Retirement Planning for FERS Employees

FERS Retirement Benefits

Insurance Programs

Thrift Savings Plan

Social Security Benefits

Financial Planning for Federal Employees

National Park Service
& U.S. Fish and Wildlife Service

March 9 - 11, 2016

This publication was designed as a training aid to accompany the Retirement Planning for FERS Employees broadcast for National Park Service employees and U.S, Fish and Wildlife Service employees on March 9 - 11, 2016. This publication is not intended to provide a comprehensive discussion of benefits, but to overview the various benefits available to retiring federal employees. The publication and presentations are provided with the understanding that the authors are not providing advice, counseling or other professional services in this publication or presentations. If the reader desires counseling or other professional services, we strongly encourage the reader to seek such services from the agency benefits office or a professional specializing in that area.

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Retirement Planning for Federal Employees

National Park Service and U.S. Fish and Wildlife Service

March 8 - 11, 2016

This four-day presentation is designed for CSRS employees and FERS employees within 5 years of retirement eligibility to help employees better understand their federal benefits and make informed retirement and financial planning decisions. Please note separate presentations for CSRS employees and FERS employees on March 8 and 9.

Day 1: Tuesday, March 8, 2016 (12:00 pm - 4:30 pm EST)
CSRS Retirement Benefits (CSRS employees only)
Instructor: Joanne McGehrin, Federal Benefits Specialist
Retirement Eligibility
Annuity Computations
Survivor Benefits
Credit for Civilian Service (Refunded Service / Non-deduction Service)
Credit for Military Service / Post-56 Deposits
CSRS Offset Benefits (CSRS Offset Employees only)

Day 2: Wednesday, March 9, 2016 (12:00 pm - 4:30 pm EST)
FERS Retirement Benefits (FERS employees only)
Instructor: Joanne McGehrin, Federal Benefits Specialist
FERS Overview & Retirement Eligibility
Credit for Service (Unused Sickleave, Non-deduction Service, Military Service)
Annuity Computations / Retiree Annuity Supplement
Survivor Benefits
CSRS / FERS Transfer Benefits (Transfer Employees Only)

Day 3: Thursday, March 10, 2016 (12:00 pm - 4:30 pm EST)
Other Federal Benefits (All employees)
Instructor: Joanne McGehrin, Federal Benefits Specialist
Retirement Application Process
Annuity Commencing Dates
Phased Retirement
Insurance Programs (FEHB / Medicare / FEGLI)
Thrift Savings Plan - Withdrawal Options
Social Security Benefits

Day 4: Friday, March 11, 2016 (12:00 pm - 4:00 pm EST)
Financial Planning for Retirement (All employees)
Instructor: Karen Schaeffer, Certified Financial Planner
Assessing Retirement Readiness
Setting Goals
Appropriate Use of Debt
Housing Choices / Mortgage Considerations / Reverse Mortgages
Allocation of TSP and Other Assets
Traditional and Roth IRAs
Estate Planning Documents and Strategies
Life Insurance
Long Term Care Insurance

Retirement Planning for FERS and FERS Transfer Employees

This three-day presentation is designed for FERS employees and CSRS / FERS transfer employees within 5 years of retirement eligibility to help employees better understand their federal benefits and make informed retirement and financial planning decisions.

Objectives:

FERS Retirement Benefits:

At the end of this lesson, the participant should be able to:

1. Determine eligibility for retirement.
2. Identify the types of service credited in the retirement and how the retirement benefit is calculated.
3. Identify periods of temporary service before 1989, determine how deposits will impact the retirement benefit and identify the procedures for payment.
4. Identify creditable military service, the impact of paying a military deposit on the FERS retirement benefit and the procedures for payment.
5. Determine the reduction in your annuity if survivor benefits are elected and determine the amount of survivor annuity payable.
6. Confirm that all service has been documented in the Official Personnel Folder (OPF).

Insurance Programs:

At the end of this lesson, the participant should be able to:

1. Determine eligibility to continue Federal Employees' Health Benefits (FEHB) into retirement.
2. Determine eligibility to continue Federal Employees' Group Life Insurance (FEGLI) into retirement and identify the costs and reductions that may occur in life insurance at age 65.

Thrift Savings Plan:

At the end of this lesson, the participant should be able to:

1. Recognize annual limits on employee contribution to TSP.
2. Describe options for withdrawing money from the Thrift Savings Plan after retirement.
3. Identify calculators and publications available in the TSP web site to assist employees in selecting withdrawal options.

Social Security Benefits:

At the end of this lesson, the participant should be able to:

1. Determine eligibility for Social Security benefits.
2. Recognize the effect of Windfall Benefits Elimination Provision, if any, on your Social Security Benefit.
3. Determine if your spouse may be entitled to Social Security family benefits based upon your work record.
4. Determine if you will be entitled to Social Security family benefits based upon your spouse's work record.
5. Recognize the impact of Government Pension Offset and the Dual Entitlement Provision on Social Security family benefits.

Financial Planning:

At the end of this lesson, the participant should be able to:

1. Create and monitor financial goals and objectives.
2. Identify investment options to achieve for financial goals.
3. Determine level and type of debt appropriate for retirees.
4. Determine appropriate withdrawal strategy for TSP, IRA and 401(k) distributions.
5. Recognize the differences in the following legal documents and what they can accomplish:
   - Will
   - Power of Attorney
   - Health Care Power of Attorney (or Directive)
   - Revocable Living Trust
   - Living Will

FERS
Retirement Benefits

Retirement Eligibility

Credit for Service

Annuity Benefits

Survivor Benefits

Retirement Application Process

FERS Retirement Benefits

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FERS Retirement System Overview

Federal Employees' Retirement System

The Federal Employees' Retirement System (FERS) is a three part system consisting of:

- **FERS Basic Benefit**
- **Social Security Benefits**
- **Thrift Savings Plan**

FERS Basic Benefit

The FERS Basic Benefit is a defined benefit plan based upon years and months of creditable service and unused sick leave and an average of the highest three consecutive years of salary. Most FERS employees contribute .8% of salary to the Civil Service Retirement and Disability Fund for coverage under the FERS Retirement System. Law Enforcement Officers contribute 1.3% of salary to the retirement fund.

Social Security Benefit

The Social Security Benefit is based upon 35 years of earnings in the Social Security System. This 35 years will include both Federal and non-Federal Social Security earnings. Social Security retirement benefits are payable at age 62. A special retirement supplement is payable from full retirement age until age 62 to FERS retirees meeting requirements for full immediate retirement benefits. Social Security benefits may also be paid to family members of a Social Security recipient.

Employees generally contribute 6.2% of salary to Social Security up to a maximum taxable amount (MTA) which can increase annually. The 2016 MTA is $118,500.

Thrift Savings Plan (TSP)

FERS employees may contribute up to $18,000 of salary (in 2016) to the Thrift Savings Plan (TSP). The employing agency automatically contributes 1% of basic pay to the TSP account of each FERS employee. The employing agency matches the employee contribution dollar for dollar for each of the first 3% contributed by the employee and fifty cents for each dollar for the next 2% that the employee contributes. The total agency contribution is 5% if the employee contributes 5% or more. Employees age 50 or older may contribute an additional $6,000 on a pre-tax basis to the TSP account as "Catch-up" contribution.

FERS Retirement Eligibility

Basic Eligibility Requirement: Five years of creditable civilian service.

Age and Service Requirements

		Age	Years of Service
1	Optional Retirement (Full Immediate Benefit)	MRA* (55-57) 60 62	30 20 5
2	MRA + 10 (Reduced Benefit) (Immediate or Postponed)	MRA* (55-57)	10 (**Reduced)
3	Early Optional (Voluntary)	50 Any	20 25
4	Discontinued Service (DSR) (Involuntary)	50 Any	20 25
5	Deferred (Full Benefit)	MRA* (55-57) 60 62	30 20 5
6	Deferred (MRA + 10)	MRA* (55-57)	10 (**Reduced)
7	Disability	Any	18 Months
8	Law Enforcement Officers	50 Any	20 25

** **Reduced benefit:** If you retire at MRA (immediate or deferred annuity) with at least 10 but less than 30 years of service, the benefit is reduced 5% for each year (5/12% per month) that you are under age 62.

***MRA: Minimum Retirement Age** is based upon year of birth.

Year of Birth	MRA	Year of Birth	MRA
before 1948	55	1965	56 - 2 mo.
1948	55 - 2 mo.	1966	56 - 4 mo.
1949	55 - 4 mo.	1967	56 - 6 mo.
1950	55 - 6 mo.	1968	56 - 8 mo.
1951	55 - 8 mo.	1969	56 - 10 mo.
1952	55 - 10 mo.	1970 or later	57
1953-64	56		

Types of Retirement

Optional Retirement (Full Immediate Benefits)

You may voluntarily retire and receive full unreduced annuity benefits at any time after meeting one of the age and service combinations shown below. Special retirement supplements are payable until age 62. Special retirement supplements are subject to the Social Security Earnings limitation.

Age	Service
MRA	30
60	20
62	5

MRA + 10 Retirement Reduced Immediate Benefits

You may receive immediate reduced benefits at MRA or later after attaining 10 years of creditable service. The benefit is reduced by 5% for each year that you are under age 62. No special retirement supplements are payable in the MRA + 10 retirement.

MRA + 10 Retirement Postponed Benefits

You may postpone receipt of the MRA + 10 benefit to a later age to lessen the reduction. Federal Employees' Health Benefit (FEHB) coverage and Federal Employees' Group Life Insurance (FEGLI) coverage may be reinstated when the annuity commences.

Survivor Benefits: If you were to die, after separating from service after having met the age and service requirements for an immediate MRA + 10 retirement, but before actually filing an application for retirement, survivor benefits are payable to your spouse and eligible children. Your spouse and eligible children are eligible to continue FEHB if you were eligible to continue FEHB as an annuitant and had been enrolled in a self and family plan.

T**o apply for postponed retirement benefits:** Submit Form RI 92-19, Application for Deferred or Postponed Retirement, to OPM about 60 days prior to date you would like the annuity to begin. This form is available on opm.gov. Go to Retirement. Go to Publications and Forms. Go to Online Forms. Go to Retirement & Insurance Forms. Go to RI 92-19. Mail completed application to:

Office of Personnel Management
Federal Employees Retirement System
Post Office Box 45
Boyers, PA 16017-0045

Early Optional Retirement - VERA (Voluntary Separation)

If your agency offers you early optional retirement, you may retire if you meet the age and service requirements shown below. You must retire within the time frame specified in the early retirement offer. Agencies may be granted permission to offer early retirements by OPM if the agency is undergoing a major reduction in workforce, reorganization or transfer of function. The CSRS portion of a CSRS/FERS Transfer annuity benefit is reduced by 2% for each year (1/6 % per month) that you are under age 55 on date of retirement. The FERS portion of the annuity is not reduced. Special retirement supplements are not payable until you reach MRA. Special retirement supplements are subject to the Social Security earnings limitation.

Age	Service
50	20
Any age	25

Discontinued Service Retirement - DSR (Involuntary Separation)

If you are involuntarily separated from your position and are not given a reasonable offer of another position, you may receive an immediate annuity if you have met the age and service requirements shown below. The CSRS portion of a CSRS /FERS Transfer annuity benefit is reduced by 2% for each year (1/6 % per month) that you are under age 55 on date of retirement. The FERS portion of the annuity is not reduced. Special retirement supplements are not payable until you reach MRA. Special retirement supplements are subject to the Social Security earnings limitation.

Age	Service
50	20
Any age	25

Types of Retirement
(Continued)

Disability Retirement

If you become disabled, unable to provide useful and efficient service in your current grade or pay level because of a medical condition, you may be eligible for a disability retirement at any age after eighteen months of civilian service.

Deferred Retirement

If you separate from service before you are eligible for an immediate annuity and you do not take a refund of your retirement contributions, you will be eligible for deferred retirement benefits at soon as you attain the age that corresponds with the age and service combinations shown below. You will not be permitted to continue Federal Employees' Health Benefits or Federal Employees' Group Life Insurance. You are not eligible for the special retirement supplement.

Age	Service
MRA	30
60	20
62	5
MRA	10 (Reduced)

Law Enforcement Officers and Firefighters

You may receive full unreduced retirement benefits at age 50 or older after completing 20 years of qualifying law enforcement service (LEO) or firefighter (FF) service or at any age after completing 25 years of qualifying LEO / FF service. Special retirement supplements are payable from retirement date until age 62. Special retirement supplements are subject to the Social Security earnings limitation when you reach your MRA.

Age	Service
50	20*
Any age	25*

* Qualifying LEO or FF service.

Mandatory Retirement:

Law Enforcement Officers and Firefighters are subject to mandatory separation at age 57 after completing 20 years of qualifying law enforcement or firefighting service.

Agency heads may exempt law enforcement officers and firefighters from mandatory separation until age 60 if it is in the public interest.

Types of Retirement Age/Service Requirements	Year-Age-Service	Basic Annuity (% of Average Salary)	Comments
Full Immediate Benefits MRA - 30 60 - 20 62- 5		FERS Basic Benefit: Supplement: Social Security: TSP:	Retirement Supplement payable until age 62
Immediate - Reduced MRA - 10		FERS Basic Benefit: Social Security: TSP:	Reduction: 5% per year under 62 No Retirement Supplement
Early Optional Retirement (VERA) 50 - 20 Any Age- 25		FERS Basic Benefit: Supplement: Social Security: TSP:	Agency must offer early retirement opportunity 2% age reduction on CSRS component (TransFERS) Retirement supplement begins at MRA
Discontinued Service Retirement (DSR) 50 - 20 Any Age - 25		FERS Basic Benefit Supplement: Social Security: TSP:	Involuntary Separation No Reasonable Offer 2% age reduction on CSRS component (TransFERS) Retirement supplement begins at MRA
Deferred Retirement MRA - 30 60 - 20 62 - 5		FERS Basic Benefit: Social Security: TSP:	No FEHB / No FEGLI No Retirement Supplement
Deferred Retirement MRA - 10		FERS Basic Benefit: Social Security: TSP:	No FEHB / No FEGLI Reduction: 5% per year under 62 No Retirement Supplement
Law Enforcement Officers and Firefighters 50 - 20 Any Age - 25		FERS Basic Benefit: Supplement: Social Security: TSP:	Requires 20 years of Qualifying LEO or FF service Retirement Supplement begins immediately

Unused Sick Leave

Credit for Unused Sick Leave for FERS Retirees

The National Defense Authorization Act of 2010 provides credit for unused sick leave in the calculation of the annuity benefit for FERS retirees.

- Unused sick leave is not included for determining eligibility.
- Unused sick leave is added to length of service in computing the annuity benefit.
- Unused sick leave is credited only in immediate retirements.
- Unused sick leave is computed on the basis of a 2087 hour work year.

Example: Retire in or after 2014

Service :	=	25 years - 4 months - 15 days
USL 624 hours	=	3 months - 18 days
Total:	=	25 years - 7 months - 33 days
	=	25 years - 8 months - 3 days
	=	25 years - 8 months

Sick Leave Chart - 2087 Hours

No. of Days	1 Day & Up	1 Mo. & Up	2 Mo. & Up	3 Mo. & Up	4 Mo. & Up	5 Mo. & Up	6 Mo. & Up	7 Mo. & Up	8 Mo. & Up	9 Mo. & Up	10 Mo. & Up	11 Mo. & Up
0	_	174	348	522	696	870	1044	1217	1391	1565	1739	1913
1	6	180	354	528	701	875	1049	1223	1397	1571	1745	1919
2	12	186	359	533	707	881	1055	1229	1403	1577	1751	1925
3	17	191	365	539	713	887	1061	1235	1409	1583	1757	1930
4	23	197	371	545	719	893	1067	1241	1415	1588	1762	1936
5	29	203	377	551	725	899	1072	1246	1420	1594	1768	1942
6	35	209	383	557	730	904	1078	1252	1426	1600	1774	1948
7	40	214	388	562	736	910	1084	1258	1432	1606	1780	1954
8	46	220	394	566	742	916	1090	1264	1438	1612	1786	1959
9	52	226	400	574	748	922	1096	1270	1444	1617	1791	1965
10	58	232	406	580	754	928	1101	1275	1449	1623	1797	1971
11	64	238	412	586	759	933	1107	1281	1455	1629	1803	1977
12	69	243	417	591	765	939	1113	1287	1461	1635	1809	1983
13	75	249	423	597	771	945	1119	1293	1467	1641	1815	1988
14	81	255	429	603	777	951	1125	1299	1472	1646	1820	1994
15	87	261	435	609	783	957	1130	1304	1478	1652	1826	2000
16	92	267	441	615	788	962	1136	1310	1484	1658	1832	2006
17	98	272	446	620	794	968	1142	1316	1490	1664	1838	2012
18	104	278	452	626	800	974	1148	1322	1496	1670	1844	2017
19	110	284	458	632	806	980	1154	1328	1501	1675	1849	2023
20	116	290	464	638	812	986	1159	1333	1507	1681	1855	2029
21	121	296	470	643	817	991	1165	1339	1513	1687	1861	2035
22	127	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	144	319	493	667	841	1015	1188	1362	1536	1710	1884	2058
26	150	325	499	672	846	1020	1194	1368	1542	1716	1890	2064
27	156	330	504	678	852	1026	1200	1374	1548	1722	1896	2070
28	162	336	510	684	858	1032	1206	1380	1554	1728	1901	2075
29	168	342	516	690	864	1038	1212	1386	1559	1733	1907	2081

Credit for Civilian Service

Contributory Service

Federal civilian service for which contributions have been made or deposited.

Non-deduction Service Performed Prior to 1989

Deposits may be made for non-deduction civilian service performed prior to 1989 and for service previously covered by CSRS deductions or deposits if a refund was received prior to date of transfer and that service is now credited in FERS. (If a refund was paid under CSRS, and employee had less than 5 years service on date of transfer, all service is subject to FERS credit rules. There is no CSRS component to annuity). Deposits must be paid to receive credit for pre-1989 non-deduction service. FERS deposits equal 1.3% of basic pay, plus variable interest.

Example:

Temporary Appointment:	1/1/86	$12,000/yr .(Non-ded.Service)
Converted to Career:	1/1/88	
Deposit = 24,000 X 1.3%	=	$312 plus variable interest.
	=	$1,400

If the deposit is not paid, employee will not receive credit for 1986 and 1987. Two years = 2% of High-3 average salary. If retired with $50,000 average salary = $ 1,000/year in annuity.

Procedures for Payment of a FERS Deposit

An employee may obtain an Application to Make Service Credit Payments for Civilian Service (SF 3108) from Personnel or www.opm.gov. Go to "Retirement" tab, then "Publications and Forms". Employee completes the front and returns SF 3108 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will notify the employee of the amounts due.

Non-deduction Service Performed After 1988

Non-deduction service performed on or after January 1, 1989 is not creditable. No deposit option is available.

Refunded Service

Refunded Service

Refunded Service is Federal civilian service during which FERS Retirement contributions were withheld but later refunded to the employee.

Redeposit

Redeposit is repayment of the refund, plus interest.

The National Defense Authorizations Act of 2010 permits FERS employees the right to redeposit the amount of the refund, plus interest, to receive credit for the refunded service for eligibility for retirement and computation of the annuity benefit.

Procedures for Payment

An employee may obtain an Application to Make Service Credit Payments for Civilian Service (SF 3108) from Personnel or www.opm.gov. Go to "Retirement" tab, then "Publications and Forms". Employee completes the front and returns SF 3108 to Personnel. Agency Personnel office will complete form and forward to OPM. OPM will notify the employee of the amounts due.

Variable Interest

Variable interest accrues on December 31 of each year. To avoid additional interest on December 31, the payment must be received by OPM before December 31.

Variable Interest Rates

Interest Accrual Date: December 31

1985	13.0%	2001	6.375%
1986	11.125%	2002	5.5%
1987	9.0%	2003	5.0%
1988	8.375%	2004	3.875%
1989	9.125%	2005	4.375%
1990	8.75%	2006	4.125%
1991	8.625%	2007	4.875%
1992	8.125%	2008	4.375%
1993	7.125%	2009	3.875%
1994	6.250%	2010	3.125%
1995	7.00%	2011	2.75%
1996	6.875%	2012	2.25%
1997	6.875%	2013	1.625%
1998	6.75%	2014	1.625%
1999	5.75%	2015	2.0%
2000	5.875%	2016	2.0%

Leave Without Pay (LWOP)

Leave without pay (LWOP) is fully creditable for retirement purposes for up to six months per calendar year.

Example 1

LWOP: 1/1/90
RTD: 7/1/90

= 6 months LWOP in 1990
= Full Credit in 1990

Example 2

LWOP: 1/1/99
RTD: 8/1/99

= 7 months LWOP = 1 month excess LWOP
= 5 months of service
+ 6 months creditable LWOP

= 11 months credit 1999

5.7% Refund Due Some FERS Employees

If a FERS employee has already made a 7% deposit for non-deduction service under CSRS or paid 7% into the CSRS Fund while employed under CSRS prior to transfer or paid a redeposit of 7% into CSRS and was either automatically changed to FERS or elected to transfer to FERS with less than five years of creditable service prior to transfer ("A True FERS Employee"), the employee is entitled to a refund of the difference between the 7% paid into the CSRS System and the correct FERS contribution rate of 1.3%. Submit OPM Form 1562 to your Personnel Office to apply for a refund of excess contributions. Please see Chapter 33 of the CSRS and FERS Retirement Handbook for additional information on excess contributions. This Handbook is available via OPM Web site http://www.opm.gov. Search: CSRS and FERS Retirement Handbook.

CSRS/FERS Transfer Employees

The annuity computation for an employee who transferred to FERS and retains a Civil Service component to their annuity will be calculated using both the CSRS computation formula and the FERS computation formula. All service prior to the date of transfer is subject to the CSRS credit rules. (Refer to FERS Transfer Supplement for additional information.)

Military Service

Creditable Military Service

Active, honorable military service may be creditable towards FERS or CSRS retirement benefits. Creditable service may include:

- Service in military academies,
- Active duty in reserves,
- Reservists' annual 15-day training camps or cruises (during non-federal service)
- Service by NROTC students when ordered to active duty or training duty (including summer cruises) as members of the Naval or Marine Corps Reserve,
- Service by AROTC students after October 13, 1964 when ordered to active duty or training duty as members of the Army Reserves,
- Service in the National Guard if "Under a call by the President", or pursuant "orders" issued under section 233(d) of Armed Forces Reserve Act of 1952; or pursuant to "orders" issued under title 10 of the ASCOT. (Agency must contact the State Adjutant General's Office for a determination of credit.)

Documentation of Military Service

To document military service, contact your personnel office for Standard Form 180. Complete and mail to appropriate address on back of form. This form can also be downloaded from the National Archives Web site: http://www.archives.gov.

Reference

Chapter 22 of the CSRS and FERS Retirement Handbook lists the types of military service which are creditable. This Handbook is available via OPM Web site http://www.opm.gov. Search: CSRS and FERS Retirement Handbook.

Military Retired Pay

Career Military Retirement or Non-combat Disability Retirement

The receipt of career military retirement or non-combat disability retirement bars the crediting of military service for CSRS retirement purposes. The employee may waive military retired pay to receive credit toward CSRS retirement. Request alternate retirement estimates based upon civilian service only and civilian and military service combined and payment of the post-56 deposit.

Reserve Retirement or Combat-connected Disability Retirement

Retirement credit is allowed if the retired pay is based on combat-connected disability retirement, or based on age and service in the Reserves (Chapter 67, Title 10, U.S.Code), without waiver of military retired pay.

Post-56 Military Deposit

Deposit Required

FERS employees must make a deposit for post-56 military service prior to retirement to receive credit for the post-56 military service for retirement eligibility and computation of the annuity benefit. If a deposit for post-56 military service is not made prior to retirement, post-56 military service cannot be credited for retirement eligibility or computation.

Deposit Amount

Post-56 deposit = 3% of base pay earned during post-56 military service. (Deposits for military service performed in 1999 and 2000 are subject to the same temporary increase imposed on employee retirement deduction for those years. Military deposit rate for 1999 was 3.25%. The military deposit rate for 2000 was 3.4%)

Military Deposit While on LWOP

Deposit is required only for periods not covered by civilian pay and retirement deductions. Employee must include documentation of their civilian pay with the application to pay the military deposit. Alternative Method for Calculating the Deposit: For employees on LWOP-US who return to civilian service after exercising their restoration rights, the amount of the deposit, before interest, cannot exceed the amount of civilian retirement deductions that would have been deducted for the employee's civilian pay (0.8%) had the employee not performed the military service. Reference: See Benefits Administration Letter 03-105, dated June 25, 2003, for a detailed discussion of this alternative method for calculating the deposit. Go to www.opm.gov. "Retirement".

Interest

Interest is charged at a variable rate set by the Department of the Treasury. Composite rates are applied as interest periods straddle two calendar years. No interest is charged if the deposit is paid in full within 3 years of first employment. Interest accrues each year on the anniversary of the entrance on duty into FERS service date.

Variable Interest Rates

1985	13.0%	2001	6.375%
1986	11.125%	2002	5.5%
1987	9.0%	2003	5.0%
1988	8.375%	2004	3.875%
1989	9.125%	2005	4.375%
1990	8.75%	2006	4.125%
1991	8.625%	2007	4.875%
1992	8.125%	2008	4.375%
1993	7.125%	2009	3.875%
1994	6.250%	2010	3.125%
1995	7.00%	2011	2.75%
1996	6.875%	2012	2.25%
1997	6.875%	2013	1.625%
1998	6.75%	2014	1.625%
1999	5.75%	2015	2.0%
2000	5.875%	2016	2.0%

Procedures for Payment of the Post-1956 Deposit:

1) Request Estimated Base Pay Earnings

Obtain Request for Estimated Base Pay Earnings (RI 20-97) from your Personnel Office. This form is also available on www.opm.gov. Go to "Retirement" tab, then "Publications and Forms". Send Request for Estimated Base Pay Earnings to the appropriate military pay center along with verification of military service. Response will be sent directly to you in approximately 3 weeks.

2) Submit Earnings Estimate to Personnel

Request for SF 3108, Application to Make Service Credit Payment, which includes SF 3108 A, Application to Pay Military Deposit from your Personnel Office. This form is also available on www.opm.gov . Go to "Retirement" tab, then "Publications and Forms". Submit SF 3108 and SF 3108A and estimated earnings to your personnel office. Personnel will calculate the deposit due, plus interest.

3) Pay Deposit Before Retirement

You may pay this deposit by check or by payroll deduction. All deposits must be made to the employing office prior to retirement. Fully paid deposits are not refundable.

Example: Mike

Average Salary: $60,000
2 Years of Military Service: 1982 - 1984

Basic Pay earnings	=	$20,000
Deposit = 3%	=	$600
Plus interest	=	+$2,000
Deposit due	=	$2,600

If the deposit is not paid, no credit is granted for the military service for retirement eligibility or calculation.

2 years = 2% of the average salary
= 2% of $60,000
= $1,200 per year

Annuity Computations

Basic Components of the Annuity

The amount of the annuity benefit is based upon:

- High 3 years average salary, and
- Length of creditable service and unused sick leave

Average Salary

Average Salary includes:

- Locality pay,
- Shift pay for wage grade employees,
- LEAP for Law Enforcement Officers, and
- AUO for Firefighters.

Average Salary does not include:

- Bonuses,
- Awards, or
- Overtime

Average Salary Calculation

1. Multiply each annual salary rate by the fraction of the year that the salary was in effect. Time factor charts are available in chapter 50 of the CSRS and FERS Retirement Handbook for Personnel and Payroll Offices.
2. Total earnings for the three-year period.
3. Divide by 3 years.

Sample Average Salary Calculation

From	Through	Salary rate	Total time	Time factor	Earnings
01-01-2014	01-11-2014	$48,531	11 days	0.030556	$1,482.91
01-12-2014	07-11-2014	$49,958	6 mo. 0 days	0.500000	$24,979.00
07-12-2014	01-10-2015	$50,458	5 mo. 29 days	0.497222	$25,088.82
01-11-2015	01-11-2015	$50,962	11 mo. 29 days	0.997222	$50,820.43
01-12-2016	12-31-2016	$51,472	11 mo. 21 days	.0.975000	$50,185.20
			33 mo. 90 days	3.00000	$152,556.36
				(+ .000001)	3 years
					= $50,852.12

Basic Annual Benefit

Basic Benefit =
1% X high-3 average salary X years of creditable service and unused sick leave

Example 1:

Age: **60**
Average Salary: **$50,000**

20 years 3 months of service and USL credit
= 20-3/12 X 1%
= 20.25%
= 20.25% of high-3 average salary
= $10,125 / year
= $843 / month

Age 62 with 20 or More Years Service and Sick Leave

Basic Benefit =
1.1% X high-3 average salary X years of creditable service and unused sick leave

Example 2:

Age: **62**
Average Salary: **$50,000**

20 years 3 months of service and USL credit
= 20-3/12 years
= 20-3/12 X 1.1%
= 22.275%
= 22.275% of high-3 average salary
= $11,137 / year
= $928 / month

MRA + 10 Reduced Benefit

Example 3: MRA + 10 (reduced)

Age: **55 years, 11 months**
Average Salary: **$50,000**

11 years of service + USL	=	11% of high-3 ave. salary
(30% reduction)	=	- 3.3%
Reduced benefit	=	7.7% of high-3
	=	$3,850 / year
	=	$320 / month

Law Enforcement Officer / Firefighter Formula

1.7% X High-3 X 1st 20 years of qualifying LEO/FF service under FERS
\+ 1.0% X High-3 X remaining service creditable and sick leave * under FERS that exceeds 20 years

Example 4: LEO/FF

LEO: **22 years (including sick leave)**
Age: **50**
High 3: **$60,000**

20 years x 1.7%	=	34%
+ 2 years X 1%	=	2%
Total	**=**	**36% of high-3 average salary**
	=	**$21,600 / year**
	=	**$1,800 / month**

Annuity Factor Charts

Refer to the annuity factor charts and worksheets on the following pages to calculate your FERS Basic Benefit.

