial Institution

2d. Do you want Federal income tax withheld from your annuity payments?

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.

Signature (Do not print)

Date (mm/dd/yyyy)

Applicant's Checklist

	Yes	No	Not Applicable
1. Military Service: If you answered "yes" to Section I, Item 4, did you attach Schedule A?			
2. Military Related Pay: If you answered "yes" to Section I, Item 5, did you attach Schedule B?			
3. Military Related Pay: If you answered "yes" to Section I, Item 5, did you attach a copy of your discharge certificate or other certificate of active military service?			
4. Military Related Pay: If you answered "yes" to Section I, Item 5, did you attach a copy of your report for service (disability)?			
5. Life Insurance: If you answered "yes" to Section I, Item 6, did you attach SF 2836, Continuation of Life Insurance Coverage (or Statement of Compensation)?			
6. OWBIP: If you answered "yes" to Section I, Item 7, did you attach Schedule C?			
7. Tax: If you want to elect a Federal income tax withholding rate, did you attach a W-4 form?			
8. Court or Administrative Order: If you answered "yes" to Section I, Item 8 and "yes" to Section I, Item 1b, did you attach a copy of the order?			

Notes:

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



Module 1-55

Additional Documents You May Need

- SF 2818: Continuation of Federal Employees' Group Life Insurance (if currently enrolled)
- W4P: Federal Pension Tax Withholding
- SF 3107-2: Spouse's Consent to Survivor Election
 - Only required if married and not leaving a full survivor annuity benefit to spouse
 - Must be signed by spouse and notarized prior to submitting
 - Must be sent to HR Specialist to verify and upload
- DD 214
- Buyback/Paid in Full Receipt
- Marriage Certificate
- Divorce Decree
 - Only required if your ex-spouse is entitled to a portion of your annuity or survivor annuity benefit



Module 1-55

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Designation of Beneficiary Form

Update as needed:

- SF 2823: Designation of Beneficiary (FEGLI)
- SF 3102: Designation of Beneficiary (CSRS/FERS)
- TSP logging into your TSP Account



Module 1-55

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Applying for Retirement

- Last paycheck and payment for unused Annual Leave
 - Lump-sum computed based on final pay rate
 - Generally, a lump-sum payment will equal the pay the employee would have received had they remained employed until expiration of the period covered by the Annual Leave

Example:

- Leave carryover from previous year: 240
- Accumulated leave in the year of retirement: 208
- $240 + 208 = 448$
- Compute hourly pay rate: $\$75,000 \div 2087 = \$36$
- Compute lump sum payment: $\$36 \times 448 = \$16,128$



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Applying for Retirement, continued

- First CSRS or FERS payment
 - Interim payments
 - Average 60-120 days
- Withholdings from interim payments
 - Federal income tax
 - FEHB and FEGLI continue without withholdings
- When your application is finalized
 - Catch-up back to retirement date
 - Withholdings for insurance begin



Module 1-56

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NITP as a Resource

[NITP Website \(www.nitpinc.com\)](http://www.nitpinc.com)

- **ForYourBenefit** eNews
- NITP Monthly Webinar
- NITP Webinar Library
- Checklists for each career stage



Module 1-60

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Module 1: Summary

The steps for planning your retirement are:

1. Eligibility
2. Service Credit for Retirement
3. Basic Retirement Benefit
4. Survivor Benefits
5. Retirement Processing



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Module 2: Social Security



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Module 2: Social Security Topics

- 1. **Qualifying for a benefit**
 - Who
 - How
 - When
- 2. Calculating the Retirement Benefit
- 3. Claiming Social Security
- 4. Family benefits
- 5. Taxes on Social Security benefits



Module 2-1

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Qualifying for a Benefit: How

- FICA taxes:
 - OASDI: 6.2% of wages up to \$184,500 (2026)
 - Medicare: 1.45% of all wages
- Social Security online calculators
- Maximum benefit amounts for high wage earners

\$1,890 = 1 credit 2026
4 credits per year (\$7,560+)
Fully Insured = 40 credits



Module 2-3

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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



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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



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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



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Module 2: Social Security Topics

- 1. Qualifying for a benefit
 - Who
 - How
 - When
- 2. **Calculating the retirement benefit**
- 3. Claiming strategies
- 4. Family benefits
- 5. Taxes on Social Security benefits



Module 2-5

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Calculate Your Estimated Monthly Benefit

- 1. Index earnings
- 2. Add Highest 35 years
- 3. Divide by 420 months
- 4. Apply the formula **(2026)**:
 - a) 90% of **\$1,286*** of AIME, plus
 - b) 32% of **\$1,286*** through **\$7,749***, plus
 - c) 15% of AIME over **\$7,749***
- 5. $a + b + c =$ Primary Insurance Amount (PIA)



Module 2-7 *The dollar amounts in the formula are sometimes called "bend points" and usually change every year.

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Earnings Before and After Indexing: Top of Chart

Year	Case A Born in 1964 (average earner)			Case B Born in 1959 (high earner)		
	Nominal Earnings	Indexing Factor	Indexed Earnings	Nominal Earnings	Indexing Factor	Indexed Earnings
1986	\$16,196	4.0323	\$65,307	\$42,000	3.1232	\$131,176
1987	17,283	3.7905	65,512	43,800	2.9360	128,596
1988	18,191	3.6126	65,717	45,000	2.7982	125,918
1989	18,971	3.4750	65,925	48,000	2.6916	129,197
1990	19,909	3.3216	66,130	51,300	2.5728	131,983
1991	20,715	3.2023	66,335	53,400	2.4803	132,450
1992	21,850	3.0454	66,541	55,500	2.3588	130,913



Module 2-6 Source: <https://www.ssa.gov/OACT/ProgData/retirebenefit1.html>

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Earnings Before and After Indexing: Bottom of Chart

Year	Case A Born in 1964 (average earner)			Case B Born in 1959 (high earner)		
	Nominal Earnings	Indexing Factor	Indexed Earnings	Nominal Earnings	Indexing Factor	Indexed Earnings
2020	57,590	1.2556	72,309	137,700	1.0000	137,700
2021	62,889	1.1531	72,515	142,800	1.0000	142,800
2022	66,421	1.0949	72,722	147,000	1.0000	147,000
2023	69,560	1.0484	72,927	160,200	1.0000	160,200
2024	73,133	1.0000	73,133	168,600	1.0000	168,600
2025	75,868	1.0000	75,868	176,100	1.0000	176,100
Highest-35 total: \$2,446,845				\$4,814,781		
AIME (Average Indexed Monthly Earnings): \$5,825				\$11,463		



Module 2-6 Source: <https://www.ssa.gov/OACT/ProgData/retirebenefit1.html>

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Calculate Your Estimated Monthly Retirement: Case A (AIME = \$5,825)

Step	Calculation	Subtotal
a.	90% x \$1,286	= \$1,157.40
b.	32% x \$4,539 (\$5,825 – \$1,286)	= \$1,452.48
c.	15% x \$0	= \$0

- Monthly benefit at age 67 (FRA) = \$2,609.80
- Monthly benefit at age 62 (30% reduction) = \$1,826.90

\$2,609.80 x 12 = \$31,317.60. This replaces 41.27% of 2025 earnings.
\$1,826.90 x 12 = \$21,922.80. This replaces 28.89% of 2025 earnings.



Module 2-7

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Calculate Your Estimated Monthly Retirement: Case B (AIME = \$11,463)

Step	Calculation	Subtotal
a.	90% x \$996	= \$896.40
b.	32% x \$5,006 (\$6,002 - \$996)	= \$1,601.92
c.	15% x \$5,461 (\$11,463 - \$6,002)	= \$819.15

- Monthly benefit at FRA = \$3,317.47
- Monthly benefit with COLAs from age 62 = \$4,152.40

\$4,152.40 x 12 = \$49,828.80. This replaces 28.29% of 2025 earnings.



Module 2-7

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Special Extra Earnings for Military Service

- If you had pre-2001 military service earnings for Active Duty, you may have extra Social Security wage credits added to your earnings record.
- After 2001, there are no special extra earnings credits for military service.
- Proof of your Military Service (DD Form 214) or information about your Reserve or National Guard service.
- For more information: [Social Security Publication EN-05-10017 \(Tagged PDF\)](#)



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Reduction in Benefit Due to Earnings (2026)

If You Are...	And Earn More Than...	Your Benefit Will Be Reduced By...
Under your Full Retirement Age (FRA)	\$24,480 per year (\$2,040 monthly)	\$1 for every \$2 over the limit
In the year you will reach your Full Retirement Age	\$65,160 that year (\$5,430 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

- Earnings only include earned income from wages, salaries, and self-employment.
- Notify Social Security if your earned income is higher than expected.



Module 2-8

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Module 2: Social Security Topics

1. Qualifying for a benefit
 - Who
 - How
 - When
2. Calculating the retirement benefit
3. **Claiming Social Security**
4. Family benefits
5. Taxes on Social Security benefits



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Claiming Social Security

- Are you still working?
- Do you need the money?
- Are you eligible on someone else's work record?
- Are other family members eligible on your work record?



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Stopping or Suspending

Stop benefits

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

Suspend benefits

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



Module 2-12

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Module 2: Social Security Topics

1. Qualifying for a benefit
 - Who
 - How
 - When
2. Calculating the retirement benefit
3. Claiming Social Security
4. **Family benefits**
5. Taxes on Social Security benefits



Module 2-13

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Dual Entitlement Example: Stacy and Sam



Who	Benefit	Amount
Stacy (FRA)	Stacy Full Benefit	\$2,045
Sam (70 years)	Sam Delayed Retirement Credits	\$3,240
Stacy and Sam	Couple's combined amount	\$5,285
	Surviving spouse will receive the higher benefit	\$3,240



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Dependent Spouse Benefit Example: Bill and Cathy

Who	Benefit	Amount
Bill (FRA)	Retirement Benefit	\$2,680.00
Cathy (Age 62)	Spousal Benefit	\$871
Bill and Cathy	Combined Amount	\$3,551.00
Cathy (FRA)		\$1,340.00
Cathy (FRA)	Survivor Benefit	\$2,680.00
		\$871
Debra (age 62)	Former Spouse	\$1,340.00
		\$2,680.00



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Can You Switch Social Security Benefits?

There are a couple of other circumstances where people can still switch benefits:

- If a spousal benefit is not available when spouse applies because their partner has not started Social Security yet, the spouse can start with their own benefit but switch to spousal benefits later when their partner applies, if the spousal benefit is larger.
- Also, if the surviving spouse is receiving survivor benefits, they can switch to their own benefit at any point if it is larger.