FERS 1% Annuity Factor Chart

Multiply the high-3 average salary by the factor shown based on years and months of creditable FERS service.

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.010000	0.010833	0.011667	0.012500	0.013333	0.014167	0.015000	0.015833	0.016667	0.017500	0.018333	0.019167
2	0.020000	0.020833	0.021667	0.022500	0.023333	0.024167	0.025000	0.025833	0.026667	0.027500	0.028333	0.029167
3	0.030000	0.030833	0.031667	0.032500	0.033333	0.034167	0.035000	0.035833	0.036667	0.037500	0.038333	0.039167
4	0.040000	0.040833	0.041667	0.042500	0.043333	0.044167	0.045000	0.045833	0.046667	0.047500	0.048333	0.049167
5	0.050000	0.050833	0.051667	0.052500	0.053333	0.054167	0.055000	0.055833	0.056667	0.057500	0.058333	0.059167
6	0.060000	0.060833	0.061667	0.062500	0.063333	0.064167	0.065000	0.065833	0.066667	0.067500	0.068333	0.069167
7	0.070000	0.070833	0.071667	0.072500	0.073333	0.074167	0.075000	0.075833	0.076667	0.077500	0.078333	0.079167
8	0.080000	0.080833	0.081667	0.082500	0.083333	0.084167	0.085000	0.085833	0.086667	0.087500	0.088333	0.089167
9	0.090000	0.090833	0.091667	0.092500	0.093333	0.094167	0.095000	0.095833	0.096667	0.097500	0.098333	0.099167
10	0.100000	0.100833	0.101667	0.102500	0.103333	0.104167	0.105000	0.105833	0.106667	0.107500	0.108333	0.109167
11	0.110000	0.110833	0.111667	0.112500	0.113333	0.114167	0.115000	0.115833	0.116667	0.117500	0.118333	0.119167
12	0.120000	0.120833	0.121667	0.122500	0.123333	0.124167	0.125000	0.125833	0.126667	0.127500	0.128333	0.129167
13	0.130000	0.130833	0.131667	0.132500	0.133333	0.134167	0.135000	0.135833	0.136667	0.137500	0.138333	0.139167
14	0.140000	0.140833	0.141667	0.142500	0.143333	0.144167	0.145000	0.145833	0.146667	0.147500	0.148333	0.149167
15	0.150000	0.150833	0.151667	0.152500	0.153333	0.154167	0.155000	0.155833	0.156667	0.157500	0.158333	0.159167
16	0.160000	0.160833	0.161667	0.162500	0.163333	0.164167	0.165000	0.165833	0.166667	0.167500	0.168333	0.169167
17	0.170000	0.170833	0.171667	0.172500	0.173333	0.174167	0.175000	0.175833	0.176667	0.177500	0.178333	0.179167
18	0.180000	0.180833	0.181667	0.182500	0.183333	0.184167	0.185000	0.185833	0.186667	0.187500	0.188333	0.189167
19	0.190000	0.190833	0.191667	0.192500	0.193333	0.194167	0.195000	0.195833	0.196667	0.197500	0.198333	0.199167
20	0.200000	0.200833	0.201667	0.202500	0.203333	0.204167	0.205000	0.205833	0.206667	0.207500	0.208333	0.209167
21	0.210000	0.210833	0.211667	0.212500	0.213333	0.214167	0.215000	0.215833	0.216667	0.217500	0.218333	0.219167
22	0.220000	0.220833	0.221667	0.222500	0.223333	0.224167	0.225000	0.225833	0.226667	0.227500	0.228333	0.229167
23	0.230000	0.230833	0.231667	0.232500	0.233333	0.234167	0.235000	0.235833	0.236667	0.237500	0.238333	0.239167
24	0.240000	0.240833	0.241667	0.242500	0.243333	0.244167	0.245000	0.245833	0.246667	0.247500	0.248333	0.249167
25	0.250000	0.250833	0.251667	0.252500	0.253333	0.254167	0.255000	0.255833	0.256667	0.257500	0.258333	0.259167
26	0.260000	0.260833	0.261667	0.262500	0.263333	0.264167	0.265000	0.265833	0.266667	0.267500	0.268333	0.269167
27	0.270000	0.270833	0.271667	0.272500	0.273333	0.274167	0.275000	0.275833	0.276667	0.277500	0.278333	0.279167
28	0.280000	0.280833	0.281667	0.282500	0.283333	0.284167	0.285000	0.285833	0.286667	0.287500	0.288333	0.289167
29	0.290000	0.290833	0.291667	0.292500	0.293333	0.294167	0.295000	0.295833	0.296667	0.297500	0.298333	0.299167
30	0.300000	0.300833	0.301667	0.302500	0.303333	0.304167	0.305000	0.305833	0.306667	0.307500	0.308333	0.309167
31	0.310000	0.310833	0.311667	0.312500	0.313333	0.314167	0.315000	0.315833	0.316667	0.317500	0.318333	0.319167
32	0.320000	0.320833	0.321667	0.322500	0.323333	0.324167	0.325000	0.325833	0.326667	0.327500	0.328333	0.329167
33	0.330000	0.330833	0.331667	0.332500	0.333333	0.334167	0.335000	0.335833	0.336667	0.337500	0.338333	0.339167
34	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
35	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357000	0.358333	0.359167
36	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
37	0.370000	0.370833	0.371667	0.372500	0.373333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
38	0.380000	0.380833	0.381667	0.382500	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
39	0.390000	0.390833	0.391667	0.392500	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
40	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167

FERS 1.1% Annuity Factor Chart

Age 62 or older with 20 or more years service

Multiply the high-3 average salary by the factor shown based on years and months of creditable FERS service.

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
		0.000917	0.001833	0.002750	0.003667	0.004583	0.005500	0.006417	0.007333	0.008250	0.009167	0.010083
1	0.011000	0.011917	0.012833	0.013750	0.014667	0.015583	0.016500	0.017417	0.018333	0.019250	0.020167	0.021083
2	0.022000	0.022917	0.023833	0.024750	0.025667	0.026583	0.027500	0.028417	0.029333	0.030250	0.031167	0.032083
3	0.033000	0.033917	0.034833	0.035750	0.036667	0.037583	0.038500	0.039417	0.040333	0.041250	0.042167	0.043083
4	0.044000	0.044917	0.045833	0.046750	0.047667	0.048583	0.049500	0.050417	0.051333	0.052250	0.053167	0.054083
5	0.055000	0.055917	0.056833	0.057750	0.058667	0.059583	0.060500	0.061417	0.062333	0.063250	0.064167	0.065083
6	0.066000	0.066917	0.067833	0.068750	0.069667	0.070583	0.071500	0.072417	0.073333	0.074250	0.075167	0.076083
7	0.077000	0.077917	0.078833	0.079750	0.080667	0.081583	0.082500	0.083417	0.084333	0.085250	0.086167	0.087083
8	0.088000	0.088917	0.089833	0.090750	0.091667	0.092583	0.093500	0.094417	0.095333	0.096250	0.097167	0.098083
9	0.099000	0.099917	0.100833	0.101750	0.102667	0.103583	0.104500	0.105417	0.106333	0.107250	0.108167	0.109083
10	0.110000	0.110917	0.111833	0.112750	0.113667	0.114583	0.115500	0.116417	0.117333	0.118250	0.119167	0.120083
11	0.121000	0.121917	0.122833	0.123750	0.124667	0.125583	0.126500	0.127417	0.128333	0.129250	0.130167	0.131083
12	0.132000	0.132917	0.133833	0.134750	0.135667	0.136583	0.137500	0.138417	0.139333	0.140250	0.141167	0.142083
13	0.143000	0.143917	0.144833	0.145750	0.146667	0.147583	0.148500	0.149417	0.150333	0.151250	0.152167	0.153083
14	0.154000	0.154917	0.155833	0.156750	0.157667	0.158583	0.159500	0.160417	0.161333	0.162250	0.163167	0.164083
15	0.165000	0.165917	0.166833	0.167750	0.168667	0.169583	0.170500	0.171417	0.172333	0.173250	0.174167	0.175083
16	0.176000	0.176917	0.177833	0.178750	0.179667	0.180583	0.181500	0.182417	0.183333	0.184250	0.185167	0.186083
17	0.187000	0.187917	0.188833	0.189750	0.190667	0.191583	0.192500	0.193417	0.194333	0.195250	0.196167	0.197083
18	0.198000	0.198917	0.199833	0.200750	0.201667	0.202583	0.203500	0.204417	0.205333	0.206250	0.207167	0.208083
19	0.209000	0.209917	0.210833	0.211750	0.212667	0.213583	0.214500	0.215417	0.216333	0.217250	0.218167	0.219083
20	0.220000	0.220917	0.221833	0.222750	0.223667	0.224583	0.225500	0.226417	0.227333	0.228250	0.229167	0.230083
21	0.231000	0.231917	0.232833	0.233750	0.234667	0.235583	0.236500	0.237417	0.238333	0.239250	0.240167	0.241083
22	0.242000	0.242917	0.243833	0.244750	0.245667	0.246583	0.247500	0.248417	0.249333	0.250250	0.251167	0.252083
23	0.253000	0.253917	0.254833	0.255750	0.256667	0.257583	0.258500	0.259417	0.260333	0.261250	0.262167	0.263083
24	0.264000	0.264917	0.265833	0.266750	0.267667	0.268583	0.269500	0.270417	0.271333	0.272250	0.273167	0.274083
25	0.275000	0.275917	0.276833	0.277750	0.278667	0.279583	0.280500	0.281417	0.282333	0.283250	0.284167	0.285083
26	0.286000	0.286917	0.287833	0.288750	0.289667	0.290583	0.291500	0.292417	0.293333	0.294250	0.295167	0.296083
27	0.297000	0.297917	0.298833	0.299750	0.300667	0.301583	0.302500	0.303417	0.304333	0.305250	0.306167	0.307083
28	0.308000	0.308917	0.309833	0.310750	0.311667	0.312583	0.313500	0.314417	0.315333	0.316250	0.317167	0.318083
29	0.319000	0.319917	0.320833	0.321750	0.322667	0.323583	0.324500	0.325417	0.326333	0.327250	0.328167	0.329083
30	0.330000	0.330917	0.331833	0.332750	0.333667	0.334583	0.335500	0.336417	0.337333	0.388250	0.339167	0.340083
31	0.341000	0.341917	0.342833	0.343750	0.344667	0.345583	0.346500	0.347417	0.348333	0.349250	0.350167	0.351083
32	0.352000	0.352917	0.353833	0.354750	0.355667	0.356583	0.357500	0.358417	0.359333	0.360250	0.361167	0.362083
33	0.363000	0.363917	0.364833	0.365750	0.366667	0.367583	0.368500	0.369417	0.370333	0.371250	0.372167	0.373083
34	0.374000	0.374917	0.375833	0.376750	0.377667	0.378583	0.379500	0.380417	0.381333	0.382250	0.383167	0.384083
35	0.385000	0.385917	0.386833	0.387750	0.388667	0.389583	0.390500	0.391417	0.392333	0.393250	0.394167	0.395083
36	0.396000	0.396917	0.397833	0.398750	0.399667	0.400583	0.401500	0.402417	0.403333	0.404250	0.405167	0.406083
37	0.407000	0.407917	0.408833	0.409750	0.410667	0.411583	0.412500	0.413417	0.414333	0.415250	0.416167	0.417083
38	0.418000	0.418917	0.419833	0.420750	0.421667	0.422583	0.423500	0.424417	0.425333	0.426250	0.427167	0.428083
39	0.429000	0.429917	0.430833	0.431750	0.432667	0.433583	0.434500	0.435417	0.436333	0.437250	0.438167	0.439083
40	0.440000	0.440917	0.441833	0.442750	0.443667	0.444583	0.445500	0.446417	0.447333	0.448250	0.449167	0.450083

FERS 5% Age Reduction Chart
MRA + 10 Reduced Benefits

Multiply the basic benefit by the age reduction factor to calculate the reduced MRA + 10 retirement benefit.

Age at annuity commencing date and at least 1 day over	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
55 _ _ _ _	0.654167	0.658333	0.662500	0.666667	0.670833	0.675000	0.679167	0.683333	0.687500	0.691667	0.695833	0.700000
56 _ _ _ _	0.704167	0.708333	0.712500	0.716667	0.720833	0.725000	0.729167	0.733333	0.737500	0.741667	0.745833	0.750000
57 _ _ _ _	0.754167	0.758333	0.762500	0.766667	0.770833	0.775000	0.779167	0.783333	0.787500	0.791667	0.795833	0.800000
58 _ _ _ _	0.804167	0.808333	0.812500	0.816667	0.820833	0.825000	0.829167	0.833333	0.837500	0.841667	0.845833	0.850000
59 _ _ _ _	0.854167	0.858333	0.862500	0.866667	0.870833	0.875000	0.879167	0.883333	0.887500	0.891667	0.895833	0.900000
60 _ _ _ _	0.904167	0.908333	0.913500	0.916667	0.920833	0.925000	0.929167	0.933333	0.937500	0.941667	0.945833	0.950000
61 _ _ _ _	0.954167	0.958333	0.962500	0.966667	0.970833	0.975000	0.979167	0.983333	0.987500	0.991667	0.995833	1.000000

FERS 1.7 Percent Annuity Factor Chart
(Law Enforcement Officers and Firefighters)

Multiply the high-3 average salary by the factor shown based on years months of FERS Law Enforcement Officer or Firefighter Service.

Years of Service	0 Month	1 Month	2 Months	3 Months	4 Months	5 Months	6 Months	7 Months	8 Months	9 Months	10 Months	11 Months
1	0.017000	0.018417	0.019833	0.021250	0.022667	0.024084	0.025500	0.026917	0.028334	0.029750	0.031167	0.032583
2	0.034000	0.035417	0.036833	0.038250	0.039667	0.041084	0.042500	0.043917	0.045334	0.046750	0.048167	0.049583
3	0.051000	0.052417	0.053833	0.055250	0.056667	0.059500	0.059500	0.060917	0.062334	0.063750	0.065167	0.066583
4	0.068000	0.069417	0.070833	0.072250	0.073667	0.075084	0.076500	0.077917	0.079334	0.080750	0.082167	0.083583
5	0.085000	0.086417	0.087833	0.089250	0.090667	0.092083	0.093500	0.094917	0.096333	0.097750	0.099167	0.100583
6	0.102000	0.103417	0.104833	0.106250	0.107667	0.109083	0.110500	0.119917	0.113333	0.114750	0.116167	0.117583
7	0.119000	0.120417	0.121833	0.123250	0.124667	0.126083	0.127500	0.128917	0.130333	0.131750	0.133167	0.134583
8	0.136000	0.137417	0.138833	0.140250	0.141667	0.143083	0.144500	0.142917	0.147333	0.148750	0.150167	0.151583
9	0.153000	0.154417	0.155833	0.157250	0.158667	0.160083	0.161500	0.162917	0.164333	0.165750	0.167167	0.168583
10	0.170000	0.171417	0.172833	0.174250	0.175667	0.177083	0.178500	0.179917	0.181333	0.182750	0.184167	0.185583
11	0.187000	0.188417	0.189833	0.191250	0.192667	0.194083	0.195500	0.196917	0.198333	0.199750	0.201167	0.202583
12	0.204000	0.205417	0.206833	0.208250	0.209667	0.211083	0.212500	0.213917	0.215333	0.216750	0.218167	0.219583
13	0.221000	0.222417	0.223833	0.225250	0.226667	0.228083	0.229500	0.230917	0.232333	0.233750	0.235167	0.236583
14	0.238000	0.239417	0.240833	0.242250	0.243667	0.245083	0.246500	0.248917	0.249333	0.250750	0.252167	0.253583
15	0.255000	0.256417	0.257833	0.259250	0.260667	0.262083	0.263500	0.264917	0.266333	0.267750	0.269167	0.270583
16	0.272000	0.273417	0.274833	0.276250	0.277667	0.279083	0.280500	0.281917	0.283333	0.284750	0.286167	0.287583
17	0.289000	0.290417	0.291833	0.293250	0.294667	0.296083	0.297500	0.298917	0.300333	0.301750	0.303167	0.304583
18	0.306000	0.307417	0.308833	0.310250	0.311667	0.313083	0.314500	0.315917	0.317333	0.318750	0.320167	0.321583
19	0.323000	0.324417	0.325833	0.327250	0.328667	0.330083	0.331500	0.332917	0.334333	0.335750	0.337167	0.338583
20	0.340000	0.340833	0.341667	0.342500	0.343333	0.344167	0.345000	0.345833	0.346667	0.347500	0.348333	0.349167
21	0.350000	0.350833	0.351667	0.352500	0.353333	0.354167	0.355000	0.355833	0.356667	0.357500	0.358333	0.359167
22	0.360000	0.360833	0.361667	0.362500	0.363333	0.364167	0.365000	0.365833	0.366667	0.367500	0.368333	0.369167
23	0.370000	0.370833	0.371667	0.372500	0.363333	0.374167	0.375000	0.375833	0.376667	0.377500	0.378333	0.379167
24	0.380000	0.380833	0.381667	0.382550	0.383333	0.384167	0.385000	0.385833	0.386667	0.387500	0.388333	0.389167
25	0.390000	0.390833	0.391667	0.392550	0.393333	0.394167	0.395000	0.395833	0.396667	0.397500	0.398333	0.399167
26	0.400000	0.400833	0.401667	0.402500	0.403333	0.404167	0.405000	0.405833	0.406667	0.407500	0.408333	0.409167
27	0.410000	0.410833	0.411667	0.412500	0.413333	0.414167	0.415000	0.415833	0.416667	0.417500	0.418333	0.419167
28	0.420000	0.420833	0.421667	0.422500	0.423333	0.424167	0.425000	0.425833	0.426667	0.427500	0.428333	0.429167
29	0.430000	0.430833	0.431667	0.432550	0.433333	0.434167	0.435000	0.435833	0.436667	0.437500	0.438333	0.439167
30	0.440000	0.440833	0.441667	0.442550	0.443333	0.444167	0.445000	0.445833	0.446667	0.447500	0.448333	0.449167

FERS Basic Benefit Calculation

FERS Basic Benefit Calculation		
	FERS Annuity Only (No CSRS Component):	
1	Enter Hi-3 Average Salary	$
2	Multiply by FERS retirement factor ___years ___months of FERS service	X
3	**Basic FERS Annuity**	**$**
4	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X
5	**Basic FERS Benefit (w/out Survivor)**	**$**
6	Survivor Reduction ▪ Full Survivor benefit - multiply by .90 ▪ Partial Survivor benefit - multiply by .95 ▪ No Survivor benefit - multiply by 1.0	X
7	**Annual FERS Benefit w/ survivor reduction** Divide by 12	**$** ÷ 12
8	**Monthly FERS Benefit**	**$**
	Survivor Benefit: Enter amount from line 5	$
9	▪ Full Survivor Benefit - Multiply by .50 ▪ Partial Survivor benefit = Multiply by .25	X
10	**FERS Survivor Benefit**	**$**
11	**Monthly FERS Survivor Benefit**	**$**

FERS Basic Benefit Calculation

(Continued)

Example: Basic Benefit Calculation, Full Benefit (60/20)

Retirement Date: 4/30/16 SCD: 4/19/96 FERS: 20 yrs, 0 mo, 12 days
Date of Birth: 1/26/56 USL: 1 mo, 2 days
Total: 20 yrs, 1 mo, 14 days

184 hours USL Average Salary: $54,262

	FERS Basic Benefit Calculation	
	FERS Annuity Only (No CSRS Component):	
1	Enter Hi-3 Average Salary	$ 54,262.00
2	Multiply by FERS retirement factor _20_ years _1_ months of FERS service and USL	X .200833
3	**Basic FERS Annuity**	**$ 10,897.60**
4	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X **N/A**
5	**Basic FERS Benefit (w/out Survivor)**	**$ 10,897.69**
6	**Survivor Reduction** • Full Survivor benefit - multiply by .90 • Partial Survivor benefit - multiply by .95 • No Survivor benefit - multiply by 1.0	X .90
7	Annual FERS Benefit w/ survivor reduction. Divide by 12	**$ 9,807.84** ÷ 12
8	**Monthly FERS Benefit**	**$ 817.00**
	Survivor Benefit: Enter amount from line 5	$ 10,897.60
9	• Full Survivor Benefit - Multiply by .50 • Partial Survivor benefit = Multiply by .25	X .50
10	FERS Survivor Benefit	$ 5,448.80
11	**Monthly FERS Survivor Benefit**	**$ 454.00**

FERS MRA + 10 Calculation

Example: Basic Benefit Calculation, FERS-MRA+10 Retirement

Retirement Date:	03/31/16	SCD: 9/22/2001	FERS: 14 yrs, 6 mo, 9 days
Date of Birth:	10/16/59		USL: 14 days
Age :	56 yrs, 5 mo, 15 days		Total: 14 yrs, 6 mo, 23 days

80 hours USL

Average Salary: $60,000

FERS Basic Benefit Calculation

	FERS Annuity Only (No CSRS Component):	
1	Enter Hi-3 Average Salary	$ 60,000.00
2	Multiply by FERS retirement factor _14_years _6_months of FERS service and USL	X .145000
3	**Basic FERS Annuity**	**$ 8,700.00**
4	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X .725000
5	**Basic FERS Benefit (w/out Survivor)**	**$ 6,307.50**
6	**Survivor Reduction** • Full Survivor benefit - multiply by .90 • Partial Survivor benefit - multiply by .95 • No Survivor benefit - multiply by 1.0	X .90
7	Annual FERS Benefit w/ survivor reduction.	**$ 5,676.75**
	Divide by 12	÷ 12
8	**Monthly FERS Benefit**	**$ 473.00**
	Survivor Benefit: Enter amount from line 5	$ 6,307.50
9	• Full Survivor Benefit - Multiply by .50 • Partial Survivor benefit = Multiply by .25	X .50
10	FERS Survivor Benefit	$ 3,153.75
11	**Monthly FERS Survivor Benefit**	**$ 262.00**

FERS LEO / FF Calculation

Example: Law Enforcement Officer / Firefighter Calculation

Retirement Date:	06/30/16	SCD: 12/22/91	FERS: 24 yrs. 6 mo. 9 days
Date of Birth:	9/10/59		USL: 2 mo. 13 days
Age :	56 yrs, 9 mo, 21 days		Total 24 yrs. 8 mo. 22 days

420 hours of unused sickleave

Average Salary: $90,000

	FERS Basic Benefit Calculation	
	FERS Annuity Only (No CSRS Component):	
1	Enter Hi-3 Average Salary	$ 90,000.00
2	Multiply by FERS retirement factor _24_ years _8_ months of FERS service	X .386667
3	**Basic FERS Annuity**	**$ 34,800.03**
4	MRA = 10 Reduction for age: Multiply by 5% reduction factor	X N/A
5	**Basic FERS Benefit (w/out Survivor)**	**$ 34,008.03**
6	**Survivor Reduction** • Full Survivor benefit - multiply by .90 • Partial Survivor benefit - multiply by .95 • No Survivor benefit - multiply by 1.0	X .90
7	Annual FERS Benefit w/ survivor reduction.	**$ 31,320.03**
	Divide by 12	÷ 12
8	**Monthly FERS Benefit**	**$ 2,610.00**
	Survivor Benefit: Enter amount from line 5	$ 34,800.03
9	• Full Survivor Benefit - Multiply by .50 • Partial Survivor benefit = Multiply by .25	X .50
10	FERS Survivor Benefit	$ 17,400.02
11	**Monthly FERS Survivor Benefit**	**$ 1,450.00**

Part-Time Service

Part-time Service is service with a pre-arranged, regularly scheduled tour of duty which is less than full-time.

In computing a FERS Annuity benefit involving part-time service, full credit is granted for the part-time service in determining eligibility for retirement. Deemed full-time salary rates are used in computing the average salary. The retirement benefit is adjusted for part-time service by a ratio of the number of part-time hours to the number of hours the employee would have worked had the employee worked full-time. (See FERS Transfer Supplement for a discussion of part-time service for a CSRS / FERS Transfer employee.)

Example

20 years of service / Age 60
Average Salary: $50,000. (Full-time salary regardless of TOD)
Full time annuity = 20% of $50,000 = $10,000 per year

Tours of duty worked (over 20 year career)
10 years part time @ 20 hours per week = 10 X 20 X 52 = 10,400 hours
+ 10 years full time @ 40 hours per week = 10 X 40 X 52 = 20,800 hours
total hours worked: 31,200 hours

Full-time hours (over the same 20 year period)
20 years full-time @ 40 hours per week = 20 X 40 X 52 = 41,600 hours

Proration: 31,200 hours / 41,600 hours = 75%

Part-time annuity = $10,000 X 75% = $7,500

Reductions in Basic Annuity

FERS Reduction For Age (MRA +10)

Annuity is reduced 5% for each year retiree is under age 62, 5/12 percent for each full month under age 62. (This applies to both the CSRS and the FERS components of a Transfer calculation.)

Reduction to Provide Survivor Benefit

FERS Survivor Reduction =

- 10% of benefit for full survivor benefit
- 5% of benefit for partial survivor benefit.

Eligibility for Retirement Supplement

FERS Retirement Benefit

The FERS retirement system is a three part retirement plan consisting of:

- FERS Basic Benefit
- Social Security
- Thrift Savings Plan

FERS Retirement Eligibility

Full, unreduced retirement benefits are payable to FERS retirees who meet the following requirements:

- MRA (minimum retirement age) or older with 30 or more years of service, or
- Age 60 or older with 20 or more years of service, or
- Age 50 or older with 20 or more years of service if offered an early voluntary retirement or if involuntarily separated due to agency downsizing, or
- Age 50 or older with 20 or more years of qualifying law enforcement service, or
- Any age with 25 years of qualifying law enforcement service.

Social Security Benefits Payable At Age 62

Social Security retirement benefits are not payable until age 62.

Supplement Paid by OPM

An additional amount is paid by OPM to retirees eligible for full retirement benefits to supplement the total retirement until Social Security benefits become payable at age 62.

Retiree Annuity Supplement

The retiree annuity supplement is an approximation of the portion of a full career Social Security benefit earned while employed under FERS.

- A full Social Security benefit is estimated by OPM based upon 40 years of service.
- The supplement paid by OPM is a fraction of this estimated benefit equal to the total full calendar years of civilian service creditable under FERS, divided by 40.

Retirement Supplement Provisions

- The retirement supplement is not paid on MRA + 10 retirements.
- The retirement supplement is not paid on deferred retirements.
- The retirement supplement is paid from MRA until age 62.
- The retirement supplement is subject to the Social Security earnings limitation.
- The supplement is paid to law enforcement officers and firefighters in the first year of retirement, regardless of age.
- The supplement paid to law enforcement officers and firefighters is not subject to the earnings limitation until the retiree reaches MRA.

Estimate the Amount of the Retiree Annuity Supplement

You may obtain an estimate of your Social Security benefit using the "Retirement Estimator" available on the Social Security Administration website (www.ssa.gov).

Estimates are based on real time access to your earnings record. Estimate provided assumes that you will continue to work until age 62 and projects current salary in the calculation of benefits.

You can create multiple scenarios to adjust the date you plan to stop working or to change your expected future earnings.

(Windfall Benefits Elimination Provision (WEP) is not considered in this estimate.)

Example:

Age 62 Social Security estimate = $1,600 per month

32 years of FERS civilian service

$1,600 X 32/40 = $1,280 per month

Annuity Supplement Calculation

A full career earnings history is constructed using employees basic pay during FERS civilian service and deemed wages for years after age 21 and before employment under FERS.

1. An earnings ratio is established by dividing the employees actual pay for the first full calendar year of FERS service by the Average Total Wages (ATW) for that year.

2. Deemed earnings are computed by multiplying the earnings ratio by the ATW for each year earnings are to be deemed.

3. Total “deemed earnings” prior to FERS employment and “actual earnings” during FERS employment to create a 35 year earnings record.

4. A full Social Security benefit is calculated using the earnings record constructed. (The age 62 reduction is applied to this Social Security benefit. Windfall Benefits Elimination Provision is not applied to this benefit calculation.)

The amount of the retiree annuity supplement is a fraction of this Social Security benefit equal to the total civilian service creditable under FERS (rounded to the nearest full year) divided by 40.

Annuity Supplement Calculation Example

Example: Retiree Annuity Supplement

FERS (1996 - 2016)
Age: 60/20 Years of Service

1. Earnings Ratio:

1996 FERS $36,000 = 1.5 earnings ratio
1996 NAW $24,000

2. Deemed Earnings:

NAW (Age 22 - FERS) X 1.5 earnings ratio

FERS Employment

$
$
$
$
$

Deemed Earnings

+

+ Actual Earnings (during FERS Employment)

1996

2016

$
$
$
$
$
$
$

Actual Earnings

3. Deemed Earnings + Actual Earnings = **35 Year Earnings History**

4. Calculate Age 62 Social Security Benefit

Special Retirement Supplement =

$$\frac{\text{Years in FERS}}{40} \times \text{Age 62 Social Security Benefit}$$

Earnings Limitation

The retiree annuity supplement is subject to the Social Security earnings limitation. If a retiree's wages and net self-employment income exceeds the earnings limitation, the retirement supplement is reduced by $1.00 for every $2.00 that the earnings exceed the annual earnings limit. The dollar amount of the earnings limitation changes annually. The 2015 earnings limitation was $15,720. The 2016 earnings limitation is also $15,720.

When Reduction is Assessed

A reduction on the retirement supplement in a given year is based on excess earnings in the previous year.

Example:

Tony retired in July 2015 at age 60 with 20 years of FERS service and was eligible for special retirement supplement of $800 per month.

Tony's 2015 post-retirement earnings are subject to the earnings limitation. If his 2015 earnings exceeded $15,720 (2015 limit), then Tony's 2016 retirement supplement will be reduced.

Reduction Limited to Amount of Previous Year Supplement

For the year immediately following the first year during which the retiree became eligible to receive the supplement, the annual earnings reduction cannot exceed the total retirement supplement to which the individual was entitled in the first year.

Example:

Tony receives retirement supplement in 2015 of $800 per month for five months (August - December) for a total of $4,000.

The total reduction in Tony's 2016 supplement will not exceed $4,000.

Earnings in the Year the Retiree Attains Age 62

The earnings in the year that the retiree attains age 62 will have no impact on the annuity supplement. Earnings prior to attaining age 62 will have no impact on the Social Security benefit.

Disability Retirement

Criteria for Disability Retirement

A disability retirement is a benefit provided to protect an employee who is no longer able to provide useful and efficient service in his or her current grade or pay level because of a medical condition. Disability retirement should be a last resort and is appropriate only when reasonable efforts to preserve the person's employment have failed

Basic Eligibility Requirement

18 months of creditable civilian service is required to qualify for FERS disability retirement benefits.

Documentation Required

A claim for disability retirement must include documentation that clearly and specifically establishes:

1. A deficiency in service with respect to performance, conduct, or attendance, or in the absence of any actual service deficiency, a showing that the medical condition is incompatible with either useful service or retention in the position;

2. A medical condition defined as disease or injury, including psychiatric disease;

3. That the medical condition caused the service deficiency;

4. The duration of the medical condition, both past and expected, and a showing that the condition, in all probability, will continue for at least a year;

5. The inability to provide useful and efficient service arose while serving under the FERS Retirement System;

6. The inability of the employing agency to make reasonable accommodation to the medical condition; and

7. The absence of another position, within the employing agency and commuting area, at the same grade or pay level and tenure, for which the employee is qualified for reassignment.

Disability Annuity Calculations

The FERS disability retirement is recomputed after the first twelve months and again at age 62 if the retiree was under age 62 at time of retirement. The disability benefit is calculated using the following formulas:

First Year:

60% of high-3 average pay
Minus
100% of any Social Security disability benefit payable

Second Year to Age 62:

40% of high-3 average pay
Minus
60% of the Social Security benefit payable, if any

Age 62 and Later:

The FERS disability retirement is recomputed at age 62 to equal a FERS basic retirement benefit that includes service to age 62. The average salary used in this calculation is increased by all FERS Cost of Living Adjustments which have occurred during the period the retiree was entitled to disability benefits.

Termination of Disability Benefits

A disability annuity terminates if you are found recovered, restored to earning capacity or reemployed in Federal service.

Medical Recovery

OPM may require periodic reevaluations on your medical condition until age 60. If OPM finds you recovered, your disability annuity payments will stop one year from the date of the medical examination showing your recovery or on the date that you are reemployed in the Federal service, whichever occurs first.

Restoration to Earning Capacity

If your earnings from wages or self-employment equal at least 80 percent of the current salary rate of the position from which you retired, you are considered restored to earning capacity and your disability annuity payments terminate six months from the end of the calendar year in which your earning capacity is restored or on the date that you are reemployed in Federal service, whichever occurs first. Benefits may be reinstated if income falls below the 80% level and the disease or condition on which your disability retirement was approved still exists.

FERS Survivor Benefits

FERS Survivor Benefits upon the Death of an Employee	Basic Death Benefit - Lump Sum Survivor Annuity (10 years of service) Spouse / Former Spouse Children Social Security
FERS Survivor Annuity upon the Death of an Annuitant	Spouse / Former Spouse Children Insurable Interest Survivor Social Security
Lump Sum	Refund of contributions in retirement fund (Paid only if no survivor annuities are payable) Order of Precedence

Spouse Equity Act

A qualifying court order may require OPM to apportion an annuity benefit between a retiree and a former spouse and / or provide survivor benefits to a former spouse upon the death of a retiree.

For detailed information on court-awarded benefits for former spouses, please view the module on Court Orders. You may also refer to the CSRS and FERS Retirement Handbook for Personnel and Payroll Offices, Chapter 5, Court Orders, available on the OPM Web site, http://www.opm.gov. (Use the search engine. Search CSRS and FERS Retirement Handbook.)

Survivor Benefits upon the death of a FERS Employee:

18 months of service = Basic Employee Death Benefit

■ surviving spouse ■ surviving former spouse (court order)	$32,327, plus higher of: -1/2 final salary -1/2 average salary
■ surviving children	$510 / month

Plus

10 years of service = Survivor Annuity

■ surviving spouse ■ surviving former spouse (court order)	50% of employee's basic annuity
■ surviving children	$510 / month

*Note: The child's annuity is reduced by any Social Security child benefit payable.

Requirements

Deceased Employee

The deceased employee must have completed at least 18 months of civilian service and been subject to FERS at time of death for the basic employee death benefit to be paid to the spouse/former spouse and for survivor annuities to be paid to children. The deceased employee must have completed at least 10 years of civilian service and been subject to FERS at time of death for a survivor annuity to be paid to a spouse or former spouse.

Surviving Spouse

The surviving spouse must have been married to the employee for at least 9 months at time of death (unless death accidental or spouse is the natural parent of a child of the deceased).

Surviving Former Spouse

A surviving former spouse must have been married to employee for at least 9 months, and been awarded a survivor annuity by court order or decree in a divorce taking place after May 6, 1985, and not remarried before age 55. The court order has priority over current spouse's benefit, if conflict.

Surviving Children

Surviving children must be unmarried, and under age 18, or full-time student under age 22, or any age and incapable of self-support because of a disability incurred before age 18. Note: The child's annuity is reduced by any Social Security child benefit payable.

Survivor Annuity upon the Death of a FERS Annuitant

■ surviving spouse	50% or 25% of basic annuity
■ surviving former spouse (election or court order)	50% or 25% of basic annuity or amount specified in court order
■ surviving children	2016 rate = $ 510/child/month*
■ insurable interest survivor	55% of reduced annuity

*Note: The child's annuity is reduced by any Social Security child benefit payable.

FERS Regular Survivor Benefits
(Spouse and/or Former Spouse)

A retiring employee may elect to provide Regular Survivor Benefits for a spouse and/or former spouse at time of retirement. In cases of divorce occurring after 5/7/85, the retiree may be required, by court order, to provide regular survivor benefits to a former spouse.

Survivor Elections:

- Full Survivor Benefit
  Cost: 10% of retiree's basic annuity.
  Survivor receives: 50% of retiree's basic annuity

- Partial Survivor Benefit
  Cost: 5% of retiree's basic annuity.
  Survivor receives: 25% of retiree's basic annuity.
  (Notarized consent of spouse is required.)

- Split Benefit
  Spouse and Former spouse(s) each receive partial survivor benefits.
  (Consent of current spouse is required.)

- No Survivor Benefit
  (Notarized consent is required.)

Example 1: Full Survivor Benefit

$20,000 annuity - Elects Full Survivor Benefits

Cost: 10% of $20,000 = $2,000

$20,000/year ($1,666/month)
- 2,000/year
$18,000/year ($1,500/month)

Survivor receives: 50% of 20,000 = $10,000/year
= $833/month

Example 2: Partial Survivor Benefit

$20,000 annuity - Elects Partial Survivor Benefit
(based upon half of the annuity)

Cost: 5% of $20,000 = $1,000

$20,000/year ($1,666/month)
- 1,000/year
$19,000/year ($1,583/month)

Survivor receives: 25% of 20,000 = $5,000/year
= $417/month

Health Insurance for the Surviving Spouse

Health Benefits for the Surviving Spouse

A surviving spouse will not be permitted to continue Federal Health Benefits upon the death of a retiree unless a survivor annuity is payable.

Survivor Election Changes After Retirement

Within 30 days after the date of the first regular monthly annuity payment, a retiree may name a new survivor or change the survivor election by filing a new election in writing.

Within 18 months after the commencing date of the annuity, a retiree may elect a survivor annuity or increase the amount of the survivor annuity for a spouse by submitting the request for change in writing to OPM. A deposit representing the difference between the reduction for the new survivor election and the original survivor election, plus a charge of $245.00 per thousand dollar change in survivor base, plus interest, is required.

Termination of Entitlement To Survivor Benefits

Entitlement to survivor benefits terminates on the following events:

Current Spouse Future Entitlement

A current spouse future entitlement to survivor benefits is terminated by divorce or death. The reduction in the annuitant's rate to provide the survivor protection is removed and the annuitant's benefit is restored to the full rate, prospectively.

Widow's/Widower's Receipt of Benefit

A widow's/widower's receipt of regular survivor benefits is terminated upon death or remarriage prior to age 55. Benefits are restored if that marriage later ends.

Exception for remarriages occurring after January 1, 1995:
If the widow or widower was married to the individual on whose service the survivor annuity is based for at least 30 years, remarries before age 55, the survivor annuity will not to be terminated.

Former Spouse Future Entitlement

A former spouse future entitlement to regular survivor benefits is terminated upon death or remarriage prior to age 55. The annuitant's benefit is restored to the full rate, prospectively. Entitlement is not restored to the former spouse if that marriage later ends.

Former Spouse Receipt of Benefit

A former spouse receipt of survivor benefits is terminated upon death or remarriage prior to age 55. Benefits are NOT restored if that marriage later ends.

Post Retirement Marriage

A retiree who marries after retirement may elect regular survivor benefits for his/her post-retirement spouse. The survivor election is optional. Spousal consent is not required. The election must be made within 2 years of the date of the marriage or within 2 years of the date of the former spouse's loss of entitlement to the regular survivor benefit.

Elections Available

Survivor elections available after retirement for new spouses are:

1) full survivor annuity;
2) partial survivor annuity;
3) no survivor annuity.

Retroactive Survivor Reduction is Based Upon Actuarial Reduction

An annuitant who retires on or after May 7, 1985 and elects to provide survivor benefits for a spouse whom he/she married after retirement will have his/her annuity reduced by the total amount by which his/her annuity would have been reduced if that election had been made at the time of retirement, plus 6 percent annual interest, divided by an actuarial factor, plus the continuing reduction in the annuity to provide survivor benefit. Any period of time during which the retiree's annuity was being reduced fully to provide a survivor benefit will not be included in the calculation of the reduction.

Actuarial Reduction

Monthly Reduction
The monthly reduction for this retroactive survivor election is equal to:

$$\frac{\text{Retroactive reduction in annuity, plus 6\% interest}}{\text{Actuarial Factor}}$$

+

The continuing reduction for survivor benefit

Insurable Interest Survivor Benefit

Any retiring employee (regardless of marital status), in good health, may elect an insurable interest survivor benefit for any person who is financially dependent upon the retiree.

Survivors

The insurable interest survivor may be a spouse, a former spouse or anyone who is financially dependent upon the retiree.

Amount of Election

The insurable interest benefit is based upon the retiree's full annuity. The retiree may not elect any other survivor base.

Cost to the Annuitant

The cost of an insurable interest benefit is based on the age difference between the retiree and the insurable interest survivor.

Age of Insurable Interest Survivor in Relation to Age of Retiree	Reduction in Basic Annuity
Older or less than 5 years younger	10%
5 but less than 10 years younger	15%
10 but less than 15 years younger	20%
15 but less than 20 years younger	25%
20 but less than 25 years younger	30%
25 but less than 30 years younger	35%
30 or more years younger	40%

Insurable Interest Survivor Receives

In the event of the annuitant's death, the insurable interest survivor receives 55% of the retiree's commencing annuity after the reduction to provide the insurable interest survivor benefit, plus COLAs.

Termination of Entitlement to the Insurable Interest Benefit

The insurable interest survivor benefit will be terminated upon death of the insurable interest survivor, or on conversion of the benefit to a regular survivor annuity. If entitlement to insurable interest benefit terminates while the retiree is living, the retiree's annuity benefit will be restored to the full rate, prospectively.

Lump Sum Benefits

Amount of the Lump Sum Benefit

The balance of an employee's or annuitant's retirement contributions is payable as a lump sum benefit only if there is no spouse, former spouse, children or insurable interest survivor eligible for survivor benefits.

Order of Precedence

The lump sum is payable under the following Order of Precedence:

1. Designated Beneficiary
2. Spouse
3. Child/Children in equal shares
4. Parents
5. Executor or administrator of estate
6. Next of Kin

Designation of Beneficiary

An SF 3102, Designation of Beneficiary Federal Employees Retirement System, can be completed by an employee, a former employee or a retiree to designate a beneficiary or beneficiaries of any lump sum amount payable upon his/her death.

Other Types of Designations

The SF 3102 described above should not be confused with designation forms used for other types of benefits, such as:

- SF 2823, Designation of Beneficiary, Federal Employees' Group Life Insurance Program;
- SF 1152, Designation of Beneficiary, Unpaid Compensation of Deceased Civilian Employee; or
- TSP 3, Designation of Beneficiary, Federal Retirement Thrift Savings Plan.

Documentation of Service

Review your own records.
Review Service Computation Date (SCD).
Review your eOPF (electronic OPF).
Request and/or provide verification of undocumented service.

Gross Annuity Estimates

Contact your Personnel Office to request an estimate of your annuity benefit. In many cases, one estimate is sufficient. You may manually compute your benefit using the FERS benefit formulas and compare.

NOTE:

You may want alternate estimates if you:

- are in receipt of military retired pay and are contemplating waiving your Military Retired Pay to receive credit for your military service in your CSRS or FERS benefit
- have received a refund of CSRS contributions before transferring to FERS and have not made a redeposit.
- performed non-deduction service and have not made a deposit.
- performed post-56 military service, have not made a deposit.
- are undecided on your survivor election.

Net Annuity Estimates

Estimate your net annuity by subtracting the following from your gross monthly annuity estimate.

- Health benefits premiums
- FEGLI Life Insurance premiums and the cost for Post-retirement Life Insurance Reduction Election. FEHB and FEGLI costs are provided on your annuity estimate.
- Federal and State income tax

Federal Employee Benefits Statement

You may access your personal Federal Employee Benefit Statement through your Employee Express Portal.

Go to www.employeeexpress.gov and log in.

Go to "Federal Employee Benefit Statement".

This will take you to a secure website to access your personal statement.

Your Federal Employee Benefit Statement will provide the following information:

A. Information About You: Retirement System, Position Title, Work Schedule

B. Service Dates:
- Service Computation Date (SCD) for Leave and RIF
- Service Computation Date (SCD) for Retirement
- Military Service and Military Deposit

C. Pay

D. Life Insurance Coverage

E. Health Insurance

F. Leave

G. Date and Age You Are Eligible to Retire With An Immediate Annuity

H. Estimated CSRS or FERS Basic Annuity (with and without survivor annuity)

I. Social Security Information and Medicare Coverage

J. Short Term Disability Protection (Leave)

K. Long Term Disability Protection (Disability Retirement)

L. If you Resign Today (Annual Leave, Sick Leave, Deferred Annuity)

M. Death-in-Service Survivor Benefit

N. Thrift Savings Plan (Current contributions)

O. Agency Contributions of Non-Pay Benefits (FEHB, FEGLI, Retirement, Medicare)

P. Total Retirement Income Worksheet

Q. Long Term Care Through Long Term Care Partners

R. Flexible Spending Accounts

Electronic OPF (eOPF)

OPF - Official Personnel Folder

Your Official Personnel Folder (OPF) contains a history of your federal civilian service as documented by your Standard Form 50s (SF 50), Notification of Personnel Action.

Your OPF should contain copies of all Standard Form 50s processed throughout your Federal career, position descriptions, performance documents, benefits forms, and documentation of military service (DD214) which you submitted to your agency.

SF 50
Standard Form 50
Notification of Personnel Action

The SF 50 verifies dates of federal service, salary, retirement coverage, service computation date, tour of duty, periods of leave without pay and should reflect time worked during intermittent or WAE appointments.

E-OPF
Electronic OPF

The eOPF is an electronic version of the paper OPF and a system for accessing the electronic folder online. This provides you with access to your personnel records at any time through a secure internet connection.

To Access Your eOPF

You may access your eOPF through:

https://eopf.nbc.gov/doi/.

If you have problems using the application, please contact the eOPF Help Desk at 866-275-8518 or eopf_hd@telesishq.com.

Review Your E-OPF

You may review your eOPF to ensure that all service has been documented and to identify periods of non-deduction service which may require deposit.

Errors and Omissions

Report any errors or omissions regarding content of your eOPF to your agency's human resource servicing office for proper identification and resolution.

If you have questions about any of the documents in your eOPF, please contact your servicing HR office.

Actions Necessary

Take necessary actions on decisions you have made concerning your annuity.

Waiving Military Retired Pay	Send request to waive MRP to appropriate Military Finance Center at least 60 days prior to your retirement. Ask your Personnel Office to provide you with a sample letter. Send a copy of your request for waiver to OPM along with your retirement application.
Paying Redeposit for Refunded CSRS Service	No action is necessary. OPM will notify you of the amount due and your options for payment or electing an actuarially reduced annuity benefit with credit for payment and the annuity rates with and without credit for the refunded service. You will be given 30 days to make your election. You may pay this redeposit at any time during your career by submitting an SF3108 to your Personnel Specialist.
Paying Deposit for Non-Deduction Service Included in CSRS Component	You may pay this deposit at any time during your career by submitting an SF 3108, Application to Make Service Credit Payment to your Personnel Specialist. You may also submit an SF 3108, along with your retirement application. OPM will notify you of the amount due and the annuity rates with and without payment prior to the final adjudication of your annuity. You will be given 30 days to pay the deposit in full.
Paying Deposit for Pre-1989 Non-Deduction Service Included in FERS Component and Redeposits for FERS Refunded Service	You may pay this deposit at any time during your career by submitting an SF 3108, Application to Make Service Credit Payment to your Personnel Specialist. You may also submit an SF 3108, along with your retirement application. OPM will notify you of the amount due and the annuity rates with and without credit for the non-deduction service or refunded service prior to the final adjudication of your annuity. You will be given 30 days to pay the deposit or redeposit in full.
Paying a post-56 Military Deposit	Post-56 military deposits must be made to the your employing agency prior to retirement. Submit SF 3108, Application to Make Service Credit Payment and SF 3108A, Application to Pay Military Deposit, along with military base pay earnings to your personnel specialist.

Annuity Commencing Dates

Voluntary Retirements

FERS Optional (Voluntary) retirements commence on the first of the month following the month of separation.

Annuity Commencing Dates
(Voluntary Retirements)

Retire	Annuity Commences	The Check Date
June 30	July 1	August 1
July 1	August 1	September 1
July 20	August 1	September 1

Disability and Discontinued Service Retirements

(Involuntary) retirements commence the earlier of the day after separation or the day after last day of pay, and all eligibility requirements have been met.

Lump Sum Annual Leave Payment

A lump sum payment for all accrued annual leave will be paid shortly after retirement by your employing agency.

Under 5 U.S.C. 5551(a), the lump-sum payment is computed on the basis of the employee's rights at separation under all applicable laws and regulations existing at the time which would have affected his pay had he remained in the service for the period covered by the leave.

If the employee is separated prior to a statutory pay increase but the period of projected leave extends beyond the effective date of the increase, the lump sum payment shall be adjusted to reflect the increased rate for any leave from the effective date of the pay increase.

Submitting Your Retirement Application

Check with your Personnel Office for specific guidelines on how much notice your agency requires for preparing your retirement package.

Select Retirement Date

Select your retirement date and confirm eligibility.
Notify your Personnel Office of your plans to retire approximately 90 days prior to retirement.

Retirement Application and Attachments

Obtain all necessary retirement application forms from your Personnel Office, which will include but is not limited to:

- SF 3107 (FERS), Application for Immediate Retirement
- SF 2818, Election of Post-Retirement Basic Life Insurance

Carefully, read all information and instructions provided in the retirement package.

Forms Available Online

These forms are available in a flow-fillable format on www.opm.gov. Go to Retirement - Publications and Forms - Online Forms - Standard Forms.

Forms and Documents to be Completed by the Employee

Complete and return to your Personnel Office:

- SF 3107, Application for Immediate Retirement
- SF 3107, Schedules A, B, and C, if applicable
- SF 3107-2, Spouse's Consent to Survivor Election (if applicable)
- SF 2818, Election of Post-Retirement Basic Life Insurance Coverage (if applicable)
- 1199A, Direct Deposit Authorization

Forms and Documents to be Completed by the Agency

Your Personnel Office will review your retirement application and complete:

- SF 3107-1, Certified Summary of Federal Service
- SF 3107, Schedule D, Agency Checklist
- SF 2821, Certification of FEGLI Status

Your Personnel Office will assemble all of the above documents along with:

- SF 3107, or SF 2823, Designation of Beneficiary (if on file)
- Military discharge (if applicable)
- Records of post-56 military deposit
- SF 2803(s) and/or SF 3107(s), Applications to Make Deposit or Redeposit (if on file)
- Agency annuity estimates
- SF 176(s) and SF 2817(s), Life Insurance Elections

Review Completed Application

You will be asked to review the Agency Summary of Certified Service for completeness and accuracy.

Review the entire retirement package for accuracy.

File is sent to OPM

The entire retirement package, along with your payroll records will be submitted to OPM for adjudication of your annuity.

CSA # is issued

When OPM's Retirement Operations Center in Boyers, Pennsylvania, receives the retirement file, they will send an acknowledgment letter and provide a Civil Service Annuity number (CSA number) and a temporary password for Retirement Services Online. Always refer to your CSA # when corresponding with OPM.

Annuitant Services Online

Annuitant Services Online provides retirement services on demand. You may use this site to:

- Change your Federal and State Income Tax withholding
- Change your mailing address / Change your Password
- Establish an allotment to an organization
- Set up a checking or savings allotment
- Sign up for direct deposit of your payment
- View/Print annuity statement/verification of income
- View/Print 1099-R Tax Forms
- View/Print verification of life insurance (FEGLI)
- View the status of your case while in interim pay

Interim Payments Begin

OPM reviews the retirement file for eligibility and authorizes recurring interim annuity payments ("special payments") to provide the retiree with income until the retirement claim process is completed. Interim payments are generally between 75 and 80 percent of the regular monthly payments. An adjustment check is sent when the case is completed.

Final Processing

OPM provides retirees an Annuity Statement and other informational material concerning the individual's retirement benefit after the claim process is completed.

When your retiremtn case has been finalized by OPM, you will receive a personalized booklet describing your retirement benefits.

This will include:

- Your Monthly Beneft Amount
  - Gross Monthly Benefit
  - Deductions
  - Net Monthly Benefit
- Survivor Benefits
- Health Insurance Benefits
- Life Insurance Benefits
- Contributions to the Retirement Fund and Tax Information
- How to Contact OPM
- Cost of Living Adjustments and Notices
- Literature Available

FERS Cost of Living Adjustments - COLA

FERS Cost of Living Adjustments (COLA) begin at age 62 and are based on the increase in Consumer Price Index (CPI).

- If the CPI is 2 percent or less, the COLA is equal to the CPI.
- If the CPI is 2 to 3 percent, the COLA is 2 percent.
- If the CPI is 3 percent or more, the COLA is equal to the CPI minus 1 percent.

Partial Cost of Living Adjustments, prorated by the number of months prior to the COLA that the annuity commenced, are payable on annuities commencing 11 or fewer months prior to the COLA. A partial month is counted as a whole month in prorating.

Transfer employees receive CSRS Cost of Living Adjustments equal to the increase in CPI on the CSRS component of the annuity beginning in the first year of retirement.

There was no COLA in 2015.

December 2014 Cost of Living Adjustment

The December 2014 increase in CPI was 1.7%.

FERS retirees, over age 62, received a 1.7% Cost of Living Adjustment on December 1, 2014, payable in the January 1, 2015 annuity payment.

Law Enforcement Officer and Firefighters

Law Enforcement Officers and Firefighters receive Cost of Living Adjustments beginning in the first year of retirement.

Alternative Annuity ("Lump Sum")

The **Alternative Form of Annuity (Lump Sum Option)** was eliminated in 1994 with one exception:

> Employees who separate on a non-disability retirement with a life-threatening medical condition remain eligible to elect the Lump Sum Option.

An **Alternative Form of Annuity (Lump Sum Option**) is an option which provides an actuarially reduced annuity benefit plus a lump sum payment of an amount equal to all of the money that the employee has in the retirement fund on the date that he/she retires.

Annuitants who are suffering from a life threatening affliction and retire on a non-disability retirement will receive the entire lump sum payment shortly after the alternative annuity election.

Please see Chapter 53 of the CSRS and FERS Retirement Handbook or your personnel office for additional information if you become eligible to elect the Alternative Form of Annuity based on one of the exceptions listed above.

Effect of Alternative Annuity on Survivor Benefit

The survivor annuity is NOT reduced for alternative annuity election. The survivor annuity is based on the full annuity, prior to reduction for alternative annuity election. The survivor annuity may actually be higher in the case of an alternative annuity election, because all redeposits and deposits are deemed paid prior to the full annuity computation.

Taxes on Federal Annuities

Civil Service annuities commencing on or after 7/1/86 were subject to Federal taxation under the "General Rule" or the "Simplified General Rule."

Federal annuities commencing after 11/18/96 are required to use the "Simplified General Rule." Under this rule, each monthly annuity payment is made up of two parts: the tax-free part, which is a return of the cost, and the taxable balance.

Simplified General Rule

In November 1988, IRS released the **"Simplified General Rule"**, also known as the **"Safe Harbor Method"**, for computing the tax-free and taxable portions of annuity payments. **All employees retiring after November 18, 1996 must use the Simplified General Rule to calculate the tax free part of each annuity payment.**

Tax-Free Part of Annuity

- The **tax-free part** of the annuity is a specific dollar amount based on the commencing annuity rate.
- The tax-free part remains the same each year and does not increase with Cost of Living Adjustments.
- The cumulative tax-free annuity cannot exceed the adjusted investment in the contract. ("Exclusion Limit")

IRS Form 1099 R

The taxable amount of your CSRS or FERS annuity is calculated using the Simplified General Rule and reported to you on Form 1099R. Retirees may print a duplicate copy of the 1099R through Retirement Services Online.

Calculation of Tax-Free Annuity

Using the **Simplified General Rule**, the tax-free part of each annuity payment is equal to the investment in the contract (contributions in CSRS Fund), divided by a number based on your age provided below. (These factors may be used if you are not providing a survivor annuity.)

If you are:	Divide cost by:
55 and under	360
56 - 60	310
61 - 65	260
66 - 70	210
71 and over	160

$$\text{Tax-Free Part of Annuity Payment} = \frac{\text{Investment in the Contract}}{\text{Number based on Age}}$$

Example: 57 year old FERS retiree / no survivor benefit

FERS Retiree, Age 57
$14,000 in Retirement Fund

$$\frac{\$14{,}000}{310} = \$45 \text{ per month tax free} = \$540 \text{ per year tax free}$$

Calculation of Tax- Free Annuity with Survivor Benefits

The Taxpayer Relief Act of 1997 created a new table for figuring the tax free amount if a survivor annuity has been provided. The table is based on the combined ages of the annuitant and the survivor annuitant and is effective with annuity start dates beginning after December 31, 1997.

Combined age of annuitants	Divide cost by:
Not more than 110	410
111 to 120	360
121 to 130	310
131 to 140	260
141 and over	210

Example: 57 year old FERS retiree with survivor benefit

FERS Retiree, age 57 / Spouse, age 57
Combined ages = 114
$14,000 in CSRS Retirement Fund

$\frac{\$14,000}{360}$ = $39 per month tax free = $468 per year tax free

Income Tax Withholdings

Exclusion Limit

The total amount of annual income that you (or the survivor annuitant) can exclude over the years as a return of your cost may not exceed your total cost (contributions). Annuity payments you or your survivors receive after the total cost of the plan has been recovered are fully taxable.

Deduction of Unrecovered Cost

If the cost of your annuity has not been fully recovered at your (or the survivor annuitant's) death, a deduction is allowed for the unrecovered cost. The deduction is claimed on your (or your survivor's) final tax return as a miscellaneous itemized deduction (not subject to the 2%-of-adjusted-gross-income limit). You may use worksheet A, provided in IRS publication 721, to record the balance of unrecovered costs for your survivors.

Federal Income Tax Withholding

You may submit a W-4, Federal Income Tax Withholding form, to OPM along with your retirement application, to specify your monthly withholding rate. If you do not specify a monthly withholding rate or amount, f**ederal income tax** is withheld from your annuity as though you are married claiming three withholding allowances. You may increase or decrease the amount of the monthly withholding or cancel tax withholding completely using Annuitant Services Online or by writing to OPM at the address shown below. Your letter should include your CSA number and the monthly amount you would like withheld. OPM will send you Form W-4P-A and instructions for making the change. You may use the "Federal Income Tax Withholding Calculator" available on OPM.gov to help you determine the amount that should be withheld from your annuity.

State Tax Withholding

You may elect to have **State tax withheld** from your annuity by using Annuitant Services Online or by writing to OPM. Your letter should include your CSA number and the monthly amount your would like withheld. OPM will send you instructions for making the change.

U.S. Office of Personnel Management
Retirement Operations Center
Post Office Box 45
Boyers, PA 16017

IRS Publications

To obtain IRS publications:
Call 1-800-TAX-FORM, or:
Access IRS Web site http://www.irs.ustreas.gov
Request or download: IRS Pub. 721, Tax Guide to U.S. Civil Service Retirement Benefits (Simplified General Rule)

Flexible Spending Accounts

The Federal Flexible Benefits Plan ("FedFlex") enables eligible employees to pay for benefits with pre-tax dollars.