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Family Benefits: Children

Must have:

- Disabled or retired parent entitled to Social Security
- Deceased parent

Eligibility:

- Unmarried
- Age 17 and younger, or ages 18-19 and in school (grade 12 or below) full time
- Any age with a disability that began before age 22



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Module 2: Social Security Topics

1. Qualifying for a benefit
 - Who
 - How
 - When
2. Calculating the retirement benefit
3. Claiming Social Security
4. Family benefits
5. **Taxes on Social Security benefits**



Module 2-15

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Taxes on Social Security

- Combined income is AGI plus non-taxable interest plus 50% of Social Security benefit
- Taxable if combined income exceeds:
 - \$25,000/year filing individually
 - \$32,000/year filing jointly
- IRS Voluntary Withholding Request (Form W-4V)
- Social Security Benefits Statement (Form SSA-1099)
- See IRS Publication 915: Social Security and Equivalent Railroad Retirement Benefits



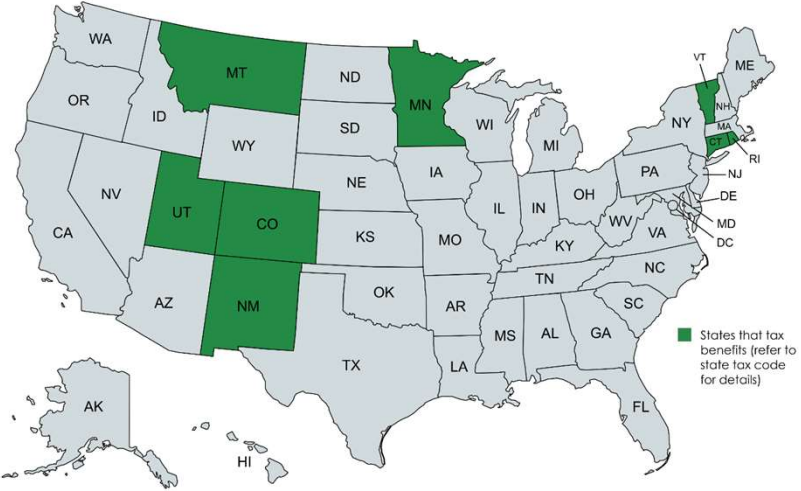
Module 2-15

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Does Your State Tax Social Security Benefits?

- Most states exempt Social Security from state taxes
- 8 states continue to tax benefits
- Widely varying rules and formulas
- Consult your state tax office for more information





Module 2-15 Source: [Retirement Taxes – How All 50 States Tax Retirees](#)

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Number of Social Security Beneficiaries

Who	Total	Age 85 - 95	Over age 95
Retired worker beneficiaries	52,999,217	4,940,479	305,854 (99,680 are men)
Spouses of retired workers	2,053,781	160,960	2,542 (524 are men)
Widowed beneficiaries	3,513,531	717,750	94,085 (1,078 are men)

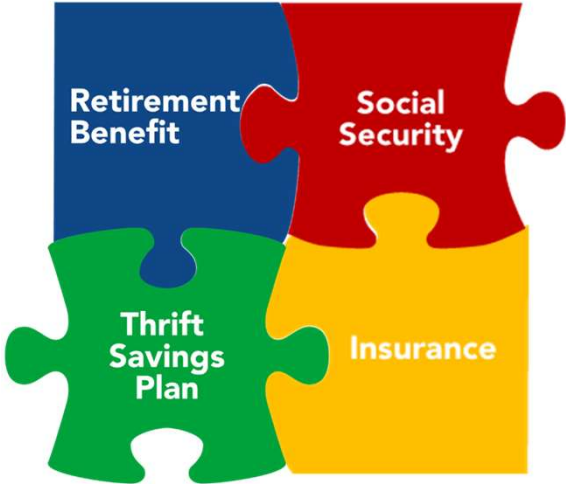


Module 2-11 Source: [Social Security Beneficiaries By Age](#) as of June 2025

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Module 3: Federal Insurances



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Module 3: Federal Insurances Overview

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



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Federal Employees Health Insurance (FEHB)

Requirements to continue coverage into retirement

- 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)



Module 3-2

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FEHB Open Season

- Open Season is for retirees and active employees
- OPM mails information to retirees for Open Season
- Cannot be denied coverage because of age, health, or pre-existing conditions
- Resources:
 - [OPM – Open Season](#) (search “open season” on OPM website)
 - [OPM – Compare Health Plans](#) (search “compare health plans” on OPM website)
 - [Consumer’s Checkbook Guide to Health Plans for Federal Employees \(www.checkbook.org\)](#)



Module 3-2

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FEHB Coverage in Retirement

- Retiring immediately before or during Open Season
 - SF 2809, Health Benefits Election
- Cancellation
 - *Caution – This decision is irreversible*
- Suspension if you have:
 - TRICARE
 - Peace Corps
 - Medicare Advantage
- Premiums
 - Government continues to pay its share
 - Retired Public Safety Officers: \$3,000 deduction
 - Premiums deducted from CSRS or FERS



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Family Coverage

- Family members include:
 - Spouse
 - Children to age 26 / incapable of self-support
- Survivors
 - Must receive survivor annuity
 - Basic Employee Death Benefit qualifies
- Divorce
 - Must contact FEHB and/or your employing office
 - TCC or Spouse Equity coverage for former spouse
 - Ex-spouse required to pay full premium
 - You may continue coverage for your children



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FEHB at Separation without Entitlement to an Immediate Annuity or Does Not Meet 5 Year Rule

Option #1 - Temporary Continuation of Coverage (TCC)

- Pay the full premium (both the employee and government portions) for up to 18 months.
- Refer to Booklet RI 70-5, Guide to Federal Employees Health Benefit Plans for TCC and Former Spouse.

Option #2 – Convert FEHB coverage to an individual (nongroup) contract

- The conversion contract is available only from the carrier of the plan you are enrolled in when you separate. If you continue your coverage under the temporary continuation provision, you may convert to an individual contract through the end of the 18-month period.