Health Care Flexible Spending Accounts (HCFSA)

Employees may use pre-tax allotments to pay for certain health care expenses that are not covered under the FEHB plan - deductibles, copayments and services not generally covered such as dental care, and orthodontics. The maximum amount that an employee may set aside in 2016 for HCFSA is $2,550. The minimum amount is $100.

Dependent Care Flexible Spending Accounts (DCFSA)

Employees may use pre-tax allotments to pay for eligible dependent care expenses.The maximum amount that an employee may set aside in any tax year for DCFSA is $5,000. The minimum amount is $100.

Use or Lose

If an employee has not incurred enough eligible expenses during the Benefits Period (January 1 through December 31) to equal the annual amount contributed to the FSA(s), he/she will lose the balance remaining in the FSA account(s) when the Benefits Period ends for dependent care expenses. **Employees may carry over $500 in funds from 2016 to 2017 for health care expenses incurred in 2017.**

Grace Period

Previously, FSAFEDS offered a 2-1/2 month Grace Period which extends the Benefit Period from December 31 to March 15 of the following year for dependent care expenses. **The grace period was discontinued in 2016.**

Open Seasons

Open seasons to enroll in FSA FEDS coincide with FEHB open seasons and encompass January 1 through December 31 as the plan year.

Benefits Elections & Information

Participation is not automatic; employees must make an election each and every year. The benefit elections are irrevocable once the plan year has begun, unless the employee experiences a qualifying "change in status" event. There are two ways to enroll during the open season:· Web based enrollment at www.fsafeds.com· Toll-free number 1-877-FSAFEDS (372-3337). Additional information on FSAs is available on OPM's web site at www.fsafeds.com.

Not Available in Retirement

Flexible spending accounts do not continue into retirement. Employees may only be reimbursed for expenses incurred prior to date of separation.

Reemployed Annuitants

Basic Reemployment Rules

Generally, when an Federal retiree is reemployed in Federal service, the annuity continues and the salary is "offset" or reduced by the amount of the annuity. Upon subsequent separation, the retiree may earn additional annuity during the period of reemployment. (See Chapter 100 of CSRS and FERS Retirement Handbook for additional information.)

Dual Compensation Waiver (Salary Offset Waiver)

Agencies may request approval from OPM for individual waivers (i.e., on a case-by-case basis) or delegated authority to grant waivers to the Salary Offset described above. Agencies may request case-by-case waivers in the following situations:

- Emergency hiring need;
- Severe recruiting difficulty;
- Need to retain a particular individual uniquely qualified for a specific project; and
- Requests based on other unusual circumstances not rising to the level of an emergency.

Part-Time Reemployment of Federal Retirees

The National Defense Authorization Acts for 2010 and 2015 permits agencies to reemploy federal annuitants, upon meeting specific criteria, on a part time basis for up to three years without salary offset. See Benefits Administration Letter 10-101, National Defense Authorizations Act Retirement Changes, for additional information. (Go to opm.gov. Search "BAL10-101".) NDAA for Fiscal Year 2015 extended this authority until December 31, 2019.

Phased Retirement

Public Law 112-141, the "Moving Ahead for Progress in the 21st Century Act," or "MAP-21," approved on July 6, 2012, introduced phased retirements as a human resource management tool that will allow full-time employees to work a part-time schedule, and draw partial retirement benefits during employment.

Phased Retirement

Phased retirement is a human resource tool that will allow full-time employees to work a part-time schedule, and draw partial retirement benefits during employment.

Legislation

Final regulations were published August 8, 2014.
Final regulations are effective November 6, 2014.

Employment During Phased Retirement

20% of work time during phased retirement must be devoted to mentoring.

Phased retirees:

- receive part-time annuity and part-time salary,
- may participate in TSP as employees,
- continue FEHB and FEGLI as employees and receive full government contributions to FEHB. Value of FEGLI is based upon full-time salary,
- Earn additional retirement benefits.

Agency Approval

- Phased retirement is a workforce planning tool that an agency may choose to use when appropriate.
- Phased retirement is not an employee entitlement.
- Agencies have the discretion to approve, some, all, or none of the phased retirement applications received from employees.
- Phased retirement must be mutually agreeable to both the agency and the employee.

Eligibility Requirements

Phased retirement is only available to full-time employees.

FERS retirees must be:
MRA or older with 30 or more years of service, or
60 or older with 20 or more years of service.

Phased retirement is not available to employees subject to mandatory retirement as are Law Enforcement Officers and Firefighters.

Written Criteria

Regulations require agencies to establish written criteria to be used when approving or denying application for phased retirement.

Such criteria will provide transparency of the approval process by allowing managers and employees to understand the basis for an approval or denial decision.

Phased Retirement

Time Limits

OPM is leaving the establishment and use of time limits to the discretion of the agencies. By allowing the use of a time limit, the agency and the employee may choose a mutually agreeable time limit at the start of phased retirement as a tool to set clear expectations for both the agency and the employee.

Survivor Benefits

Phased retirement benefit is not reduced for survivor benefit election.
If employee dies during phased retirement, survivor benefits are paid as if employee death in service. Basic employee death benefit is based upon full-time salary.

Final Regulations

Final Regulations inform agencies:

- who may elect phased retirement,
- what benefits are provided during phased retirement
- how OPM intends to compute annuity payable during and after phased retirement
- how employees may fully retire after a period of phased retirement.

Final regulations do not address administrative details.
OPM will issue separate guidance to assist agencies and employees with administrative details and procedures.

Election Forms

Phased Retirement Election Form (Standard Form 3116) is available on opm.gov. Go to Retirement. Go to Publications and Forms. The SF 3116 provides additional information on phased retirement and separation from phased retirement.

Example

FERS Retiree
57 years old / 30 years of service
Average Salary = $60,000 Full-time Annuity = $18,000

Phased retirement:
PT annuity $9,000
+ PT salary $30,000
Full-time FEHB
Full-time Life Insurance
May participate in TSP
No retirement supplement
No reduction for survivor benefit

5 years later (age 62):
Average salary $65,000
Phased retirement component:
$9,000, plus
Fully retired phased component
35 years X 1.1% = 38.5% of new Hi-3
= $25,025 x 50% = $12,513
Composite annuity = $21,513
Composite annuity subject to survivor benefit reduction.

Internet Highlights

Please contact your personnel office or refer to the following internet sites for additional information.

Retirement Benefits: www.opm.gov
- CSRS and FERS Retirement Handbook for Personnel and Payroll Offices
  - Go to “Retirement”.
  - Go to “Publications and Forms”

Insurance: www.opm.gov/insure/
- Federal Employees’ Group Life Insurance
- Federal Employees’ Health Insurance
- Long-Term Care Insurance

Thrift Savings Plan: www.tsp.gov
- Publications (Civilian – Forms and Publications)
- Calculators

Social Security Benefits: www.ssa.gov
- Resources:
  - Your Social Security Statement
  - Publications

OPM Contact Information

Employees: General retirement information, refunds, deposits & redeposits.

Specific questions regarding your service should be directed to your Human Resource Office.

Retirees: Change of address, questions regarding retirement, health benefits, life insurance coverage, survivor benefit elections and changes in retirement.

E-mail: retire@opm.gov

Phone: 888-767-6738
TTY: 855-887-4957

Mailing Address: U.S. Office of Personnel Management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017

When writing to OPM, identify yourself with name, Social Security number, date of birth, and CSA number, if retired.

Retirement Information Office: (Walk-in-Center)
U.S. Office of Personnel Management
1900 E Street, NW
Room 1323
Washington, DC 20415

Business Hours: 7:40 a.m. - 5:00 p.m. (Eastern Time)
Monday through Friday

Retirement Forms

The following excerpts of the forms that you will submit at retirement are provided for your review.

The entire SF 2801 including instructions, information about your elections and the agency checklist are available in a flow-fillable format on OPM's website. Go to opm.gov. Go to Retirement - Publications and Forms - Online Forms - Standard Forms. Please read all instructions before completing the application.

Standard Form 3107 - Application for Immediate Retirement (FERS Retirement System)

You will complete the following sections of the application and submit to your Human Resource Office:

Section A - Identifying Information
Section B - Federal Service
Section C - Marital Information
Section D - Annuity Election (Survivor Benefit)
Section E - Insurance Information
Section F - Other Claim Information
Section G - Optional Information About Unmarried Dependent Children
Section H - Payment Instructions (Direct Deposit and Tax Withholding)
Section I - Applicant's Certification
Schedules A, B and C, if applicable (Military Service and OWCP)
Spouse's Consent to Survivor Election, if applicable

Your Human Resource Office will complete: Certified Summary of Federal Service

You will be asked to review the Certified Summary of Service and confirm that the service listed is complete or notify OPM that you have additional service

Standard Form 2818 - Continuation of Life Insurance Coverage as an Annuitant

Identify the insurance that you have as an employee and would like to continue into retirement (if eligible) and select reduction schedules for Basic Life Insurance, Option B Additional Multiples of Insurance and Option C Family Insurance.

The entire SF 2818 including instructions, information about your elections and changes that are permissible are available in a flow-fillable format on OPM's website. Go to opm.gov. Go to Retirement - Publications and Forms - Online Forms - Standard Forms. Please read all instructions before completing this form.

FERS
Federal Employees Retirement System

Application for Immediate Retirement

Federal Employees Retirement System

See Privacy Act Information on Instruction Sheet

Section A - Identifying Information

1. Name *(last, first, middle)*
2. List all other names you have used
3. Address *(number, street, city, state, ZIP code)*
4a. Daytime telephone # after retirement *(including area code)*
4b. Best time to reach you
4c. Home email address
4d. FAX Number
5. Date of birth *(mm/dd/yyyy)*
6. Social Security Number
7. Are you a citizen of the United States of America?
☐ Yes ☐ No
8. Is this an application for disability retirement?
☐ Yes *(Ask your employing office about other documents you must submit)* ☐ No

Section B - Federal Service

1. Department or agency from which you are retiring *(include bureau or division, address and ZIP code)*
2. Date of final separation *(mm/dd/yyyy)*
3. Title of position from which you are retiring
3a. Your pay plan and occupational series
4. Have you performed active honorable service in the Armed Forces or other uniformed services of the United States *(see instructions for definitions)*?
☐ Yes *(Complete Schedule A and attach it to this form)* ☐ No
5. Are you receiving or have you applied for military retired pay? (Note: If you later become entitled to military retired pay you must notify OPM.)
☐ Yes *(Complete Schedule B and attach it to this form)* ☐ No

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

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 (reelect) within 2 years of the terminating event if you wish to reelect a survivor annuity for a former spouse or within 2 years of a post-retirement marriage to elect a survivor annuity for a spouse acquired after retirement. Continuing a survivor reduction by itself, is not effective to reelect a survivor annuity for a spouse married after retirement or for a former spouse.

If you want to elect a partial survivor annuity for your current spouse and a survivor benefit for a former spouse, you should complete options 2 and 5 below. The total of the survivor annuities elected cannot exceed 50 percent. An election of an insurable interest survivor in option 4 is not included when determining the 50 percent maximum.

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 earned 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 earned 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.)* If you are married and elect this option for your spouse, complete SF 3107-2, *Spouse's Consent to Survivor Election* and attach it to your application.

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

Total *(either 25% or 50% of your unreduced annuity)* ☞ _____%

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 child(ren)?

☐ 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 ☞ *Your coverage will automatically continue into retirement as long as you continue to pay applicable premiums. Until work on your annuity is completed, you may receive bills from BENEFEDS. You must pay these bills in order to keep your FEDVIP coverage. After work on your annuity is completed, BENEFEDS will automatically begin deducting from your annuity to pay future premiums. If you have questions, please contact BENEFEDS at 1-877-888-3337.*

☐ No ☞ *If you retire on an immediate annuity, you can enroll in FEDVIP during any Federal Benefits Open Season.*

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

☐ Yes ☞ *You will automatically continue your coverage into retirement, as long as you continue to pay applicable premiums. If you are currently paying FLTCIP premiums by agency payroll deduction, you must arrange to pay premiums another way, either by deductions from your annuity, through automatic bank debit or direct bill. Please call LTC Partners at 1-800-LTC-FEDS (1-800-582-3337) to make these arrangements.*

☐ 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 redeposit, or voluntary contributions)*?

☐ Yes *(Complete items 2a and 2b below.)* ☐ No

2a. Type of application

☐ Retirement ☐ Refund ☐ Return of excess deductions ☐ Deposit or redeposit ☐ Voluntary contributions

2b. Claim number(s)

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 *(✓)*

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

2a. Financial Institution Routing Number	*You may obtain this number by calling your bank, credit union, or savings institution. This number is very important. We cannot pay by direct deposit without it.*	
2b. Checking or Savings Account Number	2c. What kind of account is this? ☐ Checking ☐ Savings	2d. Telephone number of your Financial Institution *(including area code)*
2e. Name and address of Financial Institution		**Special Note:** If you prefer, you may attach a cancelled personal check that shows the information requested above, instead of filling in the requested financial institution information. If you attach your personal check, it is especially important that you contact your bank, credit union, or savings institution to confirm that the information on the check is the correct information for direct deposit. (Some institutions, especially credit unions, use different routing numbers on checks.) We can then use this information to start paying you by direct deposit.
3a. Do you want Federal income tax withheld from your annuity payments? ☐ Yes *(Go to item 3b)* ☐ No *(Go to Section I)*		3b. Do you want to have Federal Income Tax withheld at the rate currently being withheld from your salary? ☐ Yes *(Attach copy of W-4 form on file with your employing agency.)* ☐ No *(Attach new W-4 form, otherwise withholding will be at rate for married with 3 exemptions.)*

Section I - Applicant's Certification

Warning
Any intentionally false statement in this application or willful misrepresentation relative thereto is a violation of the law punishable by a fine of not more than $10,000 or imprisonment of not more than 5 years, or both. (18 U.S.C. 1001)

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

This checklist is provided to help you be certain you have attached all necessary documentation and to help your employing office be certain it forwards all of your retirement documentation to the Office of Personnel Management.	*Yes*	*No*	*Not Applicable*
1. **Military Service** - If you answered "yes" to Section B, Item 4, did you attach Schedule A?	☐	☐	☐
2. **Military Service** - If you completed Schedule A, did you attach a copy of your discharge certificate or other certificate of active military service?	☐	☐	☐
3. **Military Retired Pay** - If you answered "yes" to Section B, Item 5, did you attach Schedule B?	☐	☐	☐
4. **Military Retired Pay** - If you completed Schedule B and answered "yes" to Item b or c, did you attach a copy of the notice of award or other documentation of the type of military retired pay you are receiving?	☐	☐	☐
5. **Military Retired Pay** - If you completed Schedule B and answered "yes" to item d, did you attach a copy of your request for waiver and a copy of the military finance office's acknowledgment or approval of your request for waiver *(if applicable)*?	☐	☐	☐
6. **Survivor Election** - If you are married and did not initial box 1 of Section D, did you attach SF 3107-2, *Spouse's Consent to Survivor Election*?	☐	☐	☐
7. **Life Insurance** - If you answered "yes" to Section E, item 2, did you attach SF 2818, *Continuation of Life Insurance Coverage As an Annuitant or Compensationer*?	☐	☐	☐
8. **OWCP** - If you answered "yes" to Section F, item 1, did you attach Schedule C?	☐	☐	☐
9. **Tax** - If you want to elect a Federal Income Tax withholding rate, did you attach a W-4 form?	☐	☐	☐
10. **Court or Administrative Order(s)** - If you answered "yes" to Section C, item 2 and/or "yes" to Section E, Item 1b, did you attach a copy of the order(s)?	☐	☐	☐

Schedules A, B and C

1. Name *(last, first, middle)*	2. Date of birth *(mm/dd/yyyy)*	3. Social Security Number

Schedule A - Military Service Information

1. If you have performed active honorable service in the United States Armed Services or other uniformed services, complete 1a - d below and attach a copy of your discharge certificate or other certificate of active military service (if available).

   See instructions for definitions of Armed Services and Uniformed Services.

a. Branch of service	b. Serial number	c. Dates of active duty From *(mm/dd/yyyy)*	To *(mm/dd/yyyy)*	d. Last grade or rank

2. If any of your military service occurred on or after January 1, 1957, have you paid a deposit to your agency for this service? (You must pay this deposit to your agency. You cannot pay OPM after you retire.) ☐ Yes ☐ No

Schedule B - Military Retired Pay

1. If you are receiving or have applied for military retired or retainer pay (including disability or retired pay), complete Parts 1a - 1d below.

a. Are you receiving or have you ever applied for military retired or retainer pay? (Answer "yes" if you are receiving payments from the Department of Veterans Affairs instead of military retired pay.)

☐ Yes ☐ No

b. Was your military retired or retainer pay awarded for reserve service under Chapter 1223, title 10, U.S. Code (formerly Chapter 67, title 10)?

☐ Yes *(Attach a copy of notice of award)* ☐ No

c. Was your military retired pay or retainer pay awarded for a disability incurred in combat or caused by an instrumentality of war and incurred in the line of duty during a period of war?

☐ Yes *(Attach a copy of notice of award)* ☐ No

d. Are you waiving your military retired or retainer pay in order to receive credit for military service for FERS retirement benefits?

☐ Yes *(Attach a copy of your request for waiver and a copy of military finance officer's acknowledgment or approval of your request for waiver)* ☐ No

Schedule C - Federal Employees Compensation Information

1. Are you receiving or have you ever received workers' compensation from the Office of Workers' Compensation Programs (OWCP), Department of Labor, because of a job-related illness or injury?

   ☐ Yes *(complete parts 1a - c below)* ☐ No *(go to question 2)*

a. Compensation claim number	b. Benefit received From *(mm/dd/yyyy)*	To *(mm/dd/yyyy)*	c. Type of benefit
			☐ Scheduled award ☐ Other ☐ Total or partial disability compensation
			☐ Scheduled award ☐ Other ☐ Total or partial disability compensation

2. If you have applied for workers' compensation (other than as listed in item 1a above) but are ***not*** receiving benefits, check reason below and give the information requested.

   ☐ a. Awaiting OWCP decision

Compensation claim number

   ☐ b. Claim denied

Compensation claim number	Date claim denied *(mm/dd/yyyy)*

3. Except for scheduled compensation awards, workers' compensation and FERS retirement benefits ***cannot*** be paid for the same period of time. Please complete the information below regarding your claim. ***You must complete this section.***

   a. Do you agree to notify us promptly if the status of your workers' compensation claim changes?

   ☐ Yes ☐ No

   b. Do you authorize the Office of Personnel Management and/or the Office of Workers' Compensation Programs (OWCP) to collect any overpayment if we later find you are not eligible for both compensation and annuity payments covering the same period of time?

   ☐ Yes ☐ No

Applicant's Certification

I certify that all statements made on these schedules are true to the best of my knowledge and belief.	Signature *(do not print)*	Date *(mm/dd/yyyy)*

Spouse's Consent to Survivor Election

Instructions: If you are married and you do not elect a reduced annuity to provide a maximum survivor annuity for your current spouse, complete Part 1. Have your spouse complete Part 2. Part 2 must be completed in the presence of a Notary Public or other person authorized to administer oaths. The person administering oaths must complete Part 3.

Part 1 - To Be Completed by the Retiring Employee

Name *(last, first, middle)*	Date of birth *(mm/dd/yyyy)*	Social Security Number

I have elected: *(Mark the box(es) which describes the survivor election(s) you have made. More than one box may be marked.)*

☐ a. No regular or insurable interest survivor annuity for my current spouse. ***I understand that:***

- ❖ No survivor annuity will be paid to my spouse after my death,
- ❖ His/her health benefits coverage will terminate upon my death, and
- ❖ He/she will not be eligible to enroll in the Federal Long Term Care Insurance Program (FLTCIP) after my death.

☐ b. An insurable interest annuity for my current spouse, but no regular survivor annuity for my current spouse. (I have completed Section D, item 4 on my Standard Form 3107 naming my current spouse.)

☐ c. A partial survivor annuity (25%) for my current spouse.

☐ d. A maximum survivor annuity for my former spouse _____.
(name of former spouse)

☐ e. A partial survivor annuity for my former spouse _____ equal to 25% of my annuity.
(name of former spouse)

☐ f. A partial survivor annuity for my former spouse _____ equal to 25% of my annuity.
(name of former spouse)

Part 2 - To Be Completed by the Current Spouse of the Retiring Employee

I freely consent to the survivor annuity election described in Part 1. ***I understand that if my spouse elected no regular or insurable interest survivor annuity in Part 1.a. above, I will not receive a survivor annuity, my health benefits coverage will terminate and I will not be eligible to enroll in the Federal Long Term Care Insurance Program (FLTCIP) if I am not already enrolled before my spouse's death. I also understand that my consent is final (not revocable).***

Name *(type or print)*	Signature *(do not print)*	Date *(mm/dd/yyyy)*

Part 3 - To Be Completed by a Notary Public or Other Person Authorized to Administer Oaths

I certify that the person named in Part 2 presented identification (or was known) to me, gave consent, signed or marked this form and acknowledged that the consent was freely given in my presence on this

the _____ day of _____, _____, at _____.
(Month) *(Year)* *(City and State)*

(Seal of Notary Public or witnessing authority of person authorized to administer oaths)	Signature *(do not print)*
(Seal)	Expiration date *(mm/dd/yyyy)* of commission, if Notary Public

General Information: The law requires that a retiring, married employee must elect to provide a survivor annuity for a current spouse, ***unless*** the current spouse consents to an election not to provide the maximum survivor benefit.

A court order which requires a retiring employee to provide a survivor annuity for a former spouse is not an election and spousal consent is not required. In other words, such a court order does not require a current spouse to waive the right to a survivor annuity for the current spouse even though the Office of Personnel Management (OPM) must honor the terms of the court order before it can honor the election for the current spouse.

The current spouse may, therefore, receive a smaller annuity than elected, or none at all, unless the former spouse loses eligibility for the court-ordered survivor annuity (through remarriage before age 55 or death).

Important: If the current spouse consents to an election to provide no survivor annuity or a partial survivor annuity and is later divorced from the retired employee, the retired employee may not then elect (nor can OPM honor a court order) to provide a former spouse annuity which exceeds the amount elected at retirement for that spouse. This also applies if the parties remarry.

Privacy Act Statement

Solicitation of this information is authorized by the Federal Employees Retirement law, (Chapter 84, title 5, U.S. Code), the Federal Employees Group Life Insurance law (Chapter 87, title 5, U.S. Code) and the Federal Employees Health Benefits law (Chapter 89, title 5, U.S. Code). The information you furnish will be used to identify records properly associated with your application for Federal benefits, to obtain additional information if necessary, to determine and allow present or future benefits, and to maintain a unique identifiable claim file. The information may be shared and is subject to verification via paper, electronic media, or through the use of computer matching programs with national, state, local or other charitable or social security administrative agencies in order to determine benefits under their programs, to obtain information necessary for determination or continuation of benefits under this program, or to report income for tax purposes. It may also be shared and verified, as noted above, with law enforcement agencies when they are investigating a violation or potential violation of civil or criminal law. Executive Order 9397 (November 22, 1943) authorizes use of the Social Security Number. The Government may use your number in collecting and reporting amounts that you owe the Government. Furnishing the Social Security Number, as well as other data, is voluntary, but failure to do so may delay or prevent action on the retirement application.

FERS
Federal Employees Retirement System

Office of Personnel Management
5 CFR Part 841

Certified Summary of Federal Service

Federal Employees Retirement System

Information for the Agency

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

Instructions for the Employee

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

Section A - Identification

1. Name of employee *(last, first, middle)*	2. Date of birth *(mm/dd/yyyy)*	3. Social Security Number
4. List all other names used *(maiden name, AKA, spelling variants)*	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 credit military service for FERS retirement?

☐ Yes *(Attach a copy of the military finance center's letter to the employee accepting waiver, if available.)*

☐ No *(Include cases where a waiver is not necessary.)*

Section B - Verified Service History Documented in Official Personnel Records

Federal agency or military service branch	Appointment, separation, or conversion dates for civilian and active honorable military service		Name of retirement system*	Remarks and non-creditable time**
	From *(mm/dd/yyyy)*	To *(mm/dd/yyyy)*		

* Give details of creditable civilian service not subject to retirement deductions in Section C.

**In Remarks, show if CSRS service on or after January 1, 1984, is "regular" CSRS or CSRS Offset.
Indicate if service is part-time. If service was performed on a WAE or intermittent basis, show the number of days worked in "Remarks." If the number of days worked is not available, then show the number of hours worked.

Section C - Details of Civilian Service Not Subject to Contributory Retirement System for Civilian Federal Employees

This information is required to compute the portion of annuity based on such service.
Detail below (1) any period of Federal civilian service subject to "FICA" deductions and (2) any other Federal civilian service not subject to a Federal employee (or DC Government) retirement system. If total basic salary earned for any such period of service is known, you may make a summary entry on the right hand side below. Otherwise, show each change affecting basic salary during the period of service. Show part-time tour of duty, if applicable. If part-time service is after April 6, 1986, also provide total number of hours employee worked during the period and show what a full-time tour of duty would be.

Nature of action *(Appt., pro., res., etc.)*	Effective date *(mm/dd/yyyy)*	Basic salary rate	Salary basis *(per annum, per hour, WAE, etc.)*	Leave without pay	If basic salary actually earned is available, make summary entry below:		
					From *(mm/dd/yyyy)*	To *(mm/dd/yyyy)*	Total earned

Section D - Agency Certification

I certify that the information on this form accurately reflects verified information contained in official personnel and/or payroll records in the custody of this agency and that, if retiring, the employee has sufficient service for an immediate annuity.

Signature of Authorized Agency Human Resources Official		Agency name and address, including ZIP Code, area code and telephone number, FAX number, and email address
Official Title	Date *(mm/dd/yyyy)*	

Section E - Employee's Certification

☐ The service listed is complete.

☐ I have additional service. (If you claim additional service, attach signed statement(s) giving dates, positions, titles and locations of employment, including agency, bureau, and division. Claimed service cannot be credited for retirement until it has been verified. This includes unverified service listed on SF 144, *Statement of Prior Federal Civilian and Military Service*, or similar affidavit.)

Note: If you have performed Federal civilian service subject to social security deductions (FICA) or not subject to retirement deductions, be sure that your agency has correctly completed Section C above. If you have active military service on or after January 1, 1957, for which you have not made a deposit, be sure to read Schedule A on page 4 of the "Instructions" for Completing Application for Immediate Retirement for information on how this affects your annuity. You ***cannot*** change your decision after you retire.

Signature	Date *(mm/dd/yyyy)*

FEGLI
Federal Employees Group Life Insurance

Continuation of Life Insurance Coverage

As an Annuitant or Compensationer

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)*

Part 2 - Employee Copy

STATE TAX TREATMENT *of* FEDERAL

States With No Personal Income Taxes

ALASKA
FLORIDA
NEVADA
NEW HAMPSHIRE[1]
SOUTH DAKOTA
TENNESSEE[2]
TEXAS
WASHINGTON
WYOMING

[1] NEW HAMPSHIRE: Taxes interest/dividend income at 5% if it exceeds $2,400 (single) or $4,800 (couple). $1,200 exemption for residents age 65+.

[2] TENNESSEE: Taxes certain interest/dividend income at 6% if it exceeds $1,250 (single) or $2,500 (joint filer).

States Exempting Total Amount of Civil Service Annuities

ALABAMA
HAWAII
ILLINOIS
KANSAS
KENTUCKY[1]
LOUISIANA
MASSACHUSETTS
MICHIGAN[2]
MISSISSIPPI
NEW YORK
NORTH CAROLINA[3]
OREGON[4]
PENNSYLVANIA
TENNESSEE

[1] KENTUCKY: Amount attributable to service prior to January 1, 1998, is exempt. See below for taxation of annuities attributable to service on or after January 1, 1998.

[2] MICHIGAN: Full exemption only applicable to taxpayers born before 1946. See below for taxation of federal (and other) pension income for taxpayers born 1946 and later.

[3] NORTH CAROLINA: Annuities not taxed if the individual had five years of government service as of August 12, 1989. If otherwise, see below.

[4] OREGON: Annuities of those who retired before October 1, 1991, are not taxed. Those who retired after October 1, 1991, are taxed only on that portion of the annuity attributable to government service after October 1, 1991.

Other Exemptions

NOTE:
AGI=Adjusted Gross Income
CSRS=Civil Service Retirement System
FERS=Federal Employees Retirement System
HH=Head of Household
IRA=Individual Retirement Account
MFJ=Married Filing Jointly
MFS=Married Filing Separately
QW=Qualified Widow(er)
RR=Railroad Retirement
SS=Social Security

ALABAMA: Federal retirement, military retirement, state pension income, SS are exempt. Income from all defined-benefit pension plans is exempt.

ARIZONA: $2,500 exclusion for federal, military, and Arizona state and local pension income. SS and RR are exempt. Additional personal exemption for all residents age 65+. May subtract qualifying long-term care premiums if itemizing deductions. If itemizing, may claim all qualified medical and dental expenses without applying the federal requirement of exceeding 10 percent of AGI.

ARKANSAS: Exempts up to $6,000 in federal retirement, military, in-state and out-of-state state or local government and private pension income. IRA distributions can be included as part of the exemption if the taxpayer is age 59-1/2+. SS and Tier 1 and Tier 2 RR benefits are exempt.

CALIFORNIA: SS and RR are exempt. Additional $108 personal exemption for residents age 65+. Residents age 65+ with AGI below $69,005 who qualified as HH in 2012 or 2013 by providing a household for a qualifying individual who died during 2012 or 2013 may claim a tax credit of 2% of their income, up to a maximum of $1,300. All private and public pensions are taxed.

COLORADO: $20,000 pension/annuity exemption for all taxpayers between the ages of 55 and 64.

2014 TAX YEAR

ANNUITIES

This roundup of state tax treatment of federal annuities and other tax information was updated by NARFE Senior Analyst Christopher Farrell. It is presented for informational purposes only and does not constitute professional tax advice. Please consult a tax professional for advice in preparing tax returns. The information also is available on the NARFE website, www.narfe.org.

$24,000 pension/annuity exemption for all taxpayers age 65+. Exemption applies to SS, RR and other qualifying retirement income (including federal civil service annuities and military retirement).

CONNECTICUT: SS is exempt if federal AGI is $50,000 or less (if single or MFS), or $60,000 or less (if MFJ, HH or QW with dependent child). Exempts 50% of federally taxable military retirement pay.

DELAWARE: Taxpayers age 60+ may exclude $12,500 of investment and qualified pension income (including out-of-state and federal government pensions), and qualify for an additional tax credit of $110. Taxpayers under age 60 may exclude $2,000. Taxpayers age 65+ (or blind) are entitled to an additional standard deduction of $2,500 (if not itemizing). Single or MFS taxpayers age 60+ as of December 31, 2014, or totally disabled, may exclude $2,000 if earned income is less than $2,500, and AGI is $10,000 or less. If MFJ and both spouses are age 60+ as of December 31, 2014, or totally disabled, may exclude $4,000 if earned income is less than $5,000, and AGI is $20,000 or less. SS and RR are exempt.

DISTRICT OF COLUMBIA: Taxpayers age 62+ may exclude $3,000 of military, federal and DC government pensions. For taxpayers age 62+, DC or federal government survivor benefits are exempt from DC tax. SS and Tier 1 RR are exempt.

GEORGIA: Taxpayers who are age 62-64, or permanently and totally disabled regardless of age, may exclude $35,000 of retirement income. For taxpayers age 65+, the retirement income tax exclusion is $65,000. Retirement income includes income from pensions and annuities, interest income, dividend income, net income from rental property, capital gains income and income from royalties. Up to $4,000 of the maximum allowable exclusion may be earned income. SS and RR are exempt.

HAWAII: Federal retirement, military retirement, state or county retirement system pension income, SS, Tier 1 RR benefits and qualifying distributions from employer-funded pensions are exempt. Additional personal exemption of $1,144 per person age 65+.

IDAHO: SS and RR are exempt. Retirement benefits deduction available for CSRS annuitants who established CSRS eligibility prior to 1984, who are age 65+, or 62+ and disabled, in the amount of $31,704 (if single) or $47,556 (MFJ) minus SS and RR received. Retirement benefits deduction also available for military retirees. Persons using MFS status are not eligible for the retirement benefits deduction. May deduct health insurance and qualified long-term care premiums (within limits).

ILLINOIS: SS, RR and income from any qualified employee benefit plan are exempt (including federal civil service annuities).

INDIANA: SS and RR benefits are exempt. Taxpayers age 60+ may exclude $2,000 of military retirement income minus the amount of SS and RR benefits received. Taxpayers age 62+ may deduct up to $2,000 of a federal civil service annuity minus the total amount of any SS or RR benefits. Additional personal exemption of $500 if federal AGI is less than $40,000 for residents age 65+. May deduct from income premiums paid for long-term care insurance through the Indiana Partnership.

IOWA: Taxpayers age 55+ may exclude up to $6,000 (if single) or $12,000 (if MFJ) of pension or annuity income (including civil service annuities), self-employed retirement plan income, deferred compensation, IRA benefits or other retirement plan benefit income (not including SS). 89% of federally taxable SS benefits are excluded. RR benefits are exempt but used to calculate amount of federally taxable SS benefits. Additional $20 personal exemption credit for those age 65+.

KANSAS: Federal, RR (both Tier I and II), military, in-state/local pensions are exempt. SS is exempt if federal AGI is $75,000 or less; otherwise, only federally taxable benefits taxed. Additional $850 deduction for those age 65+ ($700 each if MFJ or MFS).

KENTUCKY: Federal civilian and military retirement annuities attributable to service prior to January 1, 1998, are excluded. Annuities attributable to service after January 1, 1998, are included as pension income, of which taxpayers may exclude up to $41,110. SS and RR benefits are exempt. May deduct amount of health, dental and long-term care premiums.

LOUISIANA: SS is exempt. Federal retirement annuities are exempt. In addition, persons age 65+ may exclude up to $6,000 of annual retirement income from their taxable income.

MAINE: SS and RR are exempt. May deduct $10,000 of eligible pension income, including federal civil service annuity income, and include IRA-type income in the exception now from federal AGI. Except for military

income, the $10,000 deduction must be reduced for SS and RR benefits. Additional standard deductions for age and blindness are: $1,200 per individual per qualifying condition for married persons and qualifying surviving spouses (e.g., if both spouses are 65+ and one is blind, they get $3,600. $1,550 for single filers and HH per qualifying condition (e.g., $3,100 for single person who is 65+ and blind.) Long-term care premiums are deductible.

MARYLAND: SS and RR are exempt. If age 65+, may exclude up to $29,000 in pension income, reduced by SS or RR benefits. Additional $1,000 exemption for residents age 65+. Additional $5,000 exemption for military retirement income received by an individual of any age or the surviving spouse or ex-spouse of the individual if the individual was a member of an active or reserve component of the U.S. military, an active duty member of the commissioned corps of the Public Health Service, the National Oceanic and Atmospheric Administration, the Coast and Geodetic Survey, or a member of the Maryland National Guard.

MASSACHUSETTS: SS, federal civil service annuities are exempt. Tax reciprocity with state and local governments that do not tax pension income from Massachusetts public employees. Additional exemption of $700 for individuals age 65+.

MICHIGAN: SS and RR are exempt. Pension and retirement benefits are taxed differently depending on the age of the taxpayer. Married couples filing a joint return should complete form 4884 based on the year of the birth of the older spouse.

Taxpayers born before 1946 may claim a pension subtraction for all qualifying pension and retirement benefits received from public sources.

Taxpayers born during the period January 1, 1946, through January 1, 1948, and who reached the age of 67 on or before December 31, 2014, are eligible for a deduction against all income and will no longer deduct pension and retirement benefits. Taxpayers filing MFJ also may take the deduction if the older spouse was born during the period January 1, 1946, through January 1, 1948, and reached the age of 67 on or before December 31, 2014. The deduction is $20,000 for a return filed as single or MFS, and $40,000 for MFJ.

Taxpayers born after January 1, 1948, through December 31, 1952, may deduct up to $20,000 in qualifying pension and retirement benefits if single or MFS, or up to $40,000 if MFJ.

For taxpayers born after 1952, all pension benefits are taxable.

MINNESOTA: RR is exempt.

MISSISSIPPI: Qualified retirement income (including federal retirement annuities and SS) is exempt. Additional exemption of $1,500 for residents age 65+.

MISSOURI: Taxpayers with AGI under $85,000 (single, HH, MFS, QW) or $100,000 (MFJ) may exempt the greater of $6,000 or 100% of any federal, state or local pension income, up to a maximum of $36,442 per taxpayer. Taxpayers with AGI under $25,000 (single, HH, QW) or $32,000 (MFJ) or $16,000 (MFS) may exempt $6,000 of private pension income. Taxpayers with AGI over these limits must reduce their private pension exemption dollar for dollar as income exceeds the limit. Taxpayers age 62+ or disabled with an AGI under $85,000 (single, HH, MFS, QW) or $100,000 (MFJ) may exempt 100% of the taxable amount of SS or SS disability benefits, but must reduce the exemption dollar for dollar as income exceeds the limit. Additional exemption (60%) for military pension income. May deduct qualified health and long-term care insurance premiums.

MONTANA: Taxpayers with AGI under $33,200 may exclude $3,980 of pension income; for AGI above $33,200, the pension income exclusion is reduced $2 for every $1 of AGI above $33,200. RR benefits are exempt. Additional exemption of $2,330 if age 65+. Taxpayers age 65+ may exempt $800 of interest income reported as federal AGI or $1,600 if MFJ.

NEBRASKA: Tier I and II RR benefits are exempt.

NEW JERSEY: SS and RR benefits are exempt. Taxpayers age 62+ may exclude up to $10,000 (MFS), $15,000 (single) or $20,000 (MFJ) of pensions, annuities and IRA withdrawals, provided gross income is not more than $100,000. In addition, taxpayers age 62+ with earned income (from wages, net business profits, distributive share of partnership income and net prorata share of S corporation income) of $3,000 or less, and with gross income not more than $100,000, may exclude other nonpension retirement income up to the maximum exclusion amount. If ineligible for SS or RR, entitled to deduct an additional $3,000 (single, MFS) or $6,000 (MFJ, HH, QW). Military pensions are exempt. Additional $1,000 personal exemption for residents age 65+. If taxpayers can recover all civil service retirement contributions in the first three years, can use the three-year rule, in which annuities are not taxed until total employee contributions have been recovered. If not, must use the general rule method, in which a portion of annuity is excluded from taxation.

NEW MEXICO: Taxpayers age 65+ or blind may qualify for additional exemption of $8,000 if federal AGI is less than $15,000 (MFS), $18,000 (single) or $30,000 (MFJ, HH, QW). The exemption reduces as income increases, with no exemption if income is over $25,500 (MFS), $28,500 (single)

or $51,000 (MFJ). RR is exempt. If age 100+, exempt from state income tax but only if centenarian is single. If MFJ, both must be 100+.

NEW YORK: State and federal pensions exempt completely. An additional pension and annuity income exclusion of up to $20,000 is available to persons age 59-1/2+. SS and RR are exempt.

NORTH CAROLINA: Pursuant to the North Carolina Supreme Court's decision in *Bailey v. State of North Carolina,* the state may not tax certain retirement benefits received by federal civil service and military retirees or retirees of the state of North Carolina and its local governments if the retiree has five or more years of creditable service as of August 12, 1989. As of 2014, North Carolina *no longer* has deductions available to taxpayers with less than five years of creditable service as of August 12, 1989, and/or service after August 12, 1989. Deductions previously available for up to $4,000 for federal, state or local government benefits, or up to $2,000 for private retirement benefits, are no longer available.

NORTH DAKOTA: A total of $5,000 can be excluded from military, civil service, some state/local government and qualified pensions, minus amount of SS benefits received.

OHIO: SS and RR are exempt. General retirement income credit available in an amount starting at $25 if qualifying retirement income is at least $500, and maxing out at $200, if qualifying retirement income is $8,000 or more. Residents age 65+ are entitled to a $50 tax credit per return. Military pension income is exempt. Taxpayers who served in the military and receive a federal civil service retirement pension are eligible for a limited deduction if any portion of their federal retirement pay is based on credit for their military service. These retirees can deduct the percentage (in terms of years of service) of the amount of their federal retirement pay that is attributable to their military service. May deduct long-term care premiums.

OKLAHOMA: SS is exempt. Each individual may exclude 100% of retirement benefits received from federal CSRS, including survivor benefits, paid in lieu of Social Security to the extent that these benefits are included in the federal AGI. Note: Retirement benefits paid under FERS do not qualify for this exclusion. However, for retirement benefits containing both a FERS and a CSRS component, the CSRS component will qualify for the exclusion. Individuals may exclude their FERS retirement benefits or Oklahoma state employment retirement benefits or other qualifying retirement income up to $10,000. Individuals may exclude the greater of 75% of their military retirement benefits or $10,000. Additional personal exemption of $1,000 if age 65+ and federal AGI is $15,000 or less (single), $25,000 or less (MFJ), $12,500 or less (MFS), or $19,000 or less (HH).

OREGON: Federal civil service annuities of those individuals who retired before October 1, 1991, are not taxed. Those who retired after October 1, 1991, are taxed only on that portion of the annuity attributable to government service after October 1, 1991. Taxpayers age 62+ may qualify for retirement income credit if household income is below $22,500 (or $45,000 if MFJ) or elderly tax credit (40% of federal credit), but may not claim both. SS and RR benefits are exempt. Additional standard deduction if age 65+ of $1,200 (single, HH), $1,000 each spouse age 65+ (MFJ, MFS and QW).

PENNSYLVANIA: SS, RR, federal civil service, military retirement benefits and other employer-sponsored retirement plan benefits exempt. Distributions from IRAs, if age 59-1/2, are exempt.

RHODE ISLAND: RR is exempt.

SOUTH CAROLINA: If below age 65, may deduct $3,000 of qualified retirement income (including federal retirement annuities). All individuals age 65+ are entitled to a $15,000 deduction from income, reduced by any deduction claimed for qualified retirement income. SS and RR are exempt.

TENNESSEE: Tax applies only to certain interest and dividend income, not wages and salary or pension income. Any person age 65+ is tax-exempt if total annual income, from any and all sources, is $33,000 or less, or $59,000 or less for joint filers. An exemption of $1,250 ($2,500 if MFJ) is allowed against total taxable interest.

UTAH: Taxpayers age 65+ may be entitled to a retirement credit of up to $450 ($900 MFJ). The credit will be phased out by a percentage of the excess of MGI over a certain amount based on filing status. See Phase-out Calculation instructions. Taxpayers under age 65, born before January 1, 1953, and with eligible retirement income may qualify for a credit up to 6% of eligible retirement income with a cap of $288.

VERMONT: RR is exempt.

VIRGINIA: Taxpayers age 65+ whose birthdate is on or before January 1, 1939, may claim an age deduction of $12,000 (available for each person or spouse if MFJ). If birthdate is on or between January 2, 1939, and January 1, 1948, the $12,000 age deduction is reduced by $1 for every $1 that adjusted federal AGI exceeds $50,000 (single) or $75,000 (MFJ, MFS). SS and Tier I RR benefits are exempt. Additional personal exemption of $800 if age 65+ or blind. Long-term care premiums are eligible for deduction if not claimed as an itemized deduction on federal return and if not used as the basis of

the Virginia Long-Term Care Insurance Credit.

WEST VIRGINIA: $2,000 of military, federal retirement and state pensions is exempt. Additional exemption for military pension income up to $20,000. RR is exempt. Taxpayers age 65+ or surviving spouses may exclude the first $8,000 each of any remaining non-exempt income.

WISCONSIN: Federal civil service retirement payments are exempt from state income tax if: 1) individual retired from the system before January 1, 1964; 2) individual was a member of the system as of December 31, 1963, retiring at a later date and the payments received are from an account established before 1964; or 3) individual is receiving payments from the system as a beneficiary (survivor) of an individual who met condition 1 or 2. If age 65+, may exempt up to $5,000 of retirement income if federal AGI is less than $15,000 or $30,000 (MFJ). Additional personal exemption of $250 if age 65+. SS and RR benefits are exempt. Military retirement pay and retirement pay related to service with the Coast Guard, the commissioned corps of the National Oceanic and Atmospheric Administration or the commissioned corps of the Public Health Service are exempt. Long-term care insurance premiums may be subtracted up to the amount of taxable income.

State Sales Taxes

Sales Tax | With Average Combined City and County Rates | Maximum Sales Tax

	Sales Tax	With Average Combined City and County Rates	Maximum Sales Tax
ALABAMA*	4.0	8.85	12.0%
ALASKA	0.0	1.69	7.5
ARIZONA*†	5.6	8.16	12.3
ARKANSAS* [1]	6.5	9.24	12.0
CALIFORNIA*†	7.5	8.44	10.0
COLORADO*†	2.9	7.41	9.9
CONNECTICUT*†	6.35	6.35	6.35
DELAWARE [2]	0.0	0.0	0.0
DIST. OF COL.*†	5.75	5.75	5.75
FLORIDA*†^	6.0	6.63	9.5
GEORGIA*†	4.0	6.99	7.0
HAWAII* [3]	4.0	4.35	4.5
IDAHO*	6.0	6.03	9.0
ILLINOIS [4]	6.25	8.18	10.5
INDIANA*†	7.0	7.0	7.0
IOWA*†	6.0	6.78	8.0
KANSAS*	6.15	8.19	10.3
KENTUCKY*†	6.0	6.0	6.0%
LOUISIANA*†	4.0	8.91	10.75
MAINE*†	5.5	5.5	5.5
MARYLAND*†^	6.0	6.0	6.0
MASSACHUSETTS*†	6.25	6.25	6.25
MICHIGAN*†	6.0	6.0	6.0
MINNESOTA*†^	6.875	7.19	9.0
MISSISSIPPI*	7.0	7.0	7.0
MISSOURI* [5]	4.225	7.785	9.6
MONTANA	0.0	0.0	0.0
NEBRASKA*†	5.5	6.79	7.5
NEVADA*†	6.85	7.93	8.1
NEW HAMPSHIRE	0.0	0.0	0.0
NEW JERSEY*†^	7.0	6.97	7.0
NEW MEXICO*† [6]	5.125	7.31	8.6875
NEW YORK*†^	4.0	8.48	9.0
N. CAROLINA*†	4.75	6.9	7.75
N. DAKOTA*†	5.0	6.62	8.0%
OHIO*†	5.75	7.11	7.75
OKLAHOMA*	4.5	8.76	10.85
OREGON	0.0	0.0	0.0
PENNSYLVANIA*†^	6.0	6.34	8.0
RHODE ISLAND*†^	7.0	7.0	7.0
S. CAROLINA*†	6.0	7.13	9.0
S. DAKOTA*	4.0	5.83	6.75
TENNESSEE* [7]	7.0	9.45	9.75
TEXAS*†^	6.25	8.16	8.25
UTAH* [8]	5.95	6.68	9.95
VERMONT*†	6.0	6.14	7.0
VIRGINIA*^ [9]	5.3	5.63	6.0
WASHINGTON*†	6.5	8.88	9.5
WEST VIRGINIA* [10]	6.0	6.07	7.0
WISCONSIN*†	5.0	5.43	6.5
WYOMING*†	4.0	5.49	8.0

KEY:
* Prescription drugs are exempt
† Food is exempt
^ Nonprescription drugs are exempt

Additional exemptions and varied rates for particular sales may apply.

[1] Arkansas: Taxes food at 1.5%.
[2] Delaware: Imposes a gross receipts tax on the seller of goods (tangible or otherwise) ranging from 0.1037% to 2.0736%.
[3] Hawaii: Does not technically have a sales tax but imposes a general excise tax of 4% of the gross receipts of most businesses.
[4] Illinois: Taxes qualifying food, prescription and nonprescription drugs at 1%.
[5] Missouri: Taxes food at 1.225%.
[6] New Mexico: Does not have a sales tax but imposes a gross receipts tax instead, which has a similar effect, on persons engaged in business in New Mexico. In almost every case, the tax is passed to the consumer, either separately stated or as a part of the selling price. Rate varies within the state from 5.125%-8.8675%. Deductions are available, including for prescription drugs and qualifying food sales.
[7] Tennessee: Taxes food at 6.0%.
[8] Utah: Includes a 1.25% tax levied by local governments. Taxes food at a state rate of 2.75% with local additions of up to 3%.
[9] Virginia: Includes statewide local tax of 1%. Taxes food for home consumption at 2.5%, which includes statewide local tax of 1%. There is an additional 0.7% state tax imposed in the localities that make up Northern Virginia and Hampton Roads.
[10] West Virginia: Taxes food at 1%.

Insurance Programs

Federal Employees'
Health Benefits (FEHB)

Medicare Benefits

Federal Employees' Group
Life Insurance (FEGLI)

Long-Term Care Insurance

Insurance Programs

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Federal Employees' Health Benefits (FEHB)

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FEHB Premiums in Retirement

Federal employees may continue FEHB into retirement upon meeting certain requirements.

The Federal government continues to pays a large portion of the FEHB premium for Federal retirees.

Premiums are withheld on a monthly basis.

Currently, retirees are not permitted to pay FEHB premiums on a pre-tax basis.

> Exception: Retired law enforcement officers may exclude up to $3,000 federal health insurance premiums and/or long term care insurance premiums from federal taxes. See IRS Publication 721, pages 17 and 18 and Benefits Administration Letter 07-201 for details. Go to www.opm.gov. Go to “Retirement”. Go to “Forms and Publications”. Go to “Administration Letters - 2007”.

Continuation of FEHB Into Retirement

A retiring employee is eligible to continue Federal Employees’ Health Benefits (FEHB) coverage into retirement if he/she:

1. retires on an immediate annuity (commences within 31 days of separation), and
2. is insured on date of retirement, and
3. was covered by Federal Employees’ Health Benefits, under his/her own enrollment or as a family member under another Federal enrollment, for the five years of service immediately proceeding retirement or since his/her first opportunity to enroll.

FEHB Changes in Retirement

Enrollments may be changed from self-only to family and from one plan or option to another only during open seasons or upon specific events. (See Table of Permissible Changes.)

Enrollments may be canceled or changed from family to self-only at any time.

Annuitants, generally, are **not permitted to enroll** in Federal Employees' Health Benefits after retirement.

Exception:

A Federal retiree who loses coverage as a family member under his/her spouse's self and family FEHB is eligible to enroll in a FEHB plan if he/she had retired on an immediate annuity and had been continuously covered under the FEHB Program for the five years of service immediately preceding retirement or since first opportunity to enroll, whichever is shorter.

FEHB Enrollment After Retirement

Example # 1: Jim & Janice
Two Federal Retirees

Jim changes from self and family (or self plus one) to self only.

Janice lost her Federal health insurance coverage.

Janice was covered by Jim's self and family FEHB for more than 5 years prior to her immediate retirement.

Janice may enroll in her own FEHB plan as a retiree.

FEHB Enrollment After Retirement

Example # 2: Mike and Mary
Two Federal Retirees

Mike carried the self and family enrollment in retirement. Mike elected no survivor benefit for Mary.

Mike predeceased Mary. Mary lost her FEHB coverage as a family member.

Mary was covered by Mike's self and family FEHB for more than 5 years prior to her immediate retirement.

Mary may enroll in her own FEHB plan as a retiree.

Example # 3: Clare and Charlie
Federal Retiree - Non-Federal Spouse

Clare, a Federal retiree, continued self and family FEHB into retirement.

Charlie worked for XYZ Company and was provided very good and inexpensive self and family health insurance as an employee.

Clare canceled her FEHB in retirement and was covered by Charlie's private insurance.

Charlie retired form XYZ Company and was offered a more costly health plan in retirement.

Clare MAY NOT enroll in FEHB.

Federal Health Insurance For Surviving Spouse

Caution A surviving spouse will not be permitted to continue Federal Health Benefits upon the death of a retiree unless a survivor annuity is payable.

FEHB Suspension in Retirement

FEHB Coverage May be Suspended in Retirement

Retirees may suspend FEHB enrollment to enroll in a Medicare HMO, Tricare, Tricare-for-Life or Champus. (Tricare, Tricare-for-Life and Champus are health insurance plans for military retirees and dependents.)

Please refer to Retirement and Insurance Form RI 79-9, Health Benefits Cancellation / Suspension Confirmation for additional information. Go to opm.gov. Go to Retirement. Go to Publications and Forms. Go to Retirement and Insurance Forms.

Retirees May Reinstate Suspended FEHB Coverage

Retirees may reinstate FEHB coverage during an open season or if the coverage in the Medicare HMO, Tricare, Tricare-for-Life, or Champus is terminated.

Tricare and FEHB

Tricare, Tricare-for Life and Champus coverage qualify for the 5 years of health insurance coverage required to continue FEHB into retirement.

Tricare, Tricare-for Life and Champus do not qualify as enrolled in FEHB on date of separation.

You may enroll in FEHB during the open season effective prior to retirement, continue FEHB into retirement and then suspend FEHB coverage in retirement to utilize Tricare or Tricare-for Life or Champus coverage. (Note: the FEHB coverage must be effective on or before date of separation.) You may return to FEHB coverage during an open season, or if you lose the Tricare, Tricare-for-Life or Champus coverage.

Contact OPM to suspend coverage. You may submit form RI 79-9 described above or submit a letter to OPM informing them that you are suspending coverage because you plan to use Tricare, Tricare-for-Life, Champus or a Medicare HMO.

For additional information go to opm.gov. Search “Tricare FAQs”.

Table of Permissible Changes
Annuitants and Compensationers

	Qualifying Life Events (QLEs) That Permit Enrollment or Change	*Change Permitted*			*Time Limits*
Code **2**	***Event*** ***Annuitants and Compensationers***	***From Not Enrolled to Enrolled***	***From Self Only to Self and Family***	***From One Plan or Option to Another***	***When You Must File Health Benefits Election Form With OPM***
	Note for enrolled survivor annuitants: *A change in family status based on additional family members can only occur if the additional eligible family members are family members of the deceased employee or annuitant.*				
2A	Open Season	No	Yes	Yes	As announced by OPM.
2B	Change in family status; for example: marriage, birth or death of family member, adoption, legal separation, or divorce.	No	Yes	Yes	From 31 days before through 60 days after the event.
2C	Reenrollment of annuitant who cancelled FEHB enrollment to enroll in a Medicare-sponsored plan, Medicaid, or similar State-sponsored program and who later was involuntarily disenrolled from the Medicare-sponsored plan, Medicaid, or similar State-sponsored program.	May Reenroll	N/A	N/A	From 31 days before through 60 days after disenrollment.
2D	Reenrollment of annuitant who cancelled FEHB enrollment to enroll in a Medicare-sponsored plan, Medicaid, or similar State-sponsored program and who later voluntarily disenrolls from the Medicare-sponsored plan, Medicaid, or similar State-sponsored program.	May Reenroll	N/A	N/A	During open season.
2E	Restoration of annuity or compensation (OWCP) payments; for example: Disability annuitant who was enrolled in FEHB, and whose annuity terminated due to restoration of earning capacity or recovery from disability, and whose annuity is restored; Compensationer whose compensation terminated because of recovery from injury or disease and whose compensation is restored due to a recurrence of medical condition; Surviving spouse who was covered by FEHB immediately before survivor annuity terminated because of remarriage and whose annuity is restored; Surviving child who was covered by FEHB immediately before survivor annuity terminated because student status ended and whose survivor annuity is restored; Surviving child who was covered by FEHB immediately before survivor annuity terminated because of marriage and whose survivor annuity is restored.	Yes	N/A	N/A	Within 60 days after the retirement system or OWCP mails a notice of insurance eligibility.
2F	Annuitant or eligible family member loses FEHB coverage due to termination, cancellation, or change to Self Only of the covering enrollment.	Yes	Yes	Yes	From 31 days before through 60 days after date of loss of coverage.
2G	Annuitant or eligible family member loses coverage under FEHB or another group insurance plan; for example: Loss of coverage under another federally-sponsored health benefits program; Loss of coverage due to termination of membership in the employee organization sponsoring the FEHB plan; Loss of coverage under Medicaid or similar State-sponsored program (but see events 2C and 2D); Loss of coverage under a non-Federal health plan.	Yes	Yes	Yes	From 31 days before through 60 days after loss of coverage

Table of Permissible Changes
Annuitants and Compensationers

QLEs That Permit Enrollment or Change		Change Permitted			Time Limits
Code	***Event***	***From Not Enrolled to Enrolled***	***From Self Only to Self and Family***	***From One Plan or Option to Another***	***When You Must File Health Benefits Election Form With OPM***
2H	Annuitant or eligible family member loses coverage due to the discontinuance, in whole or part, of an FEHB plan.	N/A	Yes	Yes	During open season, unless OPM sets a different time.
2I	Annuitant or covered family member in a Health Maintenance Organization (HMO) moves or becomes employed outside the geographic area from which the carrier accepts enrollments, or if already outside this area, moves or becomes employed further from this area.	N/A	Yes	Yes	Upon notifying the employing office of the move or change of place of employment.
2J	Employee in an overseas post of duty retires or dies.	No	Yes	Yes	Within 60 days after retirement or death.
2K	An enrolled annuitant separates from duty after serving 31 days or more in a uniformed service.	N/A	Yes	Yes	Within 60 days after separation from the uniformed service.
2L	On becoming eligible for Medicare. (This change may be made only once in a lifetime.)	N/A	No	Yes	At any time beginning on the 30th day before becoming eligible for Medicare.
2M	Annuitant's annuity is insufficient to make withholdings for plan in which enrolled.	N/A	No	Yes	OPM will advise annuitant of the options.

Events permitting changes for employees, former spouses and Temporary Continuation of Coverage for former employees, former spouses and children are available in the FEHB Handbook on www.opm.gov. Search "FEHB Permissible Changes".

Federal Employees' Dental and Vision Insurance Program

Eligibility to Enroll

Federal employees who are eligible to enroll in FEHB are eligible to enroll in Federal Employees' Dental and Vision Insurance Program (FEDVIP). You do not have to be enrolled in and FEHB plan to enroll in a dental plan or a vision plan.

New Employees

New employees, or employees who are newly eligible may enroll in a dental plan or vision plan within 60 days of becoming eligible.

Qualifying Event

Employees who experience certain qualifying life events (QLE) such as marriage, divorce, birth and death are eligible to enroll within 60 days of the event. A summary of the major QLEs is available at www.benefeds.com/BenefedHelp/FEDVIP/qualifying life events.htm

Open Season

All other eligible employees and eligible annuitants may enroll during the annual Federal Benefits Open Season, held from mid-November through Mid-December each year.

Annuitants

Annuitants who are eligible for an immediate annuity may continue an existing enrollment or enroll in FEDVIP during an open season in retirement. Annuitants are not required to have been enrolled for five years prior to retirement and do not need to be eligible for FEHB.

Survivor Annuitants

Survivor annuitants, including spouses receiving a survivor annuity and children under age 22, are eligible to continue an existing enrollment or enroll in FEDVIP during an open season.

Enrollment

Employees and retirees may enroll online at www.BENEFEDS.com or by calling 1-877-888-FEDS (1-877-888-3337), TTY number 1-877-889-5680.

Premiums

Employees and retirees pay the full premium for dental insurance and vision insurance. There is no government contribution toward the premium.

Premiums are withheld from the employee's salary on a pre-tax basis.

Retirees pay premiums for dental insurance and vision insurance with after tax dollars.

Medicare

Original Medicare Plan

Medicare is a Federal health insurance program for people age 65 or older, people any age with permanent kidney failure, and certain disabled people. Medicare is administered by the Health Care Financing Administration. The Social Security Administration provides information about the program, takes applications for Medicare, and assists beneficiaries in claiming Medicare payments.