Option #3 – Affordable Care Act [Healthcare.gov](https://www.healthcare.gov)



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Medicare Overview

Part	Covers	Premium
Part A	▪ Hospitalization	▪ Most people receive premium free
Part B	▪ Doctors’ services ▪ Outpatient care	▪ Starts at \$202.90 (2026) per month per person ▪ Penalty for late enrollment Part B (10% per 12-month period you delay)
Part C	▪ Medicare Advantage Plans	▪ Premium based on plan selected ▪ Must be enrolled in Original Medicare
Part D	▪ Prescription drug coverage	▪ No added premium – may pay IRMAA



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Medicare Part A: Hospital Insurance

Covers most of the cost for:

- Inpatient care in hospitals
- Skilled nursing facility care
- Hospice
- Home health care



Module 3-7

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Medicare Part A and FEHB (2026)

- Primary payer: Medicare
- Secondary payer: FEHB

Hospital Charge	Medicare Pays	FEHB Pays
Up to 60 days	All but \$1,736	\$1,736
61 st through 90 th day	All but \$434/day	\$434/day (30 days x \$434 = \$13,020)
Days 91 and beyond (up to 60 lifetime reserve days)	All but \$868/day	\$868/day (60 days x \$868 = \$52,080)
After 60 lifetime reserved days are used, additional days	\$0	All charges (there may be some out-of-pocket charges in a nonmember hospital)



Module 3-7

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Medicare Part B: Doctor and Outpatient Care

Pays for some of the cost of:

- Covered services from doctors and other health care providers
- Outpatient hospital care
- Urgent Care and Emergency Room visits
- Diagnostic tests
- Durable medical equipment (e.g. wheelchairs, walkers)
- Ambulance services
- Other health services and supplies not covered by Part A
- Drugs you would not typically give yourself (e.g. infused or injected)



2026 Medicare Part B

IRMAA (Income-Related Monthly Adjusted Amount)		
If 2024 Modified Adjusted Gross Income is:		2026 Part B Premium
Single	Married Couple	Monthly Per Person
\$109,000 or less	\$218,000 or less	\$202.90
\$109,001 - \$137,000	\$218,001 - \$274,000	\$284.10
\$137,001 - \$171,000	\$274,001 - \$342,000	\$405.80
\$171,001 - \$205,000	\$342,001 - \$410,000	\$527.50
\$205,001 - \$500,000	\$410,001 - \$750,000	\$649.20
\$500,001 and above	\$750,001 and above	\$689.90



FEHB Plans With Medicare Incentives

- **Aetna Direct** (N61, N62, N63)
 - A fund to help pay Medicare Part B (\$900/Self and \$1,800/+ One or Family)
- **BC/BS Basic** (111, 112, 113)
 - \$800 reimbursement for Medicare Part B (per person)
- **GEHA High Option** (311, 312, 313)
 - \$1,000 reimbursement for Medicare Part B (per person)
- **MHBP HDHP** (481, 482, 483)
 - \$1,200 / Self or \$2,400 / +1 or Family Health Reimbursement Arrangement can be used to pay Medicare Part B



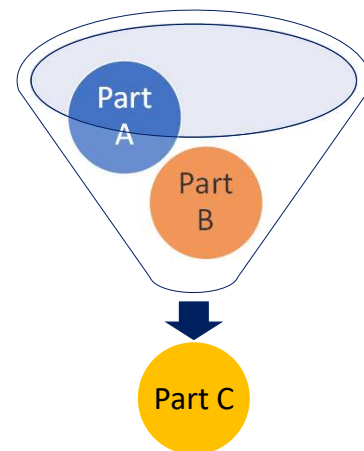
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Medicare Part C: Medicare Advantage (MA)

- Alternative to Original Medicare (Parts A and B)
- Commonly known as Medicare Advantage (MA)
- Must be enrolled in Parts A and B
- Options available at www.medicare.gov and most FEHB carriers
- May offer vision, hearing, and dental benefits
- IRS out-of-pocket maximum for in-network is set at \$9,250 for 2026



Module 3-9

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Medicare Part C and FEHB

MA Plan Through FEHB

- Enrollment is voluntary
- Will enhance your FEHB coverage by lowering/eliminating cost-sharing for services and/or adding benefits at no additional cost
- Subject to Medicare rules
- No additional premium

Enhanced benefits include:

- No deductible
- No copays or coinsurance for covered services
- Lower out-of-pocket maximum
- Part D prescription drug benefit
- Additional benefits (non-emergency transportation, gym membership, meal delivery, etc.)
- Part B premium reduction



Module 3-9

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Medicare Part D: Medicare Drug Coverage

- Medicare PDP-EGWP pharmacy coverage is equal or better than the corresponding FEHB drug coverage
- Part D Medicare PDP-EGWPs have no additional premium – except for IRMAA
- May opt out of Part D and return to FEHB drug coverage
- You may be automatically enrolled – if enrolled or eligible for Part A and/or Part B
- Lower out-of-pocket costs



Module 3-10

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2026 Medicare Part D Through FEHB

IRMAA (Income-Related Monthly Adjusted Amount)		
If 2024 Modified Adjusted Gross Income is:		2026 Part D Premium
Single	Married Couple	Monthly Per Person
\$109,000 or less	\$218,000 or less	\$0
\$109,001 - \$137,000	\$218,001 - \$274,000	\$14.50
\$137,001 - \$171,000	\$274,001 - \$342,000	\$37.50
\$171,001 - \$205,000	\$342,001 - \$410,000	\$60.40
\$205,001 - \$500,000	\$410,001 - \$750,000	\$83.30
\$500,001 and above	\$750,001 and above	\$91.00



Module 3-10

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Automatic Enrollment – Part A and Part B

Automatic for those receiving:

- Social Security benefits

Automatic Enrollment Package:

- Mailed 3 months before:
 - Age 65
 - 25th month of disability benefits
 - Includes your Medicare card



Benefits Book Section 3, Page 8

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Enrollment in Medicare A and B: Initial Enrollment

Initial Enrollment Period (IEP)						
3 months before the month you turn 65	2 months before the month you turn 65	1 month before the month you turn 65	The month you turn 65	1 month after the month you turn 65	2 months after the month you turn 65	3 months after the month you turn 65
Sign up early to avoid a delay in coverage. To get Part A and/or Part B the month you turn 65, you must sign up during the first 3 months before you turn 65.			If you sign up the month you turn 65 or during the 3 months after you turn 65, your coverage begins the following month.			



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Medicare Part B: Special Enrollment

Special Enrollment Period (SEP)		
You can use a SEP to enroll in Medicare Part B while you are still in a group health plan based on current employment	OR	No later than 8 months after employment ends.
To enroll during your SEP, complete an Application for Enrollment in Part B, form CMS-40B, and have your HR office help you complete a Request for Employment Information, form CMS-L564.		



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Medicare Part B: General Enrollment

General Enrollment Period (GEP)	
Between January 1 – March 31 each year	Your coverage starts the month after you sign up. You might pay a monthly late enrollment penalty, if you do not qualify for a Special Enrollment Period.

Change in FEHB Enrollment

- Qualifying Life Event 2L at age 65
- Primary / Secondary payer
- Communicate coverage:
 - Medicare Coordination of Benefits Contractor
 - FEHB Plan
 - Doctor and other providers
- Appeal IRMAA
 - Life Changing Event, Form SSA-44



Federal Employees Dental and Vision Insurance Program (FEDVIP)

- 11 dental / 5 vision plans
- Enrollment periods
- Retirees may be eligible
- Continuation of FEDVIP coverage into retirement
 - No 5-year requirement
 - May enroll during any Open Season
 - Coverage ends when you resign from Federal employment
 - May re-enroll under a postponed MRA + 10
- Eligible family members
- [BENEFEDS Website](http://www.benefeds.gov) (www.benefeds.gov)



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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 [FSAFEDS Website](http://www.fsafeds.gov) (www.fsafeds.gov)



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Health Care Flexible Spending Account (HCFSA)

- Pre-tax dollars to help pay for medical expenses
- Deducted as a paycheck allotment
- Contribution Limits:
 - Minimum \$100
 - Maximum \$3,400
- Use it or lose it
- Carry over up to \$680 for HCFSA and LEX HCFSA



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Dependent Care Flexible Spending Account (DCFSA)

- Pre-tax dollars to help pay for dependent care expenses
- \$7,500 household maximum
- Use it or lose it
- Grace period for DCFSA until March 15th to use prior year funds
- For qualifying child under age 13 or relative incapable of self-care



Module 3-16

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Federal FSAs and Retirement

- Retirees are not eligible to participate
- Must use HCFA funds before retirement
- Not responsible for continuing payments after retirement
- DCFA balance can be used until balance is depleted or end of calendar year, whichever comes first



Module 3-17

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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



Module 3-18

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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 x .16 = \$8.00 bi-weekly



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Option A: Standard

- Basic coverage plus \$10,000



Age Group	Biweekly Cost
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



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Option B: Additional

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



Age Group	Biweekly Cost per \$1,000 of Coverage
Under age 35	0.02
35 – 39	0.02
40 – 44	0.03
45 – 49	0.06
50 – 54	0.10
55 – 59	0.18
60 – 64	0.40
65 – 69	0.48
70 – 74	0.86
75 – 79	1.80
Age 80 and Over	2.88



Module 3-19

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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

Age Group	Biweekly Cost 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



Module 3-19

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FEGLI Changes While Employed

- Qualifying Life Event (QLE)
- Called to serve on Active Duty
- Outside of open enrollment or life event
 - SF 2822
 - SF 2817
 - Basic + A and/or B
- Last Open Enrollment was September 2016 (effective October 1, 2017)



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FEGLI Coverage In 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 Life Insurance and Retirement

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



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Example: Cost of Basic Coverage After Retirement

- Age at retirement: 61 years
- Basic coverage: \$50,000

Retirement Election	Amount after reduction	Cost before age 65	Cost on and after age 65
75%	\$12,500	\$17.34	Free
50%	\$25,000	\$54.84	\$37.50
None	\$50,000	\$129.84	\$112.50



Module 3-21

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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, continued

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

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



Continuation of Life Insurance

- FEGLI Form SF 2818



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)



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Federal Long Term Care Insurance Program (FLTCIP)

- New applications for coverage are suspended until at least December 2026
- 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.gov
 - Call (800) 582-3337 between 8 AM – 6 PM ET



Module 3-26

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Long Term Care Insurance

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



Module 3-25

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Paying for Long Term Care

- Public programs
 - Medicare
 - Medicaid
 - Community services
 - U.S. Department of Veterans Affairs
- Private options to consider
- Without Long Term Care insurance, paid for out-of-pocket
- FEHB, Medicare, and TRICARE do not cover long term care

Module 3-25 Source: www.aarp.org

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Self-Funding Long Term Care

- Consider:
 - Likelihood of needing care
 - Cost of care
 - Type of care that best fits your needs and situation
 - Average length of care
 - Aging in place options
 - Current and future savings and assets to determine how much you can afford
- May require the assistance of a trusted and qualified financial advisor



Module 3-27

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Cost of Long Term Care

Facility-Based Care	2024 National Annual Average	2024 Average Cost
Nursing home, private room	\$127,020	\$348 daily
Nursing home, semiprivate	\$112,420	\$308 Daily
Assisted living facility	\$66,132	\$5,511 monthly
Home/Community-Based Care	2024 National Annual Average	2024 Average Cost
Home health care aide	\$51,480	\$33 hourly
Adult day care	\$29,640	\$114 daily



Module 3-28 Source: [FLTCIP 2024 Cost of Care Survey](#)

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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 8,357,200 people receive support from the 5 main Long Term Care services:
 - Home health agencies (4,742,500)
 - Nursing homes (1,383,700)
 - Hospices (1,244,500)
 - Residential care communities (713,300)
 - Adult day service centers (273,200)