The Original Medicare Plan is the traditional pay-per visit arrangement that covers Medicare Part A and Part B services. Participants can go to any doctor, hospital, or other health care provider who accepts Medicare.

Medicare+Choice Managed Care Plan

Beginning in 1999, Medicare eligible annuitants may remain in Original Medicare or elect to receive Medicare benefits from an array of Medicare+Choice managed care plan options. These are Medicare sponsored HMO plans, referred to as Medicare Coordinated Care Plans (MCCPs). These managed care plans involve a group of doctors, hospitals, and other health care providers who have agreed to provide care to Medicare beneficiaries in exchange for a fixed amount of money from Medicare every month. They include Health Maintenance Organizations (HMOs), HMOs with Point of Service Options, Provider Sponsored Organizations, and Preferred Provider Organizations.

Medicare+Choice enrollees may not need FEHB coverage because the Medicare managed care plan provides many of the same benefits as FEHB. FEHB enrollees may suspend FEHB coverage to enroll in a Medicare managed care plan and later re-enroll in FEHB if they lose or cancel the Medicare managed care plan. For additional information, contact OPM before suspending FEHB coverage by calling 1-888-767-6738 or 202-606-0500 or write to:

Office of Personnel management
Retirement Operations Center
P.O. Box 45
Boyers, PA 16017-0045

Medicare At-A-Glance

Original Medicare Part A

Hospital Insurance helps pay for:
- inpatient hospital care
- skilled nursing facility care
- home health care
- hospice care

Original Medicare Part B

Medical Insurance helps pay for:
- doctor's services
- outpatient hospital care
- X-rays and laboratory tests
- durable medical equipment and supplies
- home health care (if you don't have Part A)
- certain preventive care
- limited ambulance transportation
- other outpatient services
- some other medical services that Part A doesn't cover, such as physical and occupational therapy.

Medicare Part C

Medicare Advantage Plans are Medicare approved private health insurance plans.
- Provide Medicare Part A and Part B coverage.
- You continue to pay Part B premiums.
- Generally offer additional benefits, such as vision, dental, hearing, prescription coverage
- Often have networks for services
- Include :
  Health Maintenance Organizations (HMO)
  Preferred Provider Organization (PPO)
  Private Fee-for Service (PFFS)
  HMO Point-of-Service (HMOPOS)

Medicare Part D

Prescription Coverage

Medicare Part A
Hospital Insurance

Eligibility & Cost

- Persons age 65 or older receiving Social Security benefits are **automatically enrolled** in Medicare Part A with **no monthly premium.**

- **Medicare Part A was extended to all Federal employees on 1/1/83.** All Federal employees (and spouses) and former Federal employees (and spouses) who were in Federal service on 1/1/83 or worked for at least ten years in Medicare-covered employment **may enroll with no premium.**

- Persons age 65 or older who are not otherwise eligible can buy Part A Medicare protection.

Deductibles

The **deductibles** for Medicare hospital and skilled nursing facility benefits are based upon benefit periods.

2016 Deductibles (per benefit period):

Hospital period:

1st 60 days	$1,288
61 - 90 days	$322/day
91 - 150 days	$644/day

Skilled nursing care (following hospitalization)

1st 20 days	no deductible
21 - 100 days	$161.00/day

Benefit Period

A benefit period begins on the first day of inpatient Medicare-covered service in a qualified hospital and ends after 60 days in a row out of a hospital or facility that provides skilled nursing or rehabilitation services. A new benefit period begins upon return to hospital after 60 days.

Medicare Part B
Medical Insurance

Eligibility

Almost anyone who is age 65 or older is eligible to enroll in Part B - medical insurance.

Cost

The **monthly premium** for Part B - medical insurance changes annually. Generally, premiums are withheld from the monthly Social Security payment. If an individual is not eligible for Social Security payments, he/she may elect to pay quarterly premiums directly to the Health Care Financing Administration or have the premiums withheld from his/her Civil Service annuity.

The 2016 Part B monthly premium for most new medicare enrollees is $121.80 per month per person.

Beneficiaries who file taxes as "married, filing jointly" with modified adjusted gross income (MAGI) of more than $170,000, and all other taxpayer filing statuses, with MAGI of more than $85,000, pay higher Part B premiums.

2016 Medicare Part B Premiums

Income	Part B Premium
Individual MAGI: < $85,000 Married MAGI: < $170,000	$121.80
Individual MAGI: $85,000 - $107,000 Married MAGI: $170,000 -$214,000	$170.50
Individual MAGI: $107,000 - $160,000 Married MAGI: $214,000 -$320,000	$243.60
Individual MAGI: $160,000 - $214,000 Married MAGI: $320,000 -$428,000	$316.70
Individual MAGI: > $214,000 Married MAGI: > $428,000	$389.80

Deductibles

Medicare Part B pay 80% of Medicare covered expenses after reaching an annual deductible. **The 2016 annual deductible is $166.00**

Medicare Exclusions

Medicare does not cover:

- monthly Part B premium
- deductibles, coinsurance or copayments
- outpatient prescription drugs (with few exceptions)
- custodial care at home or in a nursing home
- most dental care and dentures
- routine foot care
- hearing aids
- routine eye care
- health care while traveling outside of the US
- cosmetic surgery
- some vaccinations
- orthopedic shoes

FEHB and Medicare Coordination

FEHB and Medicare Coordination of Benefits

Generally, FEHB plans help pay for the same kinds of expenses as Medicare. FEHB plans may also provide coverage for:

- prescription drugs
- routine physicals
- emergency care outside of the US
- some preventive care that Medicare does not cover
- Some FEHB plans provide dental / vision coverage

FEHB fee-for-service plans waive most of their deductibles, coinsurance, and copayments for part B enrollees. Medicare and the FEHB fee-for service plans generally combine to provide nearly complete coverage for all expenses.

FEHB and Medicare Coordination

Employment status & Medicare enrollment status	Primary Payer	Secondary Payer
Federal employee, age 65 or older enrolled in Medicare A (or A & B)	FEHB	Medicare
Spouse of Federal employee, age 65 or older, enrolled in Medicare A (or A & B)	FEHB	Medicare
Federal employee under age 65, eligible for Medicare solely on the basis of disability	FEHB	Medicare
Family member of Federal employee, is under age 65, eligible for Medicare solely on the basis of disability	FEHB	Medicare
Retired Federal employee, age 65 or older, enrolled in Medicare A (or A and B)	Medicare	FEHB
Spouse of retired Federal employee, age 65 or older, enrolled in Medicare A (or A and B)	Medicare	FEHB

Medicare Glossary of Terms

Assignment
In the Original Medicare Plan, Assignment is an arrangement where a doctor or supplier agrees to accept the Medicare-approved amount as payment in full for services and supplies covered under Part B. When your doctor accepts assignment, you can be billed only for the difference between the Medicare approved amount and the combined payments made by Medicare and any secondary payer, such as FEHB.

Limiting Charge
The maximum amount doctors and other health care providers who don't accept Medicare assignment can charge for covered services. This limit is 15% over Medicare's approved payment amount.

Medicare Approved Amount
The amount that Medicare determines to be reasonable for a service that is covered under Part B of Medicare. It may be less than the actual charge.

Medicare Enrollment Periods

7-month initial enrollment period:

The initial enrollment period for Medicare is the 7-month period surrounding the 65th birthday. An individual who is receiving Social Security benefits will receive a Medicare enrollment package in the mail approximately three months prior to age 65 explaining **automatic enrollment in Parts A and B**. If the individual does not want to enroll in Part B, he/she must return the Medicare card in the envelope provided to receive a new Medicare card showing Part A coverage only. **An individual who is not receiving Social Security benefits must contact the Social Security Administration to enroll in Medicare.**

General enrollment period: January 1 through March 31.

An individual who enrolls during the general enrollment period will be charged a **late enrollment penalty equal to 10%** of the monthly premium for each 12 month period he/she could have been enrolled, but was not.

Special enrollment period:

An individual who continues to work and is covered by an employer health plan or is covered by a spouse's employer health plan, has a special 8 month enrollment period beginning with the month of retirement or the month that the employer health plan ends to enroll in Medicare - Part B with no penalty.

FEHB and Medicare Enrollment Options

At age 65 and retired, consider the following possible enrollment options:

- **Continue FEHB coverage and enroll in Medicare Part A - Hospital Insurance**.
  If you elect to enroll in Medicare Part B - Medical Insurance at a later date, you will be subject to the penalty for late enrollment.

- **Continue FEHB coverage and enroll in Medicare Part A - Hospital Insurance and Medicare Part B - Medical Insurance.**
  Search for a less expensive FEHB plan to coordinate with Medicare coverage.
  Go to www.opm.gov. Go to: Insurance. Go to: Healthcare. Go to: Plan Information.
  Go to: Premiums. Search for less expensive health plans and review plan information for coordination with Medicare.
  Note: Aetna Direct High-deductible plan waives deductible if enrolled in Medicare Part A and Part B and Medicare is primary payor.

- **Suspend FEHB and enroll in Medicare Advantage Health Plan.**
  Annuitants can call OPM's Retirement Information Office at 1-888-767-6738 to obtain a suspension form, RI Form 79-9.
  You may reenroll in FEHB during the annual FEHB open season.

Medicare Part D - Rx

OPM has determined that the prescription drug coverage offered by plans participating in the FEHB program is, on average, comparable to Medicare Part D prescription drug coverage, thus you do not need to enroll in Medicare Part D and pay extra for prescription drug benefits.

If you decide to enroll in Medicare Part D later, you will not have to pay a penalty for late enrollment as long as you keep your FEHB coverage.

FEHB and Medicare Publications

FEHB Publications

See your **FEHB Plan brochure** for a discussion of coordination of benefits when you have Medicare.

Medicare / FEHB Publications

The Federal Employees Health Benefits Program and Medicare
RI 75-12, 2008, published by The Retirement and Insurance Group, U.S. Office of Personnel Management. Available via OPM Internet site: (www.opm.gov) or through your Personnel Office.

Checkbook's 2015 Guide to Health Plans for Federal Employees
Washington Consumers' Checkbook. www.checkbook.org. 800-213-7283

Medicare Publications

The following Medicare publications may be obtained from any Social Security office or by writing to:

Medicare Publications
Health Care Financing Administration
6325 Security Boulevard
Baltimore, MD 21207

- The Medicare Handbook
- Medicare Q & A: 85 Commonly Asked Questions
- Guide to Health Insurance for People with Medicare
- Medicare and Coordinated Care Plans
- Medicare Hospice Benefits
- Medicare and Other Health Benefits
- Medicare and Your Physician's Bill

Internet Addresses

Medicare:	http://www.hcfa.gov
Social Security:	http://www.ssa.gov
OPM:	http://www.opm.gov
NARFE:	http://www.narfe.org

Continuation of Federal Employees' Group Life Insurance into Retirement

Value

The value of a retiree's Basic Life Insurance is equal to the employee's salary on date of retirement rounded to the higher thousand, plus two thousand.

Continuation Into Retirement

A retiring employee is eligible to continue Basic Life Insurance into retirement if he/she:

1) Retires on an immediate annuity (annuity commences within 31 days of separation), and
2) Is insured on date of retirement, and
3) Was covered by Basic life insurance for the five years of service immediately preceding retirement or since his/he first opportunity to enroll, and
4) Does not convert to a private policy.

Retirees will pay premiums for Federal Employees' Group Life Insurance in retirement until age 65. Premiums are withheld on a monthly basis.

Premiums

Premiums for Basic Life Insurance: 32.50 cents per month per $1,000 of Basic life insurance coverage.

See Post-Retirement Basic Life Insurance Reduction Election for additional charges for "50% reduction" or "No reduction" elections.

Post-Retirement Basic Life Insurance Reduction Election

Retiring employees must choose one of the following reductions in basic life insurance:

1) 75% Reduction

The value of the basic life insurance begins to reduce at age 65, or at retirement, if later, at the rate of 2% per month until it reaches 25% of its original value.

Cost : Free

2) 50% Reduction

The value of the Basic life insurance begins to reduce at age 65, or at retirement, if later, at the rate of 1% per month until it reaches 50% of its original value.

Cost: $0.71 per month per $1,000 Basic life insurance coverage on date of retirement. Charge is effective on date of retirement and continues for life.

3) No Reduction

The value of the Basic life insurance does not reduce. Basic life insurance retains its full value forever.

Cost: $2.13 per month per $1,000 Basic life insurance coverage on date of retirement. Charge is effective on date of retirement and continues for life.

Post-Retirement Life Insurance Premiums and Reduction Election Costs

Reduction Election	Until Age 65	After Age 65
75% Reduction	.325/mo./$1000 (Premium only)	free
50% Reduction	1.035/mo./$1000 (Premium & Red.Cost)	.71/mo./$1000 (Red. Cost only)
No Reduction	2.455/mo./$1000 (Premium & Red. Cost)	2.13/mo./$1000 (Red.Cost only)

Premiums and Post-Redtirement Reduction election cost are effective January 1, 2016

Post-Retirement Basic Life Insurance Reduction Election

Example

Final salary: $57,500. **Value of Basic Life Insurance: $60,000.**

1) 75% Reduction

At retirement:
- $19.50 monthly premium until age 65
- Retain full $60,000 value

At age 65:
- No premiums
- $60,000 ➔ 2% per month ➔ $15,000

2) 50% Reduction

At retirement:
- $19.50 monthly premium until age 65, plus $42.60 monthly reduction election cost
- Retain full $60,000 value

At age 65:
- No premium
- Continue to pay $42.60 monthly reduction election cost.
- $60,000 ➔ 1% per month ➔ $30,000

3) No Reduction

At retirement:
- $19.50 monthly premium until age 65, plus $127.80 monthly reduction election cost
- Retain full $60,000 insurance coverage

At age 65:
- No premium
- Continue to pay $127.80 monthly reduction election cost
- $60,000 insurance coverage retains full value

Option A - Standard $ 10,000 Additional Coverage

Continuation into Retirement

A retiring employee may continue Option A into retirement if he/she:

1. is eligible to continue Basic Life Insurance into retirement, and.
2. was covered by the option A for the five years of service immediately preceding retirement or since his/her first opportunity to enroll, and
3. is entitled to annuity sufficient to cover the cost of the premiums.

Cost

Retired employees pay premiums for Option A until age 65.

Reductions

The value of Option A - Standard Life Insurance begins to reduce at age 65 or at retirement, if later, at the rate of 2% per month until it reaches 25% of its original value, or $2,500.

Premiums* for Optional Insurance
are based on the age of the retiree

AGE	Monthly rate for $10,000 Option A - LI	Monthly rate for $1,000 Option B - LI	Monthly rate per multiple of Option C - LI
< 35	0.43	0.043	0.48
35 - 39	0.65	0.065	0.59
40 - 44	0.87	0.087	0.89
45 - 49	1.52	0.152	1.28
50 - 54	2.38	0.238	1.99
55 - 59	4.33	0.433	3.21
60 - 64	13.00	0.953	5.85
65 - 69	Free	1.170	6.80
70 - 74	Free	2.080	8.30
75 - 79	Free	3.900	11.40
80 and over	Free	5.720	15.60

These premiums are effective January 1, 2016. Premiums may change in future years.

Option B - Additional Multiples of Salary

Option B provides additional insurance in multiples of 1,2,3,4 or 5 times the annual basic pay on date of retirement. The annual basic pay is rounded up to the next thousand.

Continuation into Retirement

A retiring employee may continue Options B into retirement if he/she:

1. is eligible to continue Basic Life Insurance into retirement, and
2. was covered by option B for the five years of service immediately preceding retirement or since his/her first opportunity to enroll,
3. is entitled to annuity sufficient to cover the cost of the premiums.

The retiree may only continue the lowest number of multiples of Option B - Additional Optional Life Insurance he/she has carried in the last five years into retirement.

Retiring employees must elect Full Reduction or No Reduction in Option B Life Insurance. Election is made at time of retirement.

Reduction Elections

Full Reduction

- Retiree continues to pay full premiums for Option B Additional Optional Insurance until age 65.
- The value of Option B begins to reduce at age 65, (or retirement if later) at the rate of 2% per month until coverage terminates.

No Reduction

- Retiree pays premiums for Option B forever.
- Option B Life Insurance retains full value.

Mixed Election

- The retiree may choose “No Reduction” on some multiples of Option B and “Full Reduction” on other multiples of Option B.

Changes

- The retiree may change from “No Reduction” to “Full Reduction” at any time. If an individual age 65 or over changes to Full Reduction, the amount of insurance in force is computed as if he or she had elected Full Reduction initially. There is no refund of premiums.

Option C - Family Life Insurance

Family Life Insurance provides coverage on the spouse and eligible children of the insured. Benefits are available in 1,2,3,4, or 5 multiples of $5,000 if the spouse predeceases the retiree and $ 2,500 if an eligible child predeceases the retiree.

Continuation into Retirement

A retiring employee may continue Option C into retirement if he/she:

1. is eligible to continue Basic Life Insurance into retirement, and
2. was covered by the Option C for the five years of service immediately preceding retirement or since his/her first opportunity to enroll, and
3. is entitled to annuity sufficient to cover the cost of the premiums.

Retiring employees must elect "Full Reduction" or "No Reduction" in Option C - Family Life Insurance. Election is made at time of retirement.

Reduction Elections

Full Reduction

- Retiree continues to pay full premiums for Option C - Family Insurance until age 65.
- The value of Option C begins to reduce at age 65, or retirement if later) at the rate of 2% per month until coverage terminates.

No Reduction

- Retiree pays premiums for Option C forever.
- Option C Life Insurance retains full value.

Mixed Election

- The retiree may choose "No Reduction" on some multiples of Option C and "Full Reduction" on other multiples of Option C.

Changes

- The retiree may change from "No Reduction" to "Full Reduction" at any time. If an individual age 65 or over changes to Full Reduction, the amount of insurance in force is computed as if he or she had elected "Full Reduction" initially. There is no refund of premiums.

FEGLI Life Insurance Options Summary

TYPE OF INSURANCE	WHAT HAPPENS AFTER RETIREMENT	WHAT HAPPENS AT AGE 65?	CHANGES AFTER RETIREMENT
Basic Life	Must pay premiums until age 65	Reduction depends upon election made at retirement	
Basic Life Reduction: (1) 75% reduction: Free (2) 50% reduction: .64/$1000 LI (3) No reduction: 1.94/$1000 LI	Retiring employee must elect reduction schedule. Withholdings for election begin immediately after retirement.	Annuitant continues to pay costs for 50% or no reduction elections.	Can change from "No Reduction" or "50% Reduction" to the "75% Reduction" at any time.
Option A Standard Optional ($10,000)	Must pay premiums until age 65.	Free, but reduces 2% per month to 25%.	Can be canceled.
Option B Additional Optional (1,2,3,4 or 5 times annual salary)	Retiring employee must choose:		Can cancel or change to fewer multiples.
	Full Reduction: Pay full premiums until 65.	No premiums at age 65. Insurance reduces 2% per month to 0.	
	No Reduction: Pay full premiums forever.*	Continue to pay full premiums after age 65. Insurance retains full value. *	Can change from "No Reduction" to "Full Reduction" at any time.*
Option C: Family Insurance 1,2,3,4 or 5 multiples of: $5,000 for spouse $2,500 for child Total - Spouse: $5,000 - $25,000 Total - Children: $2,500 - $12,500.	Retiring employee must choose:		Can cancel or change to a fewer number of multiples.
	Full Reduction: Pay full premiums until 65.	No premiums at age 65. Insurance reduces 2% per month to 0.*	
	No Reduction: Pay full premiums forever.	Continue to pay full premiums after age 65. Insurance retains full value.	Can change from "No Reduction" to "Full Reduction" at any time.*

* If an individual age 65 or over changes to Full Reduction, the amount of insurance in force is computed as if he or she had elected "Full Reduction" initially. There is no refund of premiums.

Long Term Care Insurance

The Long Term Care Security Act, signed into law on September 19, 2000, introduced long term care (LTC) insurance to Federal employees, retirees, members of the uniformed services, and their families.

Long term care insurance helps pay for ongoing care for people who need lengthy or even lifelong assistance with daily living due to an illness, injury, or severe cognitive impairment (such as Alzheimer's disease).

Long Term Care Partners, LLC, administers the long term care insurance programs for the Federal Government and is owned by John Hancock Life and Health Insurance Company.

Open Season 2011

The most recent open season for Federal Long Term Care Insurance was held from April 4, 2011 through June 24, 2011. During the Open Season, actively at work employees and their spouses, including same-sex domestic partners of civilian workforce members, who are not currently enrolled will be permitted to apply to the Federal Long Term Care Insurance Program. Non-enrolled annuitants and other qualified relatives can apply for coverage with a full underwriting application during this period, as well as at any other time during the year.

Open seasons for LTC insurance will not be held annually as are Federal health insurance open seasons.

New Employees

Newly hired employees are permitted to enroll in LTC insurance subject to abbreviated underwriting during the first sixty days employment.

Current Eligibility to Enroll (Outside of an Open Season)

All eligible groups described on the following page are permitted to enroll in LTC insurance subject to full underwriting.

Eligible Groups "The Federal Family"

Individuals eligible to apply for this LTC insurance coverage are:

Employees
Federal employees and members of the uniformed services,

Annuitants
Federal retirees, survivor annuitants, individuals receiving compensation from the Department of Labor, retirees of the uniformed services, and retired military reservists at the time they qualify for an annuity,

Spouses of employees and annuitants,

Adult children of employees and annuitants,

Parents, parents-in-law, and stepparents of employees (but not of annuitants),

Same-sex domestic partners of employees and annuitants.

Customized Benefits

Enrollees may customize benefits by selecting the following options:

- daily benefit
- length of policy
- inflation protection

The daily benefit amount multiplied by the length of the policy determines the "pool of money" available for long term care expenses.

Standard Benefits

All plans include the following benefits:

- Up to 100% of the daily benefit allowance for home health care
- Informal care, including care by family members
- Stay-at-home benefit
- 90 calendar day waiting period

Prepackaged Plans

Four pre-packaged plans, which include popular benefits of the long term care insurance program, are available. These include:

- *Plan A:* $150 daily benefit for up to a 2 year period.
  Maximum lifetime benefit = $ 109,500
- *Plan B*: $150 daily benefit for up to a 3 year period.
  Maximum lifetime benefit = $ 164,250
- *Plan C:* $200 daily benefit for up to a 3 year period.
  Maximum lifetime benefit = $ 219,000
- *Plan D*: $200 daily benefit for up to a 5 year period.
  Maximum lifetime benefit = $ 365,000

Premiums

Premiums are based on your age when you apply for the coverage and the benefits chosen.

The enrollee pays 100% of the premium. There is no government contribution toward the LTC insurance premium.

A premium calculator is available at www.ltcfeds.com.

Sample Premiums

Sample monthly premiums for Plan B:

Age at Purchase	4% ACI	5% ACI	FPO
40	$92.48	$143.43	$22.37
50	$108.97	$153.38	$38.40
60	$163.86	$205.92	$73.29
70	$257.86	$304.51	$157.64

Continuation of LTC Insurance into Retirement

LTC Insurance will continue into retirement. Allotments from salary to pay for LTC premiums will be discontinued upon retirement. Contact LTC Partners on 1-800-582-3337 or submit a Billing Change Form, available on LTCFEDS.com, to ensure that your premium payments are not interrupted. You may arrange to have your premiums deducted from your annuity payment after your retirement has been finalized by OPM.

Additional Resources

For additional information, see www.LTCFEDS.com or call 1-800-LTC-FEDS (1-800-582-3337) .

Thrift Savings Plan

Plan Overview

Investment Options

Contribution Limits

Withdrawal Options

Thrift Savings Plan (TSP)

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TSP Investment Options

The Thrift Savings Plan (TSP) is a retirement savings plan for Federal employees similar to 401(k) plans offered to private sector employees.

Employees may currently choose among five investment funds:

Government Securities Investment (G) Fund

The G Fund invests exclusively in a non marketable short-term U.S. Treasury security that is specially issued to the TSP. The earnings consist entirely of interest income on the security. The payment of G Fund principal and interest is guaranteed by the U.S. Government. There is no credit risk (risk of non-payment of principal or interest) for the Treasury securities in the G Fund. The G Fund is subject to inflation risk, or the possibility that your G Fund investment will not grow enough to offset the reduction in purchasing power that results from inflation.

Common Stock Index Investment (C) Fund

The C Fund invests in a stock index fund that fully replicates the Standard and Poor's 500 (S&P 500) Index, a broad market index made up of stocks of 500 large to medium-sized U.S. companies. The earnings consist primarily of dividend income and gains (or losses) in the price of stocks.

Fixed Income Investment (F) Fund

The F Fund invests in a bond index fund that tracks the Barclays Capital U.S. Aggregate Bond Index. This broad index includes U.S. Government, mortgage-backed, corporate, and foreign government (issued in the U.S.) sectors of the U.S. bond market. The earnings consist of interest income on the securities and gains (or losses) in the value of the securities.

Small Capitalization Stock Index Investment (S) Fund

The S Fund invests in a stock index fund that tracks the Dow Jones U.S. Completion Total Stock Market Index, a broad market index made up of stocks of U.S. companies not included in the S&P 500 Index. The earnings consist of dividend income and gains (or losses) in the price of stocks.

International Stock Index Investment (I) Fund

The I Fund invests in a stock index fund that fully replicates the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index. The earnings consist of gains (or losses) in the price of stocks, dividend income, and change in the relative value of currencies.

Information on each of the investment funds is available on the TSP web site: www.tsp.gov.

Lifecycle Funds - “L” Funds

The TSP introduced “lifecycle funds” in August 2005. Life cycle funds are “target asset allocation funds” containing a mix of investments in the C, S, I, F and G funds based on the date that you will need to use your money (time horizon).

The lifecycle funds for those with the longest time horizons are invested more heavily in stock funds, (C,S and I Funds) which are riskier, but offer the potential for greater growth. The lifecycle funds with shorter time horizons will have a larger portion invested in bonds (F Fund) and Government securities (G Fund) which are less risky. Over time, the assets in each Lifecycle Fund are moved gradually and automatically into less risky investments.

Asset Allocation Targets
as of January 2016

Time Horizon	C Fund	S Fund	I Fund	F Fund	G Fund
L 2050 (2045 or later)	44.37%	14.78%	25.35%	3.1%	12.40%
L2040 (2035 through 2044)	39.78%	12.37%	22.35%	5.10%	20.40%
L2030 (2025 through 2034)	34.91%	10.06%	19.28%	5.36%	30.39%
L2020 (Now through 2024)	25.96%	6.94%	14.10%	5.30%	47.70%
L Income (Now withdrawing)	11.2%	2.8%	6.00%	6.00%	74.00%

TSP Contributions - Tax Treatment

A choice of tax treatments are available for contributions:

Traditional TSP

Traditional (pre-tax) contributions are withheld from pay before the income is taxed. Growth in the account is tax-deferred. Contributions and earnings are taxed when the money is withdrawn.

Roth TSP

Roth (after-tax) contributions are withheld from pay after the income is taxed. Roth contributions are tax-free when withdrawn. Earnings on Roth contributions are tax-free if considered "qualified" by meeting the following Internal Revenue Code (IRC) requirements: 5 years has passed since January 1 of the calendar year that the first Roth contribution was made and the separated employee is at least age 59-1/2, permanently disabled or deceased.

Roth TSP is similar to a Roth 401(k), not a Roth IRA. There are no income limits for Roth contributions.

Traditional TSP and Roth TSP contributions and earnings are maintained as separate balances. Loans, withdrawals and interfund transfers will include proportional amounts from each balance.

Contribution Limit

The total employee contribution to TSP is limited by the IRS Elective Deferral Limit. The 2016 Elective Deferral Limit is $18,000. This limit may increase in future years as indexed to the annual cost-of-living adjustment referred to in Internal Revenue Code.

2016 Elective Deferral Limit

The 2016 IRS Elective Deferral Limit is $18,000.

TSP Contributions

Both CSRS employees and FERS employees may participate in the Thrift Savings Plan, but the government contribution to the account differs for the two groups of Federal employees.

CSRS Employees

CSRS employees may contribute a percentage of basic pay or a specific dollar amount each pay period, up to the IRS elective deferral limit. The 2015 IRS elective deferral limit is $18,000.00. CSRS employees do not receive any agency contributions to the account.

FERS Employees

FERS employees may contribute a percentage of basic pay or a specific dollar amount each pay period to TSP, up to the annual IRS elective deferral limit. The 2016 IRS elective deferral limit is $18,000.00.

The employing agency automatically contributes 1% of the basic pay each pay period to the TSP account for all FERS employees, regardless of employee contribution.

The employing agency matches contributions dollar for dollar on the first 3% that the employee contributes, and 50 cents on the dollar for the next 2% that the employee contributes.

All agency contributions are deposited into Traditional TSP.

TSP Matching Contributions - FERS Employees Only

Percent of Basic Pay Contributed to Your Account			
You contribute:	Your agency contributes: Automatic (1%)	Agency Matching:	And the total contribution is:
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+%	1%	4%	11+%

Retirement Savings Contributions Credit

You may also claim a Retirement Savings Contributions Credit, based upon your TSP contribution, if your modified adjusted gross income for 2016 is not more than $61,500 if married filing jointly, $46,125 if head of household, or $30,750 if you are single or married filing separately, or a qualifying widow or widower.The amount of the credit is 50%, 20% or 10% of your TSP contribution up to $2,000 ($4,000 if married filing jointly) depending upon your adjusted gross income.