Module 3-28 Source: [Caregiver.org Selected Long Term Care Statistics](https://www.caregiver.org/selected-long-term-care-statistics)

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Federal Insurances Summary

- FEHB
- Medicare
- FEDVIP
- FSAs
- FEGLI
- FLTCIP



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Module 4: Thrift Savings Plan





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Module 4: Thrift Savings Plan Overview

- Contributions
- Investment Options
- Loans and In-Service Withdrawals
- Distributions
- Taxes
- Death Benefits and Beneficiaries

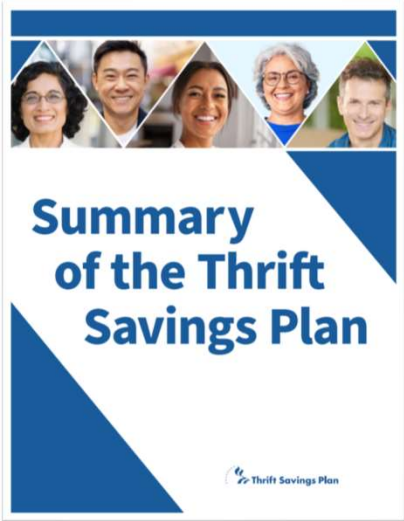


Module 4-1172

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Contact the TSP

- To learn more about the TSP, explore [Forms and Resources](#) on the TSP website
- ThriftLine: 1-877-968-3778
- Log in to My Account at www.tsp.gov



A graphic titled "Summary of the Thrift Savings Plan" featuring a collage of five diverse people's faces at the top. The title is in large blue font. At the bottom right is the Thrift Savings Plan logo.



Module 4-1

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Contributions

- Traditional TSP
- Roth TSP
- Annual Elective Deferral Limit
 - \$24,500 (2026)
 - Combined total of Traditional and Roth
- Catch-Up Contributions
 - 50 and older
 - Exceeding elective deferral limit
 - \$8,000 (2026)
 - \$11,250 (Participants age 60-63)

If you contribute:	Your agency automatically contributes:	Your agency matches your contributions by:	Total contributions to your account:
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
6% or more	1%	4%	11% or more



Module 4-2

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Receiving the Full Agency Contributions

You will receive the full Agency matching contributions for EACH pay period you contribute 5% (or more of your basic pay).

**What does this mean
for me?**

If you hit your annual limit early  or
stop contributing  for any reason, you will not
receive matching contributions for those pay periods.



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Pre-Tax or After-Tax Contributions

Traditional	Roth
Deducted pre-tax	After tax
Tax deferred growth	Tax free growth
Taxable in year of distribution	Distribution tax free if requirements are met

NEW - Roth In-Plan Conversions

- Convert Traditional to Roth
- Amount converted becomes taxable
- Must pay tax using personal funds



Module 4-3 Source: [TSP Tax Rules About TSP Payments \(Booklet 26\) \(PDF\)](#)

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Qualified Roth Earnings

Roth earnings become qualified (tax-free) if:

5 years  have passed since January 1 of the year you made your first Roth contribution,

And

You have reached age 59½, have a permanent disability, or are deceased.

BOTH MUST BE MET!



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Passage of TSP Secure Act 2.0

Coming This Year - Catch-up contributions must be Roth if prior year wages above a certain amount:

Starting January 1, 2026, [TSP catch-up contributions](#) must be designated as **Roth (after-tax)** if your prior-year (2025) Medicare wages exceeded \$150,000. This mandatory change applies to anyone age 50 or older, regardless of prior election, with the threshold adjusted annually for inflation.

Old News - Higher catch-up limits at age 60, 61, 62, and 63:

For these participants, the IRS catch-up contribution limit increases to the greater of \$10,000 (indexed to inflation) or 150% of the regular catch-up limit. (For example: If limit remains \$7,500 then it will be \$10,000 OR greater of 150% times \$7,500 = **\$11,250**)



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Investment Options: Core Funds

G Fund	F Fund	C Fund	S Fund	I Fund
Government Securities Investment Fund	Fixed Income Index Investment Fund	Common Stock Index Investment Fund	Small Cap Stock Index Investment Fund	International Stock Index Investment Fund
Ensure preservation of capital and generate returns above those of short-term U.S. Treasury securities	Match the performance of the Bloomberg U.S. Aggregate Bond Index	Match the performance of the Standard and Poor's 500 (S&P 500) Index	Match the performance of the Dow Jones U.S. Completion Total Stock Market Index	Match the performance of the MSCI ACWI IMI (ex USA, ex China, ex Hong Kong) Index
Low Risk	Low to Moderate Risk	Moderate Risk	Moderate to High Risk	Moderate to High Risk



Module 4-4 Source: [Your TSP Account – A Guide for Beneficiary Participants \(Booklet 33\) \(PDF\)](#)

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Investment Options: Lifecycle Funds

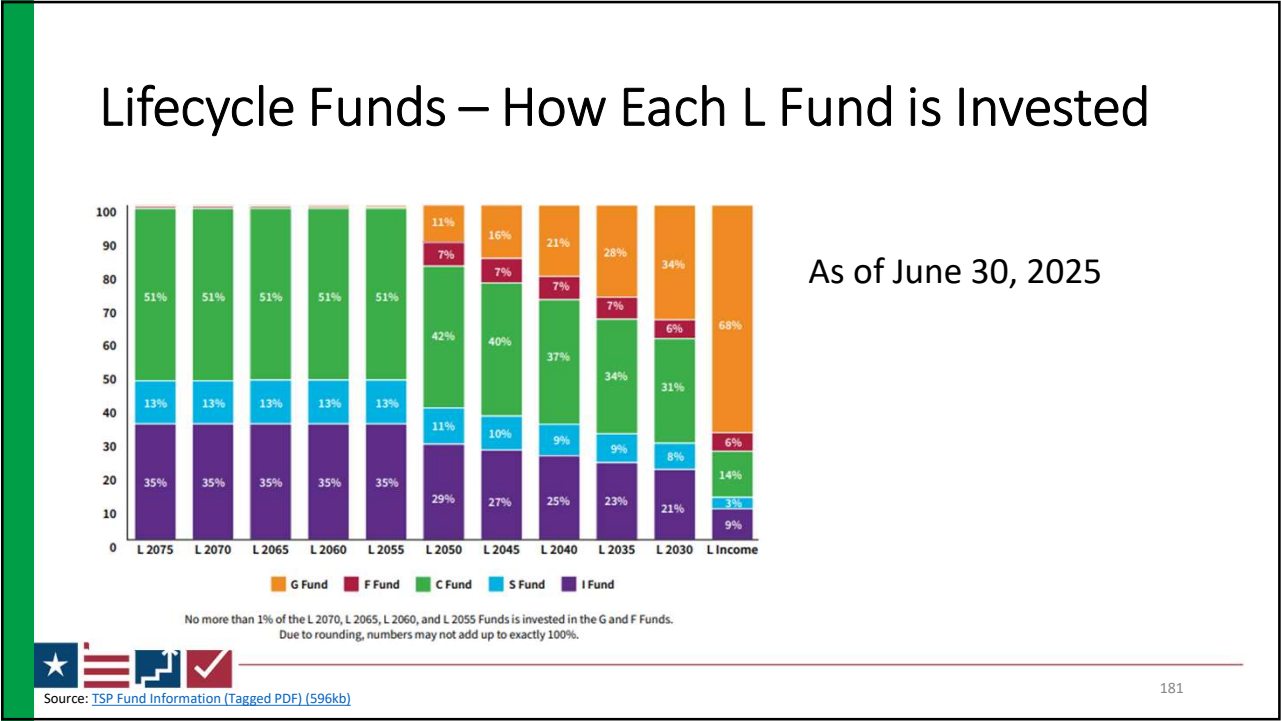
- Diversified mix of individual funds
- Automatically rebalanced – maintain target allocation
- Shifts from higher risk to lower risk as target date approaches
- L 2030 fund rolls into L Income in July 2030
- Resource: [TSP Fund Information Booklet 14 \(PDF\) \(596kb\)](#)



Module 4-4

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Mutual Fund Window (MFW)

- Designed for greater investment flexibility
- Administrative, maintenance, and per-trade fees
- Buy, sell, and exchange mutual funds from available options
- Resource: [TSP Mutual Fund Window Fact Sheet 28 \(PDF\) \(69kb\)](#)

Module 4-5

Loans

- Apply online or call ThriftLine
- Repaid through payroll deductions
- Interest computed at G Fund rate
- Cannot take a new loan after you separate
- Loan fees: \$50 general purpose / \$100 primary residence
- Loan repayment after separation:
 - Set up monthly payments (check, money order, direct debit)
 - Payoff loan by required deadline
 - Stop making payments (loan foreclosure) – outstanding balance becomes taxable



Module 4-6

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In-Service Withdrawal

- Two types
 - Financial Hardship
 - Subject to 10% Early Withdrawal Penalty
 - Age 59 ½
- Resource: [TSP In-Service Withdrawal Booklet 12 \(PDF\) \(294kb\)](#)



Module 4-7

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Distributions

- Log in to *My Account* to request a TSP distribution
- You Have Choices:
 - Leave money in TSP account.
 - Receive balance in a single payment (all or a portion of the account).
 - Receive balance in a series of annual, quarterly, or monthly installment payments; change amount at any time (fixed dollar amount or payments based on life expectancy).
 - Purchase a life annuity through Metlife (all or a portion of the account).
 - Elect a mixed distribution.
 - Eligible rollover distributions.
- [TSP Distributions Booklet 25 \(PDF\) \(375kb\)](#)



Module 4-8

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Required Minimum Distributions (RMD)

Date of Birth	Required Beginning Date
Before 1/1/51	April 1 st of the year after separation
1/1/52 – 12/31/59	April 1 st of the year after participant is both separated and at least age 73
After 12/31/59	April 1 st of the year after participant is both separated and at least age 75



Module 4-9 Source: [Tax Rules About TSP Payments \(PDF\) \(548kb\)](#)

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Calculation of RMD

- RMDs are determined by dividing your account balance by a life expectancy factor from IRS tables. You typically use the account balance from the previous Dec. 31. For example, if you turn 73 in 2025 and have \$300,000 in a Traditional TSP as of Dec. 31, 2024, your RMD would be \$11,321, calculated using the Uniform Lifetime Table ($\$300,000 / 26.5 = \$11,321$).

NOTE: TSP Roth monies are not used. This is only a portion of the Uniform Lifetime Table.

Uniform Lifetime Table

Attained age	Distribution Period
72	27.4
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2



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Distribution: Partial Distribution (Single Payment)

- Must be at least \$1,000
- Unlimited
- Allowed when receiving installment payments



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Distribution: Installment Payments

Fixed Dollar	Based on Life Expectancy
▪ Amount specified by participant, minimum \$25 ▪ Frequency: monthly, quarterly, or annually ▪ Stop or make changes at any time ▪ Payments deposited to your bank account or IRA ▪ May be subject to 10% early distribution penalty tax	▪ Computed using IRS Single Life Table ▪ Frequency: monthly ▪ Payments are adjusted annually ▪ Payments deposited to your bank account ▪ Exempt from early distribution penalty tax



Distribution: Annuity Purchase

- \$3,500 minimum annuity purchase
- Amount based on age, options, and interest rate index at the time of purchase

When you purchase a life annuity, you give up control of your money in exchange for lifetime monthly payments from the TSP annuity provider.