2016 Saver's Credit

Credit Rate	Married Filing Jointly	Head of Household	Single, married filling separately, or qualifying widow(er)
50% of your contribution	AGI not more than $37,000	AGI not more than $27,750	AGI not more than $18,500
20% of your contribution	$37,001 - $40,000	$27,751 - $30,000	$18,501 - $20,000
10% of your contribution	$40,001 - $61,500	$30,001 - $46,125	$20,001 - $30,750
0%	more than $61,500	more than $46,125	more than $30,750

Refer to IRS Form 8880, *Credit for Qualified Retirement Savings Contributions*.

TSP Automatic Enrollment

FERS employees hired after July 31, 2010 are automatically enrolled in TSP and 3% of salary is deducted from pay and deposited into the Traditional TSP account, unless the employee completes an election to change or stop the contribution. Employees may submit a TSP Election Form (TSP-1) to elect TSP contribution amounts and select investment funds and/or designate a portion of contributions as Roth contributions. Contributions and agency matching contributions are effective no later than the first full pay period after the election is received by the agency.

Vesting

Vesting means that you have met the service requirements that entitle you to Agency Automatic (1%) Contributions and their earnings when you leave Federal Service.

FERS and CSRS participants are always vested in their own contributions and earnings on their contributions. FERS participants are always vested in the matching contributions that the agency makes and earnings on those matching contributions. Most FERS employees become vested in their agency matching contributions (1%) after completing three years of federal Service.

TSP Contributions

An employee may elect to contribute to the TSP any whole % of basic pay he or she earns each pay period or a specific whole dollar amount each pay period.

TSP Contribution :

TSP Contribution may be:

- % of pay or
- Whole dollar amount

% of Pay Contribution

If an employee elects a % of pay, and the amount of employee contribution is greater than the resulting pay for the pay period (after required withholding for retirement, health insurance and life insurance premiums and taxes), then the TSP contribution is the resulting pay. (The payroll office may also reduce the contribution by an additional amount not to exceed $20.00. See TSP Bulletin 05-17 dated November 30, 2005).

Whole Dollar Amount Contribution

If an employee elects a whole dollar amount, and the amount elected is greater than the resulting pay for the pay period (after required withholding for retirement, health insurance and life insurance premiums and taxes), then no employee contribution is made to TSP for the pay period. Consequently, the employee receives no agency matching contribution for the pay period.

CAUTION !

To FERS employees contributing $18,000 to TSP:

FERS employees should keep the annual contribution limit ($18,000 in 2016) in mind when deciding how much to contribute to TSP each pay period. When the annual contribution limit is reached, employee Contributions and Agency Matching contributions are suspended for the remainder of the tax year. To maximize the Agency Matching contributions, determine the maximum contribution per pay period to reach the annual contribution limit at the end of the year. See TSP Fact Sheet ***Annual Limit on Elective Deferrals*** and the calculator provided on the TSP website (www.tsp.gov) to help you select contribution rates which will not exceed the elective deferral limit.

Catch-up Contributions

For TSP Participants Age 50 and Older

"Catch-up Contributions" are supplemental employee contributions that TSP participants who are age 50 or older can make to their TSP accounts. These contributions are in addition to the employee's regular employee contributions and do not count against the IRS elective deferral limit. Catch-up contributions may be made to Traditional (pre-tax) or Roth (after-tax) TSP. The 2016 Catch-up Contribution Limit is $6,000.

Eligibility for Catch-up Contributions

A TSP participant is eligible to make catch-up contributions as long as he or she is:

- At least 50 years old in the year the catch-up contributions are made (age 50 by December 31); and
- Contributing an amount which will result in his or her reaching the elective deferral limit by the end of the year ($18,000 in 2016); and
- Is in pay status; and
- Is not in the 6-month non-contributory period following a financial hardship withdrawal.

Total Contribution Limits

Catch-up contributions are not subject to the IRS elective deferral limits. Total TSP contributions are limited as follows:

Total Annual Contribution Limit

Year	FERS Limit	CSRS Limit	IRS Elective Deferral Limit*	Over 50 Catch-up*	Total
2016	No % Limit	No % Limit	$18,000	$6,000	$24,000

* These amounts may increase to reflect inflation.

Catch-up Contribution Elections

Elections for catch-up contributions are separate from the employee's election for regular TSP contributions. The employee can make a catch-up contribution election at anytime beginning in the year in which he or she turns age 50.

Employees may submit Form TSP-1-C, Catch-up Contribution Election to Personnel to make TSP catch-up contributions. Some agencies use an electronic version of the form. Check with your agency for guidance.

Catch-up contribution elections are made in terms of whole dollar amounts to be deducted from the employee's basic pay each pay period. Catch-up contributions will continue to be deducted until the earliest of:

- The annual catch-up limit is reached; or
- The calendar year ends; or
- The employee elects to stop the contribution.

NOTE:

The participant must make a new election for catch-up contributions each year.

Termination of Catch-up Contributions

Employees may stop their catch-up contributions at anytime and may restart contributions at any time.

If an employee stops his or her regular TSP contributions or receives a financial hardship withdrawal, the catch-up contribution must also stop.

Catch-up contributions end automatically with the last pay date of the year.

Catch-up Contributions Investment Allocations

Catch-up contributions will be invested in the employee's TSP account based on the most current TSP contribution allocation on file.

Contribution Allocations

Contribution allocation specifies how future contributions will be invested in the TSP Account.

These include:

- employee contributions,
- agency contributions,
- any special pay, incentive pay or bonus pay as a member of the uniformed services,
- money moved into TSP from other retirement plans, and
- TSP loan payments

Contribution allocations may be changed on the TSP website or by using the Thriftline.

Interfund Transfer

An interfund transfer redistributes existing money in the TSP account among the TSP investment funds based upon selected percentages of the total TSP account to be invested in each fund.

If the TSP account contains both Traditional and Roth balances, the interfund transfer will move a proportional amount from each balance into the funds specified.

TSP participants are permitted two interfund transfers per calendar month. After the first two interfund transfers in a month, interfund transfers can only move money into the Government Securities Investment (G) Fund.

Interfund transfers may be made on the TSP website or by using the Thriftline.

Loan Program

General Purpose Loan

You may borrow from your TSP account for general purposes with no documentation. Repayment is required in 1-5 years.

Primary Residence Loan

You may borrow from your TSP account for a primary residence with documentation. Repayment is required in 1-15 years.

Loan Amount

The minimum loan amount is $1,000. The maximum loan amount is $50,000. This is limited to amount of employee's contributions to the TSP account. If the TSP account maintains both Traditional and Roth TSP balances, the loan will include a proportional amount from each balance.

Interest Charged

Interest is charged at a rate equal to the G fund rate at the time the loan is approved. The rate remains fixed and the interest you pay on the loan goes back into your own account.

Loans are repaid through regular payroll allotments within an agreed upon time.

Repayment

Additional loan payments may be made or the loan can be repaid in full at any time without penalty.

Failure to repay the loan by the time of any separation results in notification to the Internal Revenue Service of the unpaid portion as a distribution subject to income tax and a potential 10% early withdrawal penalty.

Processing Fee

A one-time fee of $50 is deducted from the proceeds of the loan to cover the cost of processing and servicing the loan.

Outstanding Loans at Retirement

If you have an outstanding TSP loan at the time of your separation, the TSP Service Office will notify you about repaying the loan.

If the loan is not paid in full, a taxable loan distribution will be declared. IRS will consider the unpaid balance of your loan to be taxable income. Roth Contributions and qualified Roth earnings will not be subject to tax.

If you retire before the year in which you become age 55, a 10% early withdrawal penalty will be charged on the taxable distribution.

You may roll over (within 60 days) any or all of the taxable amount into a traditional IRA or an eligible employer plan using your personal funds and avoid taxes and penalties on that amount.

TSP Withdrawal Options Upon Separation

Withdrawal Options

There are three basic withdrawal options available to separated TSP participants. The TSP account can be distributed in any combination of the following options:

- A single payment;
- A series of monthly payments; or
- A life annuity purchased from an insurance company selected by the Thrift Board.

If the account contains both Traditional (non-Roth) and Roth balances, withdrawals will be paid proportionally from each balance.

Defer Receipt of Payment

A separated participant can **defer receipt of payment and leave the entire account balance in the TSP**, subject to the required **IRS minimum distribution** at age 70 and 1/2.

The separated participant can continue to transfer the account among the investment funds and may elect any of the withdrawal options at a later date.

The TSP Service Office notifies the separated participant when approaching this minimum distribution date.

No Penalty After Retirement at Age 55 or Older

Early Withdrawal Penalty Exemption

An employee who separates or retires in the year in which he/she reaches age 55 or later, is not subject to early withdrawal penalty tax.

Law enforcement officers and firefighters:

Effective December 31, 2015, federal law enforcement officers and firefighters who separate from service in the year in which he/she **reaches age 50,** are no longer subject to an early withdrawal penalty.

Early Withdrawal Penalty

If an employee separates or retires **before the year in which he/she reaches age 55**, or if a law enforcement officer or firefighter separates before the year in which he/she reaches age 50, a **10% early withdrawal penalty tax** will apply to all amounts received before age 59-1/2.

The early withdrawal penalty tax does not apply to annuity payments, payments made because of death, or payments made to participants who retire on disability retirement.

The early withdrawal penalty does not apply to monthly installment payments based upon life expectancy. If the separated participant later elects a final single payment, either before becoming age 59-1/2 or within five years of the date of the first payment, whichever is later, the early withdrawal penalty tax will apply to all payments received before age 59-1/2.

Partial Withdrawal

A separated employee can make a one-time-only withdrawal of part of the TSP account and leave the rest in TSP until a later date. If the TSP accounts maintains both traditional (non-Roth) and Roth balances, withdrawals will be paid proportionately from each balance.

The partial withdrawal cannot be less than $1,000.00.

An employee who made an age-based (59-1/2 or older) in-service withdrawal is not eligible for a partial withdrawal.

All or any part of the partial withdrawal payment may be transferred to an IRAs or an eligible employer plans.

- If the TSP account maintains only one type of balance (traditional or Roth) the transfer may be made to only one IRA account or eligible employer plan.
- If the account maintains both traditional (non-Roth) and Roth balances, all or part of the transfer of the traditional (non-Roth) portion may be directed to one IRA or plan, and all or part of the Roth portion may be directed to either another IRA account or eligible plan or to the same IRA account or plan.
- Payments of traditional TSP that are not transferred directly to a traditional IRA or eligible employer plan are subject to a mandatory 20% Federal income tax withholding.

TSP Withdrawal Goals

How do you plan to use your TSP account to supplement your retirement Income?

See TSP.gov. Retirement Income Calculator:
"Examples of possible monthly retirement choices".

What are your TSP withdrawal goals?

- Steady income
- Inflation protection
- Lifetime income
- Survivor benefits
- Short-term goals
- Income gaps

Single Payment

A separated participant may elect to withdraw the entire TSP account balance in a single payment. The payment can be made directly to the separated participant or all or part of the account balance can be transferred directly to an IRA or other eligible retirement plan. If the TSP accounts maintains both traditional (non-Roth) and Roth balances, withdrawals will be paid proportionally from each balance.

Payment of traditional (non-Roth) TSP made directly to a separated participant = mandatory 20% Federal income tax withholding

The distribution of the account balance of traditional (non-Roth) TSP **directly to the separated participant** in a single payment is subject to **20% Federal income tax withholding**, which cannot be waived. There is no Federal income tax withholding on payment(s) that the TSP transfers directly to an IRA or other eligible retirement plan.

Transfer to IRA or other eligible Retirement Plan

The separated participant may elect to transfer all or part of the account balance to an IRA or other eligible retirement plan.

- Tax-deferred amounts transferred will not be subject to taxation until withdrawal.
- All stipulations of the new IRA or pension plan apply upon withdrawal.
- The transfer of one type of TSP balance (traditional or Roth) can only be made to **one** IRA account or other eligible plan. If the account maintains both traditional (non-Roth) and Roth balances, all or part of the transfer of the traditional (non-Roth) portion may be directed to one IRA or plan, and all or part of the Roth portion my be directed to either another IRA account or eligible plan or to the same IRA account or plan.

TSP Withdrawal Request Forms: TSP Form 70

To request a withdrawal, complete TSP Form 70, indicating single payment or series of monthly payments and transfer instructions, if applicable. Both you and your financial institution must complete the TSP Form 70 if you desire to transfer funds to IRAs or an eligible employer plans. ***TSP cannot accept forms provided by the financial institution.***

Series of Monthly Payments

Monthly Installments

A separated participant may elect to receive the total of his/her account paid out in substantially equal installments based upon:

- Specific dollar amount, or
- Life expectancy (The participant can instruct the Thrift Board to calculate payments based on IRS life expectancy tables.)

The separated participant can continue to transfer the balance of the account among the TSP investment funds while receiving monthly payments.

Interfund Transfers

The separated participant can continue to transfer the balance of the account among the TSP investment funds while receiving monthly payments.

Permissible Changes

TSP-computed life expectancy payments can be changed to fixed dollar amount payments one time.

The amount of monthly fixed dollar payments can be changed once a year.

The proportion of the rollover eligible payment that is transferred to an IRA or other retirement plan may be changed. This change is only permissible if, when the payments began, they were expected to last less than 10 years and were not based on IRS life expectancy tables.

The IRA or other eligible retirement plan to which payments are sent may be changed.

The monthly payments can be changed to a final single payment.

Tax Treatment of Monthly Payments

Eligible Rollover Distributions

Monthly payments which are expected to be made for less than ten years are treated as eligible rollover distributions.

If you choose to receive payments based upon a specific dollar amount, the TSP will divide your account balance at the time the payments begin by the dollar amount that you choose. If the result is less than 120, payments are treated as eligible rollover distribution which can be transferred to an IRA or other retirement plan. If the result is 120 or more, the payments will be treated at periodic payments, which cannot be transferred to an IRA.

Transfer to IRA or other eligible Retirement Plan

There is no Federal income tax withholding on payment(s) that the TSP transfers directly to an IRA or other eligible retirement plan.

Mandatory 20% Federal Income Tax Withholding

The payment of traditional (non-Roth) rollover eligible distributions directly to the separated participant is subject to 20% Federal income tax withholding, which cannot be waived. Tax withholding may be increased by completing the withholding section of Form TSP-78.

Periodic Payments

Monthly payments expected to be made for 10 or more years or which are calculated based on life expectancy are periodic payments.

Federal income tax is withheld from periodic payments based upon tax withholding selected on Form TSP-78. If the tax withholding is not selected, withholdings are based upon the assumption that you are married claiming three withholding allowances.

TSP.gov
Monthly Payments Calculator

TSP Online Monthly Payments Calculator:

You may estimate the number of payments that you will receive and the length of time it will take to deplete the account at a specified monthly payment and an assumed rate of return.

TSP Monthly Payments Calculator (www.tsp.gov)	
Enter the amount that will be used for monthly payments:	$ 100,000
What amount would you like to receive each month?	$ 500
Indicate the rate you expect your TSP account to grow:	$ 5%

CALCULATE

Will deplete your account in:	34 years, 3 months

TSP Retirement Income Calculator:

You may compare TSP monthly payments and life annuities using the Retirement Income Calculator available on www.tsp.gov.

TSP home page -> Planning & Tools -> Calculators -> Retirement Income Calculator.

Example

The benefit amounts shown on the tables on the following pages are based upon the entries shown below. Annuities reflect a 2.125% annuity interest rate index effective in February 2016.

Retirement Income:	
Amount used for monthly income:	$100,000.00
Length of Retirement Planned	
Your current age:	56
Age you expect to begin receiving income from the TSP:	56
Age to which you expect to live:	100
Month of your birth:	June
Monthly Income Amount	
Income amount you would like to receive each month:	$400.00
Assumed annual earnings rate (the rate you expect your savings to grow):	5%
Joint Life Dependent Options:	
In the event of your death, is there someone who will be dependent on your TSP monthly income?	**Yes**
Who is the person dependent upon your monthly income?	**spouse**
What is the person's current age?	**56**

Monthly benefit amounts

The following benefit amounts are provided in table format and in chart format:

1. level monthly payments,
2. monthly payments based on life expectancy,
3. single life annuity based upon current interest rate factor,
4. Joint life with spouse annuity,
5. joint life with other survivor annuity.

TSP Retirement Income Calculator
Monthly Payments

Example # 1: $400 Monthly Payment Versus Life Expectancy Payments
(5% annual earnings rate)

Age	Fixed Dollar		Life Expectancy	
	Payment	Year-End Balance	Payment	Year-End Balance
56	$400.00	$100,070.97	$290.36	$101,422.02
57	$400.00	$100,145.49	$302.93	$102,760.25
58	$400.00	$100,223.74	$317.16	$103,990.03
59	$400.00	$100,305.89	$332.02	$105,098.19
60	$400.00	$100,392.15	$347.55	$106,070.38
61	$400.00	$100,482.72	$362.26	$106,909.94
62	$400.00	$100,577.82	$379.11	$107,583.84
63	$400.00	$100,677.68	$394.95	$108,096.23
64	$400.00	$100,782.52	$413.21	$108,409.22
65	$400.00	$100,892.62	$430.20	$108,528.50
66	$400.00	$101,008.21	$447.72	$108,437.84
67	$400.00	$101,129.58	$465.80	$108,119.88
68	$400.00	$101,257.03	$484.41	$107,556.71
69	$400.00	$101,390.84	$503.54	$106,729.63
70	$400.00	$101,531.35	$523.18	$105,619.19
71	$400.00	$101,678.89	$332.14	$106,807.32
72	$400.00	$101,833.80	$347.68	$107,863.37
73	$400.00	$101,996.46	$363.91	$108,772.22
74	$400.00	$102,167.25	$380.86	$109,517.67
↓	↓	↓	↓	↓
96	$400.00	$57,538.81*	$671.96	$60,299.96
97	$400.00	$52,985.84*	$661.18	$55,167.52
98	$400.00	$48,364.39*	$647.51	$49,946.91
99	$400.00	$43,809.76*	$621.23	$44,789.12
100	$400.00	$39,351.98*	$592.45	$39,728.06

Monthly Payment (Life Expectancy) is reduced the year you turn age 71. This is because the IRS Single Life Table is used to calculate your payments in the years before you turn age 71, but the IRS Uniform Lifetime Table is used beginning with the year you turn 71. You may change from life expectancy payments to monthly dollar payment at any time.

TSP Annuity Options

A separated participant may elect to have the TSP use all or part of the account balance to purchase an annuity from the TSP annuity provider. The balance of the account applied to the annuity option must equal at least $3,500. The current TSP annuity provider is Metropolitan Life Insurance Company (Met Life), a major national insurance company competitively chosen by the Thrift Retirement Investment Board. When an annuity is purchased with the entire TSP account, the TSP account is closed. All further communications regarding the TSP annuity will be with the annuity provider. Five types of TSP annuities are provided.

1. **Single Life Annuity Level Payment** — The retiree may elect to receive equal monthly payments for life. Benefits may end on death of the retiree or cash refund* or 10-year certain payout **may be elected.

2. **Single Life Annuity Increasing Payment** — The retiree may elect to receive monthly payments which increase yearly. The increase is based upon the increase in the consumer price index, but cannot exceed 3 percent per year. Monthly checks are initially lower, then increase over time to help keep up with inflation. Cash refund* or 10-year certain payout** may be elected.

3. **Joint and Surviving Spouse Annuity Level Payment** — The retiree may elect to receive equal monthly payments for life plus a monthly benefit payable to the surviving spouse in the event of the retiree's death. Cash refund* may be elected.

4. **Joint and Surviving Spouse Annuity Increasing Payment** — The retiree may elect to receive monthly payments which increase yearly plus a monthly benefit payable to the surviving spouse in the event of the retiree's death. The increase is based upon the increase in the consumer price index, but cannot exceed 3 percent per year. Cash refund* may be elected.

5. **Joint and Other Survivor Annuity Level Payment** — The retiree may elect to receive equal monthly payments for life plus a monthly benefit payable to a person with an insurable interest or to a former spouse. Cash refund* may be elected.

TSP Annuity Options

*** Cash refund feature**

The amount of the account balance used to purchase the annuity is guaranteed. If the retiree (and for a joint annuity, also the elected survivor) die before receiving payments equal to the amount of the account balance used to purchase the annuity, a designated beneficiary will receive a cash refund of the difference.

**** Ten-year certain payout**

If the retiree dies within ten years after the start of the annuity, a designated beneficiary receives the payments, but with no further provision for payments to a beneficiary upon his/her death. This feature may only be selected if you are purchasing a single life annuity.

TSP Retirement Income Calculator

TSP Annuity Options

TSP Retirement Income Calculator:

You may compare TSP annuity survivor benefit options using the Retirement Income Calculator available on www.tsp.gov.

TSP home page -> Planning & Tools -> Calculators -> Retirement Income Calculator.

Monthly Payments Versus Annuity

Monthly Payments	TSP Annuity
You own the account.	Met-Life owns the account.
You control investments. You may make interfund transfers twice per month.	Annuity rate is fixed based upon interest rate factor on date of purchase.
Account may increase or decrease in value.	Annuity is guaranteed for life.
You may change payments based on life expectancy to a monthly dollar payment.	No changes are permitted.
You may change the amount of the month dollar payment yearly.	A variety of annuity options are available including inflation protection and survivor benefits.
You may transfer the balance of the account to an IRA.	
The balance of the account is paid to survivors upon death.	

TSP Retirement Income Calculator
Single Life Monthly Annuity

Example # 2: Level Payment Versus Increasing Payment

Based upon $100,000 Account and 2.125% Annuity Interest Rate Index (February 2016)

	Level Payments			Increasing Payments		
Age	Basic Features	w/ Cash Refund	w/ 10 Year Certain	Basic Features	w/ Cash Refund	w/ 10 Year Certain
56	$416.00	$399.00	$414.00	$254.00	$239.00	$253.00
57	$416.00	$399.00	$414.00	$262.00	$247.00	$261.00
58	$416.00	$399.00	$414.00	$270.00	$254.00	$269.00
59	$416.00	$399.00	$414.00			
60						
61						
62						
63						
64	$416.00	$399.00	$414.00			
65	$416.00	$399.00	$414.00	$332.00	$312.00	$330.00
66	$416.00	$399.00	$414.00	$342.00	$322.00	$340.00
67	$416.00	$399.00	$414.00	$352.00	$331.00	$351.00
68	$416.00	$399.00	$414.00	$363.00	$341.00	$361.00
69	$416.00	$399.00	$414.00	$374.00	$352.00	$372.00
70	$416.00	$399.00	$414.00	$385.00	$362.00	$383.00
71	$416.00	$399.00	$414.00	$396.00	$373.00	$395.00
72	$416.00	$399.00	$414.00	$408.00	$384.00	$406.00
73	$416.00	$399.00	$414.00	$420.00	$396.00	$419.00
74	$416.00	$399.00	$414.00	$433.00	$408.00	$431.00
75	$416.00	$399.00	$414.00	$446.00	$420.00	$444.00
94	$416.00	$399.00	$414.00	$782.00	$736.00	$779.00
95	$416.00	$399.00	$414.00	$806.00	$758.00	$802.00
96	$416.00	$399.00	$414.00	$830.00	$781.00	$826.00
97	$416.00	$399.00	$414.00	$855.00	$804.00	$851.00
98	$416.00	$399.00	$414.00	$880.00	$828.00	$876.00
99	$416.00	$399.00	$414.00	$907.00	$853.00	$903.00
100	$416.00	$399.00	$414.00	$934.00	$879.00	$930.00

Level Payments:
Monthly annuity payment remains the same from year to year.

Increasing Payments:
Lower initial monthly payment.
Payment can increase each year based upon inflation.
Increase = increase in CPI but cannot exceed 3%.

Annuity with Survivor
Level Payment vs. Increasing Payment

Example # 3: Annuity with Survivor: Level Payments vs. Increasing Payments
Based on $100,000 TSP account and 2.125% annuity interest rate index (February 2016)

	Level Payments				Increasing Payments			
Age	100% Survivor	50% Survivor	100% Survivor w/Cash	50% Survivor w/Cash	100% Survivor	50% Survivor	100% Survivor w/Cash	50% Survivor w/Cash
56	$353.00	$417.00	$350.00	$408.00	$197.00	$250.00	$195.00	$242.00
57	$353.00	$417.00	$350.00	$408.00	$202.00	$257.00	$201.00	$249.00
58	$353.00	$417.00	$350.00	$408.00	$209.00	$265.00	$207.00	$257.00
59	$353.00	$417.00	$350.00	$408.00	$215.00	$273.00	$213.00	$264.00
60	$353.00	$417.00	$350.00	$408.00	$221.00	$281.00	$219.00	$272.00
61	$353.00	$417.00	$350.00	$408.00	$228.00	$289.00	$226.00	$281.00
62	$353.00	$417.00	$350.00	$408.00	$235.00	$298.00	$233.00	$289.00
63	$353.00	$417.00					$240.00	$298.00
64	$353.00	$417.00					$247.00	$307.00
65	$353.00	$417.00	$350.00	$408.00	$256.00	$326.00	$254.00	$316.00
66	$353.00	$417.00	$350.00	$408.00	$264.00	$335.00	$262.00	$325.00
67	$353.00	$417.00	$350.00	$408.00	$272.00	$346.00	$270.00	$335.00
68	$353.00	$417.00	$350.00	$408.00	$280.00	$356.00	$278.00	$345.00
69	$353.00	$417.00	$350.00	$408.00	$289.00	$367.00	$286.00	$355.00
70	$353.00	$417.00	$350.00	$408.00	$297.00	$378.00	$295.00	$366.00
71	$353.00	$417.00	$350.00	$408.00	$306.00	$389.00	$304.00	$377.00
72	$353.00	$417.00	$350.00	$408.00	$315.00	$401.00	$313.00	$388.00
73	$353.00	$417.00	$350.00	$408.00	$325.00	$413.00	$322.00	$400.00
74	$353.00	$417.00	$350.00	$408.00	$335.00	$425.00	$332.00	$412.00
75	$353.00	$417.00	$350.00	$408.00	$345.00	$438.00	$342.00	$424.00
94	$353.00	$417.00	$350.00	$408.00	$604.00	$768.00	$599.00	$744.00
95	$353.00	$417.00	$350.00	$408.00	$622.00	$791.00	$617.00	$766.00
96	$353.00	$417.00	$350.00	$408.00	$641.00	$814.00	$636.00	$789.00
97	$353.00	$417.00	$350.00	$408.00	$660.00	$839.00	$655.00	$813.00
98	$353.00	$417.00	$350.00	$408.00	$680.00	$864.00	$675.00	$838.00
99	$353.00	$417.00	$350.00	$408.00	$701.00	$890.00	$695.00	$863.00
100	$353.00	$417.00	$350.00	$408.00	$722.00	$917.00	$716.00	$889.00

Survivor Benefit Options

TSP Annuity Estimates

Annuity Calculator : www.tsp.gov		
Example: Age 56 $100,000 Account	**DELAY WITHDRAWAL**	**Example: Age 61 $128,335 Account**
Single life annuity w/ increasing payment No cash refund feature 2.125% interest rate index tsp.gov - Annuity Calculator: annuity = $254/ month	**Add 5% Growth for 5 years:** $100,000 = $128,335	Single life annuity w/ increasing payment No cash refund feature 2.125% interest rate index tsp.gov - Annuity Calculator: annuity = $401/ month

The annuity is based upon the interest rate index in effect on the date of annuity purchase. This example reflects the 2.125% annuity interest rate index effective in February 2016

Projecting the TSP Account

The amount of your future TSP account depends on how much is in your account now, future contributions and growth.

TSP Online Calculator: You may project your account in one year increments using any rate of return using the calculator function on the TSP Web site, http://www.tsp.gov.

Manual Calculations: Use the table below to estimate your future TSP account balance. You must select an annual rate of return of 4% or 7% or 10% and time frames must be in five year increments.

	Growth of Existing Account (Multiply by Current Account Balance)							
Annual Rate of Return (Compounded Monthly)	**Years Until Your Withdraw Your Account**							
	5	10	15	20	25	30	35	40
4%	1.22	1.49	1.82	2.22	2.71	3.31	4.05	4.94
7%	1.42	2.01	2.85	4.04	5.73	8.12	11.51	16.31
10%	1.65	2.71	4.45	7.33	12.06	19.84	32.64	53.7

Death Benefits

Order of Precedence

Upon the death of a TSP participant, the balance of the TSP account will be paid in the following order:

- to the Designated Beneficiary,
- If none, to the widow or widower,
- If none, to the child or children,
- If none, to the parents,
- If none, to the executor or administrator of the estate,
- If none, to the next of kin.

Designation of Beneficiary

The TSP Designation of Beneficiary allows participants to choose one or more beneficiaries and to designate one or more contingent beneficiaries in case the first beneficiary predeceases the TSP participant. A beneficiary can be any person, corporation, trust or legal entity or an estate.

TSP participants can download the Designation of Beneficiary Form TSP- 3 from the Forms & Publications section of the TSP Web site or obtain it from their personnel office.

To Change Designation of Beneficiary

To cancel or change beneficiary designations, or to make changes to the information on the form, TSP participants may submit a new Designation of Beneficiary to the TSP. A properly completed and submitted Designation of Beneficiary will automatically cancel previous designations.

Death Benefits

Notification of Death of TSP Participant

Upon the death of a TSP participant, the survivor must submit Form TSP-7, Information Relating to Deceased Participant, to the TSP, along with a copy of the participant's certified death certificate. Form TSP-7 can be downloaded and printed from the TSP Web site, under Forms & Publications. TSP will mail information about receiving benefits to the beneficiaries.

Payments to a Spouse

If the beneficiary of the TSP account is the surviving spouse of the deceased participant, TSP will establish a "beneficiary account" and provide information on how the account is invested and withdrawal options. Surviving spouses are offered the same basic withdrawal options as those available to retired employees.

Payments made to the surviving spouse of a TSP participant can be paid directly to the spouse or it can be transferred directly into the spouse's IRA or eligible employee plan, including the spouse's own TSP account, provided the spouse is not receiving monthly payments from that account.