Annuities

Fact Sheet

May 2022

This fact sheet explains life annuities, one of the TSP distribution options after you separate from service or have a beneficiary participant account established. For information about your other TSP distribution options—TSP installments and total or partial distributions—see the TSP booklet *Distributions*.

Note: A life annuity purchased with money from your TSP account is not the “basic annuity” or “pension” that you will receive as a result of your retirement coverage under FERS or CSRS, or the military retired pay that uniformed services members receive. If you have questions about your eligibility for the basic annuity or military retired pay, contact your agency or service.

What is a life annuity?

A life annuity is not like your TSP account, an IRA, a certificate of deposit, or a bank account. When you purchase a life annuity, you give up control of your money in exchange for lifetime monthly payments from the TSP annuity provider.

Amount of Your Life Annuity Payments

The factors that affect the amount of your monthly annuity payments include the following:

- the amount used to purchase your annuity
- your age when your annuity is purchased (and the age of your spouse or other joint annuitant if you choose a joint annuity)
- the annuity option you choose
- the “interest rate index” when your annuity is purchased

Estimating monthly annuity payments. If you are interested in purchasing a TSP life annuity, visit [tsp.gov](#). There are tools available in My Account to help you calculate and model potential annuities. You may also use one of the ThriftLine Service Center options to assist you. **Note:** The exact amount of your monthly annuity payment cannot be determined until the date of purchase.

Purchasing an Annuity

The process for purchasing an annuity using money from your TSP account is the same as for starting TSP installments or taking a total or partial distribution. Log in to My Account and use the tools that are available to help you calculate and model annuities. You may also use one of the ThriftLine Service Center options on [tsp.gov](#). See the TSP booklet *Distributions* for more details.

The minimum purchase amount for an annuity is \$3,500. This minimum applies separately to each balance, traditional and Roth. That comes into play if you have both traditional and Roth money and you choose to have the money for your annuity purchase come from both pro rata, meaning in the proportion they make up of your total account balance. This pro rata distribution, combined with the \$3,500 minimum, can create some situations you need to be aware of.

If you choose to have money for an annuity purchase taken from both your traditional balance and your Roth balance, the following rules apply:

1. If you are using your total account balance to purchase an annuity and one of the balances is at least \$3,500 but the other is not, we will only show the balance that meets the minimum amount (meaning, if your traditional balance is at least \$3,500 but your Roth is not, you will not see an option to purchase an annuity



Distributions: Annuity Purchase (continued)

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graph LR; A["Purchase through TSP<br/>• All or a portion of account<br/>• Cannot change or cancel<br/>• $3,500 minimum"] --> B["Annuity Provider<br/>(MetLife)"]; B --> C["Direct Deposit to<br/>Your Bank"]
```

Purchase through TSP

- All or a portion of account
- Cannot change or cancel
- \$3,500 minimum

Annuity Provider (MetLife)

Direct Deposit to Your Bank

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Rollover From Thrift Savings Plan

A separated participant can rollover their TSP account to an IRA or to an eligible employer-sponsored retirement plan. An eligible employer-sponsored retirement plan includes a 401(k) plan, a profit-sharing plan, a 403(b) tax-sheltered annuity, or an eligible 457(b) plan maintained by a government employer. Participants should check with outside plan to verify they will accept the TSP monies.

- Rollover all or partial distribution or eligible *installment payments
- Any tax-deferred amounts will retain their tax deferred status until they are distributed
- TSP participant who requests a rollover of a partial/total distribution or TSP installment payments must do so by logging on to **“My Account”**.

* Eligible installment payments expected to last fewer than 10 years.

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Rollover From Thrift Savings Plan, Continued

Leaving TSP	Receiving Outside Account	Tax Responsibility
Traditional TSP	Traditional IRA or eligible Traditional Qualified Retirement Plan	No taxes due at Transfer
Roth TSP	Roth IRA or to a Qualified Roth Employer-Sponsored Retirement Account such as Roth 401(k)	No taxes due at Transfer. The earnings on Roth TSP \$\$ are distributed tax-free, <u>if qualified</u> .
Traditional TSP	Roth IRA	You will have to pay taxes on the rollover amount you convert.
Roth TSP	Traditional IRA	Not allowed – Why? You would be paying taxes twice.



Slide Not in Book.

For more information: <https://www.tsp.gov/publications/tspfs05.pdf>

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Taxes

- 10% early withdrawal penalty tax
 - Distribution before age 59 ½
 - Exception for separating on or after age 55
 - Exception for retired Public Safety Officers-payments made after you separate from service during or after the year you reach age 50 or have 25 years of service under the TSP
 - TSP Installment payments based on life expectancy
 - TSP lifetime annuity payments
 - Additional exceptions, see [Tax Rules About TSP Payments \(PDF\) \(548kb\)](#)



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Death Benefits and Beneficiaries

- Use *My Account* at www.tsp.gov to change beneficiary designation
- Order of precedence
- Beneficiary Participant Account
 - Allows surviving spouse to maintain account
 - Death benefit paid directly to the beneficiary
 - Cannot be rolled over to IRA
- Non-spouse beneficiary
 - 90 days to request payment
 - May be transferred to inherited IRA within 90 days

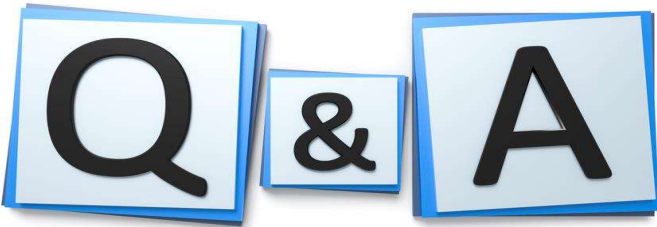


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Questions and Answers



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Thank You For Attending

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