Payments to Non-Spouse Beneficiaries

Payments made to beneficiaries other than the TSP participant's spouse can be paid directly to the beneficiary or it can be transferred directly into an "inherited" IRA.

Inherited IRAs may provide significant tax benefits, because the required distributions from the IRA can generally be spread across the lifetime of the beneficiary.

The inherited IRA must be specifically established for the purpose of transferring money from a plan such as TSP.

Payments made directly to the beneficiary may not then be deposited into the inherited IRA.

Spouses' Rights

FERS Participants:

The spouse of a **FERS participant** is entitled, by law, to a survivor annuity based upon the TSP account. This annuity is a joint life annuity, with a 50% survivor benefit, level payments, and no cash refund feature. The spouse of a FERS participant must sign a statement waiving his/her right to the required annuity for the separated FERS participant to elect any other payment option.

CSRS Participants:

The spouse of a **CSRS participant** will be notified if the participant elects a full withdrawal or a partial withdrawal of the TSP account, regardless of the account balance or the amount of the withdrawal.

TSP Publications

While there are numerous TSP publications available on www.tsp.gov, the following publications are of particular interest to separating employees. Please refer to these publications before making any withdrawal election.

Withdrawing Your TSP Account After Leaving Federal Service (March 2014)

Tax Information About Payments From Your TSP Account (January 2015)

Important Tax Information about Your TSP Withdrawals and Required Minimum Distributions (June 2013)

Booklet: Death Benefits (July 2013)

Tax Information: Death Benefit Payments (November 2013)

Social Security Benefits

Retirement Benefits

Windfall Benefits
Elimination Provision (WEP)

Family Benefits

Government Pension Offset (GPO)

Dual Entitlement

Earnings Limitations

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Social Security Contributions

Social Security Programs:

Social Security is made up of four programs: Old Age (Retirement) Insurance, Survivors Insurance, Disability Insurance and Medicare. Social Security is designed to provide partial replacement of earnings lost or reduced due to retirement, disability or death of the wage earner.

Social Security Contributions (Social Security Tax):

Employees covered by Social Security currently contribute 6.2% of wages to Social Security up to a maximum taxable amount (MTA) which can increase annually. The 2016 MTA is $118,500. Employees who earn more than the MTA do not pay Social Security contributions on earnings above the MTA.

All employees contribute 1.45% of all wages to Medicare. There is no maximum taxable amount (MTA) on earnings for Medicare contribution.

2016 Contribution Rates:

Old Age (Retirement), Survivors & Disability Insurance

2016	=	6.2%
Maximum Taxable Amount (MTA)	=	**$118,500**
Medicare	=	1.45%

No Maximum Taxable Amount for Medicare

Social Security Eligibility

Required Credits (Quarters of Coverage)

To qualify for Social Security retirement benefits you must be "fully insured," having earned at least the minimum number of credits based on your year of birth. If born before 1929, the number of credits required is equal to your year of birth plus 11. Anyone born 1929 or later must have 40 credits to qualify for benefits for retirement benefits.

Required Credits

Born before 1929: Credits required = YOB + 11

Born 1929 or later: Credits required = 40

Earning Credits of Coverage (previously Quarters of Coverage - QCs):

Prior to 1978, one quarter of coverage was earned for each calendar quarter in which the employee earned $50 subject to Social Security. Beginning in 1978, employees earned one credit of coverage for every $250 earned subject to Social Security, regardless of the calendar quarters of the year. This dollar figure changes annually. In 2016, employees **earn one credit of coverage for each $1,260 in covered annual earnings, up to a maximum of four credits in a calendar year. If an employee earns $ 5,040 in January of 2016, he or she earns four credits of coverage.** The dollar amount used to determine credits of coverage earned is established yearly.

Earning Credits

In 2016: 1 Credit is granted for each $1,260 earned up to a maximum of 4 credits in a calendar year.

Before 1978: 1 Credit is granted for each calendar quarter in which employee earned $50.

Amount of the Social Security Benefit

The dollar amount of the Social Security Benefit (for Federal Employees) is based upon:

1. A.I.M.E.
2. The number of years of substantial earnings under Social Security
3. Age at retirement

Average Indexed Monthly Earnings - AIME

The Social Security benefit is based upon lifetime earnings. The highest 35 years of earnings (subject to Social Security taxes) are indexed to inflation, totalled and then averaged over the 35 year period. This figure is then divided by 12 to produce the **average indexed monthly earnings (AIME)** over the entire career - 35 years. If there are fewer than 35 years of Social Security earnings, Social Security will add zero dollar ($0) earning years to reach the 35 years.

A.I.M.E.

Average
Indexed
Monthly
Earnings

Primary Insurance Amount - PIA

The Social Security benefit payable at Normal Retirement Age (65 - 67) is called the **Primary Insurance Amount (PIA)**. The Primary Insurance Amount is based on the AIME (Average Indexed Monthly Earnings).

Primary Insurance Amount (full benefit formula)

For workers who are age 62 in 2016:

90% of the first $856* of the AIME
\+ 32% of AIME between $856 and $5,157*
\+ 15% of AIME over $5,157
= PIA = Retirement Benefit at age Full Retirement Age (FRA).

** These amounts are based on the increase or decrease in average wages and change every year.*

Calculating the AIME: Past Social Security Earnings

(Worker attains age 62, dies, or becomes disabled in 2016 or later)

	A	B	C	D	E	F
Year	Maximum Taxable Amount	Enter Taxable Earnings	Index Factor	= Indexed Earnings	Substantial Earnings (WEP)	√ Sub. Earnings
1960	$ 4,800		11.60		$ 1,200	
1961	$ 4,800		11.37		$ 1,200	
1962	$ 4,800		10.83		$ 1,200	
1963	$ 4,800		10.57		$ 1,200	
1964	$ 4,800		10.16		$ 1,200	
1965	$ 4,800		9.98		$ 1,200	
1966	$ 6,600		9.41		$ 1,650	
1967	$ 6,600		8.92		$ 1,650	
1968	$ 7,800		8.34		$ 1,950	
1969	$ 7,800		7.89		$ 1,950	
1970	$ 7,800		7.51		$ 1,950	
1971	$ 7,800		7.15		$ 1,950	
1972	$ 9,000		6.52		$ 2,250	
1973	$ 10,800		6.13		$ 2,700	
1974	$ 13,200		5.79		$ 3,300	
1975	$ 14,100		5.39		$ 3,525	
1976	$ 15,300		5.04		$ 3,825	
1977	$ 16,500		4.75		$ 4,125	
1978	$ 17,700		4.40		$ 4,425	
1979	$ 22,900		4.05		$ 4,725	
1980	$ 25,900		3.71		$ 5,100	
1981	$ 29,700		3.37		$ 5,550	
1982	$ 32,400		3.20		$ 6,075	
1983	$ 35,700		3.05		$ 6,675	
1984	$ 37,800		2.88		$ 7,050	
1985	$ 39,600		2.76		$ 7,425	
1986	$ 42,000		2.68		$ 7,875	
1987	$ 43,800		2.52		$ 8,175	
1988	$ 45,000		2.40		$ 8,400	
1989	$ 48,000		2.31		$ 8,880	
1990	$ 51,300		2.21		$ 9,525	
1991	$ 53,400		2.13		$ 9,900	
1992	$ 55,500		2.03		$ 10,350	
1993	$ 57,600		2.01		$ 10,725	
1994	$ 60,600		1.96		$ 11,250	
1995	$ 61,200		1.88		$ 11,325	
1996	$ 62,700		1.79		$ 11,625	
1997	$ 65,400		1.69		$ 12,150	
1998	$ 68,400		1.61		$ 12,675	
1999	$72,600		1.53		$ 13,425	
2000	$76,200		1.45		$ 14,175	
2001	$80,400		1.41		$ 14,925	
2002	$84,900		1.40		$ 15,750	
2003	$87,000		1.36		$ 16,125	
2004	$87,900		1.30		$ 16,275	
2005	$90,000		1.26		$16,725	
2006	$94,200		1.20		$17,475	
2007	$97,500		1.15		$18,150	
2008	$102,000		1.12		$18,975	
2009	$106,800		1.14		$19,800	
2010	$106,800		1.12		$19,800	
2011	$106,800		1.08		$19,800	
2012	$110,100		1.05		$20,475	
2013	$113,700		1.04		$21,075	
2014	$117,000		1.00		$21,750	
2015	$118,500		1.00		$22,050	
		Total Indexed Earnings		$	# yrs.Sub. √	

Examples: Primary Insurance Amount

Example 1: AIME= $500 w/o WEP

90% of the first $856 of the AIME	=	$450
+ 32% of AIME between $856 and $5,157	=	$0
+ 15% of AIME over $5,157		
	=	**$450**

***Note**: PIA of $450 represents a 90% replacement of the lifetime working earnings average of $500.*

Example 2: AIME= $3,000 w/o WEP

90% of the first $856 of the AIME	=	$770
+ 32% of AIME between $856 and $5,157	=	$686
+ 15% of AIME over $5,157		
	=	**$1,456**

***Note**: PIA of $1,456 represents a 49% replacement of the lifetime working earnings average of $3000.*

NOTE: *Note that the 90% factor in the first tier of the formula produces a higher benefit, in proportion to earnings, for lower income earners.*

Social Security Replacement Rates

AIME	PIA	% Replacement
$500	$450	90%
$1,000	$816	82%
$3,000	$1,456	49%
$6,000	$2,273	38%

Example 3: AIME= $300 w/o WEP

	90% of the first $856 of the AIME	= $270
+	32% of AIME between $856 and $5,157	=
+	15% of AIME over $5,157	
		= $270

Note: PIA of $270 represents a 90% replacement of the lifetime working earnings average of $300.

Windfall Benefits Elimination Provision

Windfall Benefits Elimination Provision is a modified Social Security Formula that reduces the Social Security benefit if you are eligible for a retirement benefit from employment which was not covered by Social Security (such as CSRS) and you have less than 30 years of substantial earnings under Social Security.

Note: The modified formula does not apply if you were age 62 before 1986 or you were eligible for Civil Service retirement before 1986. The modified formula is phased in if you became age 62 between 1986 and 1989.

Generally, those with a work history of less than 30 years of substantial earnings under Social Security will appear to have a lower average earnings level (AIME). Social Security generally provides a higher proportion of benefits to lower income employees than it does for those who were higher paid. The reduction that results from the Windfall Elimination Provision is designed to, cancel out this effect, particularly for those who reach age 62 in 1990 or later. The modified formula is not used in computing survivor benefits payable by Social Security. It is used in computing Social Security retirement benefits, spousal benefits and disability benefits.

Employees who transferred from CSRS to FERS are not exempt from the Windfall Benefits Elimination Provision. Many transfer employees, however, lessen the negative impact of the WEP by earning more than 20 years of substantial earnings.

Windfall Benefits Elimination Provision

The Modified Formula (WEP)
The modified formula reduces the benefit based on the number of years of substantial earnings under Social Security as shown on the following charts.

Under the regular Social Security benefit formula (the PIA formula), the first portion of the AIME is multiplied by 90%, the second portion of the AIME is multiplied by 32% and any part of the AIME remaining is multiplied by 15%. In the modified formula of the Windfall Benefit Elimination Provision, the 90% factor used in the first calculation is reduced.

Substantial Earnings:
In the modified formula, you are credited with a year of substantial earnings for each year in which your earnings exceed the substantial amounts shown in column E of the AIME worksheet. Total credited earnings from 1937-50 are divided by $900 to get the number of years of coverage (maximum of 14 years).

Retirees with less than 30 years of substantial earnings covered by Social Security will have the first bendpoint in the PIA formula modified as shown in the table below:

WEP Formula

Substantial Years	1st Bendpoint % Becomes
29	85%
28	80%
27	75%
26	70%
25	65%
24	60%
23	55%
22	50%
21	45%
20 or less	40%

Example 4: The Modified Formula (WEP)
AIME = $300 (with WEP)

40% of the first $856 of the AIME	=	$120
+ 32% of AIME between $856 and $5,157	=	
+ 15% of AIME over $5,157		
	=	**$120**

Social Security Benefit Estimates

Social Security Administration Resumed Mailing Statements in 2014

- SSA resumed mailing Social Security Earnings Records and Benefit Estimates in 2014.

- Workers under age 60 who are not registered for *My Social Security Account* will receive a statement every five years. After age 60, statements will be mailed annually.

Social Security Benefit Estimator

- You may estimate your Social Security benefit using the "Retirement Estimator" available on the Social Security Administration website (www.ssa.gov). Estimates are based on real time access to your earnings record. You can create multiple scenarios to adjust the date you plan to stop working or to change your expected future earnings. Windfall Benefits Elimination Provision (WEP) is not considered in this estimate.

Social Security Earnings Record and Benefit Estimates on SSA.gov

- You can obtain a statement of past earnings under Social Security and Medicare and benefit estimates on the Social Security Administration website (www.ssa.gov). Go to "*My Social Security*" to create an account.

- This statement will provide your past Social Security taxed wage earnings, and estimates of your Social Security Benefits at age 62 (first eligibility), at full retirement age (65-67) and at age 70 (maximum benefits). These benefits are calculated with this year's Social Security benefit figures and formula. If you do not have enough work credits to qualify for Social Security, the number of work credits on record will be provided.

- If you receive a pension that is based on work not covered by Social Security, such as CSRS, your Social Security benefit will be calculated using a smaller benefit formula. The estimate provided does not reflect this reduced benefit formula. Use this Windfall Benefits Elimination Provision (WEP) version of line calculator described below to estimate your benefits.

Windfall Benefits Elimination Provision (WEP) Calculator

- To obtain an estimate of your Social Security benefit reflecting the Windfall Benefits Elimination Provisions, you may use the WEP version of the benefit calculator. Go to: "Benefits". Go to: "Calculators". Use the "WEP Calculator".

Adjusting the Social Security Benefit Estimate for WEP

If you don't want to calculate your own benefits, here's a shortcut to re-estimate the amount of benefits shown on your Social Security estimate. This adjustment will show you the effect of the Windfall Benefits Elimination Provision. The benefit after adjustment for Windfall Benefits Elimination Provision will be the **higher** of the following calculations:

a) Multiply your Social Security provided estimate by 40/90, which is 44%. This shortcut works well if you just barely earned your 40 work credits, thus your A.I.M.E. (Average Indexed Monthly Earnings) is less than $856.

Example	
SS Estimate = $200 per month	**$200 X .44 = $88 actual benefit payable at full benefit age.**

b) Subtract $428 (50% of $856) from your monthly estimate. This represents the maximum amount of possible reduction this year due to Windfall Benefits Elimination Provision.

Example	
SS Estimate = $850 per month	1) $850 X .44 = $374 per month 2) $850 - $428 = $422 per month *The actual Social Security payable would be $437 (calculation # 2), which is higher.*

Use the shortcut technique (1) or (2) above which results in the highest re-estimation of benefits.

c) If you have more than 20 "substantial" Social Security wage earning years, then the Windfall Elimination Provision will not reduce the benefit as drastically as shown above.

Adjusting the Social Security Benefit Estimate for WEP

The maximum change in PIA in 2015 due to the Windfall Benefits Elimination Provision is the difference between 90% of the first tier of the first $856 of the AIME and 40% of the first $856 of the AIME = a difference of 50% of $856 = $428 per month.

If you have more than 20 years of substantial earnings, the loss due to WEP is the difference between 90% of $856 and the WEP percentage of PIA based upon your years of substantial earnings.

To adjust the estimate provided by SSA for Windfall Benefits Elimination Provision, **subtract the following amount from your full benefit age estimate**. The result is your PIA (Primary Insurance Amount) which is payable at Full Retirement Age (65-67). You must reduce this if you plan to receive benefits before your Full Retirement Age.

Reduction for WEP

Years of Substantial Earnings	1st bendpoint % of $856	Subtracted from 90% (full formula)	Loss in PIA (Subtract)
20	40% of $856	- 50% of $856	-$428
21	45% of $856	- 45% of $856	-$385
22	50% of $856	- 40% of $856	-$342
23	55% of $856	- 35% of $856	-$300
24	60% of $856	- 30% of $856	-$257
25	65% of $856	- 25% of $856	-$214
26	70% of $856	- 20% of $856	-$171
27	75% of $856	- 15% of $856	- $128
28	85% of $856	- 10% of $856	- $86
29	85% of $856	- 5% of $856	- $43
30	90% of $856	no reduction	- $0

Example

Full Retirement Age (FRA) estimate provided by Social Security Administration = $1,450

25 years of substantial earnings = Adjustment of - $214

$1,450 - $214 = $1,236

= Full Retirement Age Benefit adjusted for WEP

Retirement Options Based on Age

Full Benefits: Full Retirement Age (Age 65 – 67)

The PIA formula produces the benefit payable at Full Retirement Age (FRA) which is 65 for anyone born before 1938. The Social Security Normal Retirement Age is increasing for anyone born in or after 1938. Benefits can be significantly higher or lower than the PIA, depending upon the age at retirement. The Full Retirement Age (FRA) may also be referred to as the Normal Retirement Age (NRA).

Actuarially Reduced Benefits

A retiree may elect to receive Social Security benefits as early as age 62, but will suffer a reduction of 5/9 of one percent per month under age 65. For a person (born before 1938) electing to receive benefits at age 62, this would result in a 20% reduction.

Persons born 1938 or later may also elect to receive Social Security benefits at age 62. The reduction factor will be 5/9 of one percent for each of the first 36 months, then 5/12 of one percent for each of the next 24 months a benefit is paid prior to the full retirement age. For a person born 1960 or later electing to receive Social Security at age 62, this would result in a 30% reduction.

Delayed Retirement Credit (DRC)

A retiree may delay receipt of Social Security beyond normal retirement age (65-67) and receive Delayed Retirement Credits (DRCs) for each year that he/she does not receive Social Security benefits. The DRC is 5½% for anyone born in 1933-1934, 6% if born 1935-1936, 6.5% if born 1937-1938, 7% if born 1939-1940, 7.5% if born 1941-1942, and 8% for anyone born 1943 and later.

Retirement Options Based on Age

Full Benefits FRA		Reduction Factors Benefit as a % of PIA			Delayed Retirement Credits Benefit as a % of PIA				
Year of Birth	Full Retirement Age (FRA)	Retirement Benefits Age 62	Spousal Benefits Age 62	Survivor Benefits Age 60	DRC% credit	Age 65	Age 66	Age 67	Age 70
1930	65	80	37.5	71.5	4.5	100	104.5	109	122.5
1931	65	80	37.5	71.5	5	100	105	110	125
1932	65	80	37.5	71.5	5	100	105	110	125
1933	65	80	37.5	71.5	5.5	100	105.5	111	127.5
1934	65	80	37.5	71.5	5.5	100	105.5	111	127.5
1935	65	80	37.5	71.5	6	100	106	112	130
1936	65	80	37.5	71.5	6	100	106	112	130
1937	65	80	37.5	71.5	6.5	100	106.5	113	132.5
1938	65-2 mo.	79.17	37.08	71.5	6.5	98.89	106.42	111.92	131.56
1939	65 - 4 mo.	78.33	36.67	71.5	7	97.78	104.67	111.67	132.67
1940	65 - 6 mo.	77.50	36.25	71.5	7	96.67	103.5	110.5	131.5
1941	65 - 8 mo.	76.66	35.84	71.5	7.5	95.56	102.5	110	132.5
1942	65 - 10 mo.	75.83	35.42	71.5	7.5	94.44	101.25	108.75	131.25
1943-54	66	75	35	71.5	8	93.33	100	108	132
1955	66 - 2 mo.	74.17	34.59	71.5	8	92.22	98.89	106.67	130.67
1956	66 - 4 mo.	73.33	34.17	71.5	8	91.11	97.78	105.33	129.33
1957	66 - 6 mo.	72.50	33.75	71.5	8	90	96.67	104	128
1958	66 - 8 mo.	71.66	33.34	71.5	8	88.89	95.56	102.67	126.67
1959	66 - 10 mo.	70.83	32.92	71.5	8	87.78	94.44	101.33	125.33
1960 & later	67	70	32.5	71.5	8	86.67	93.33	100	124

The full benefit age for widow(er)s is increasing from 65 to 67 on a slightly different schedule than the full benefit age for retirement benefits and spousal benefits. The reduced benefit for widow(er)s at age 60 will continue to be 71.5% of PIA.

Family Benefits

Auxiliary Benefits

Certain family members may also be entitled to monthly benefits (auxiliary benefits) based on your entitlement. A spouse and children are eligible when you apply for benefits. A former spouse may be entitled to benefits when you are eligible for benefits, even though you have not yet applied.

A wife or husband or former spouse of a Social Security recipient may be eligible for 50% of the Worker's PIA at the spouse's full benefit age. The spouse's or former spouse's insurance benefits are reduced by 25/36 of 1% (or 1/144) for each month of entitlement before the spouse's full benefit age, up to 36 months. Spouse's or former spouse's benefits are reduced 5/12 of 1% for each month of reduction in excess of 36 months.

Survivor Benefits

Upon application, survivor benefits may be paid to family members of a deceased worker, if the worker was fully insured or currently insured (provides limited eligibility). To be fully insured, the deceased must have one quarter of coverage for each calendar year after 1950, or after the calendar year in which the worker attained age 21, whichever is later, up to the calendar year in which the worker dies. To be currently insured, the deceased must have earned six quarters of coverage during the last 13 calendar quarters.

A widow or widower may be eligible for 100% of the deceased's Social Security benefit. The widow(er)'s benefits are reduced by 19/40 of 1% (or 19/4000) for each month of entitlement between 60 and full benefit age. The maximum reduction in widow(er)'s benefit is 28.5% at age 60.

Maximum Family Benefit (MFB)

Family benefits payable on one employee's Social Security record are limited to a maximum set by law. The maximum family benefit (MFB) is based upon the employee's PIA. The maximum monthly benefit payable to a family (including the employee, but not including any amount paid to a former spouse) ranges from 150 percent to 188 percent of the employee's PIA in retirement and survivor cases and from 100 percent to 150 percent of the PIA in disability cases. If the sum of the individual benefits based on the worker's earnings record is more than the MFB amount, the benefit for each family member (but not the worker or a former spouse) will be reduced proportionately to bring the total within the MFB limit.

Lump-Sum Death Benefit

A one-time payment of $255 may be paid to spouse or child in addition to the monthly cash benefits described above.

Family Benefits

Auxiliary Benefits	% of PIA
Spouse:	
Full Benefit Age (65-67)	50
Age 62	32.5-37.5
Any Age w/ Eligible child	50
Eligible Child:	50
- Unmarried	
- Under age 18	
- Under age 19 if in high school	
- Any age disabled before age 22	
Former Spouse	
Full Benefit Age (65-67)	50
Age 62	32.5-37.5
- Married 10 or more years	
- Doesn't remarry before age 60	

Survivor Benefits	% of Deceased Worker's Benefit
Surviving Spouse:	
Age 65	100
Age 62	82.9
Age 60	71.5
Disabled Spouse:	71.5
Age 50 - 59	
Spouse under 60:	75
caring for eligible child	
Former Spouse:	
Age 65	100
Age 62	82.9
Age 60	71.5
- Married 10 or more years	
- Doesn't remarry before age 60	
Eligible Child:	75
Dependent Parents:	
1 parent	82.5
2 parents	75

Dual Entitlement

Employees who qualify for Social Security benefits on their own record and are also eligible for benefits as a spouse will not receive both benefits in full.

The "Dual Entitlement" provision of the Social Security law does not allow payment of a full Social Security spouse's benefit in addition to a Social Security worker's benefit. The worker's earned benefit is paid in full and the spousal benefit is offset dollar for dollar by the worker's benefit. If the amount of the spousal benefit is higher than the worker's benefit, the worker's benefit is supplemented by the difference between the worker's benefit and his/her spousal benefit. Often this offset is described as "Social Security pays the higher of the two benefits."

Example

John's Social Security PIA (at 66)	=	$2,000
Mary's spousal benefit based on John's record (at 66)	=	$1.000
Mary's (earned) Social Security PIA	=	$1,200

Dual Entitlement

Mary's spousal benefit...	=	$1,000
... is offset dollar for dollar by her own benefit	=	- $1,200
	=	$0

Mary will NOT receive spousal benefit based upon John's SS (Dual Entitlement)

Survivor Benefits

If John were to predecease Mary, then Mary would be entitled to up to 100% (at full benefit age) of John's PIA...	=	$2,000
... less her own benefit		- $1,200
This leaves Mary with a survivor benefit...	=	$800
... plus her (earned) Social Security	=	+ $1,200
	=	$2,000

Government Pension Offset (GPO)
Public Pension Offset (PPO)

The Social Security spouse's benefit is offset if the spouse receives a government pension from work not covered by Social Security. The Social Security spousal or survivor benefit is reduced $2.00 for every $3.00 in government pension.

Example

John's Social Security PIA	=	$2,000
Alice's (age 66) former spouse benefit (Based on John's PIA)	=	$1,000
Alice's CSRS benefit	=	$2,400

Government Pension Offset (GPO)

Alice's former spouse benefit...	=	$1,000
... is reduced $2 for every $3 of her own CSRS pension = - 2/3 of $2,400	=	-$1,600
	=	$0

Alice will not receive any spousal benefit based upon John's SS because GPO has reduced the benefit payable to $0.

Survivor Benefits

If John were to predecease Alice, then Alice would be entitled to 100% (at full benefit age) of John's benefit.	=	$2,000
... less 2/3 of her CSRS		- $1,600
survivor benefit	=	$ 400

***Note**: Civil Service survivor annuities will not affect Social Security benefit entitlements.*

Exemptions from Government Pension Offset Provision:

1) Employees who transfer to FERS after June 30, 1988 and work for five years under FERS before retiring are exempt from the Government Pension Offset Provision.
2) Employees who transferred to FERS between July 1987 and June 1988 were immediately exempt from Government Pension Offset.
3) Civil Service Offset employees are exempt from Government Pension Offset.

Note: Transfer employees and CSRS Offset employees are subject to Dual Entitlement.

Example: Coordination of Benefits FERS Retiree/Social Security Spouse

Frank	Flora
FERS retiree. Full Career Social Security. Elected full survivor benefits for Flora. Frank is not entitled to a Social Security Spousal benefit. (Dual Entitlement)	Full Career Social Security. No family benefit available under FERS. Flora is not entitled to a Social Security Spousal benefit. (Dual Entitlement)
Frank predeceases Flora.	1. Flora continues to receive her full Social Security benefit. 2. Flora receives any portion of Frank's Social Security survivor benefit which exceeds her full earned benefit. (Dual Entitlement) 3. Flora receives the full FERS survivor Benefit.
1. Frank's FERS annuity is restored to the full life rate. 2. Frank continues to receive his full earned Social Security benefit. 3. Frank receives any portion of Flora's Social Security survivor benefit which exceeds his earned benefit (Dual Entitlement).	Flora predeceases Frank.

Example:

Coordination of Benefits
CSRS Retiree/Social Security Spouse

Dan	Dorothy
CSRS retiree. Small Social Security benefit (based on 40 credits of Social Security) subject to the WEP modified formula. Dan elected full survivor benefits for wife, Dorothy. Dan is not entitled to a Social Security Spousal benefit. (Government Pension Offset)	Full Career Social Security. No family benefit available under CSRS.
Dan predeceases Dorothy.	1. Dorothy continues to receive her full Social Security benefit. 2. Dorothy receives the full CSRS survivor benefit. There is no reduction in the Social Security earned benefit or the CSRS survivor benefit. 3. Dorothy will not receive a Social Security survivor benefit. (Dual Entitlement Provision)
1. Dan's CSRS annuity is restored to the full life rate. 2. Dan will continue to receive his own earned Social Security. 3. Dan will not receive a Social Security survivor benefit. (Government Pension Offset and Dual Entitlement Provisions)	Dorothy predeceases Dan.

File and Suspend

Suspended Benefits and Delayed Retirement Credits

File and suspend claiming strategy was eliminated by congressional budget agreement November 2, 2015. Legislation is effective May 2, 2016.

Six-month grace period. If you will reach your full retirement age (66) by April 30, 2016, you can apply for retirement benefits at full benefit age and then have the payments suspended so that your spouse (or ex-spouse) can receive a spouse's benefit and you can continue to earn delayed retirement credits (DRCs) until age 70.

If you will reach full benefit age after April 30, 2016, and suspend benefits to a later age to receive delayed retirement credits, no other benefits based upon your earnings record will be paid to spouses, dependents, children or any other individual.

Hank - Age 66	Helen - Age 66
PIA = $2,000 per month Hank applies for his Social Security benefit and then suspends his benefit to age 70 to earn delayed retirement credits.	Helen is not eligible for an earned Social Security benefit and she is not receiving a CSRS retirement benefit or state or local government benefit. (See GPO.) Helen receives a spousal benefit of $1,000 per month based on Hank's record.
≥ 4 years later: Hank, age 70, collects his Social Security benefit with 32% Delayed Retirement Credits (DRCs). DRCs = 8% per year. = $2,640 per month.	≥ 4 years later: Helen continues to receive a spousal benefit of $1,000 per month based on Hank's record. Spousal benefits do not include DRCs.
Hank predeceases Helen.	Helen receives a survivor benefit of $2,640 per month. Survivor benefits include DRCs.
Hank receives $2,640 per month.	Helen predeceases Hank.

Example does not reflect Cost of Living Adjustments.

Example: Restricted Application

Restricted application claiming strategy was eliminated for anyone born after 1953 by congressional budget agreement signed into law on November 2, 2015.

Born before 1954:

Once you have reached your full retirement age (66) and are eligible for a spouse's or ex-spouse's Social Security benefit and your own Social Security retirement, you may chose to receive only spouse's benefits and suspend your own retirement benefit until a later date to take advantage of delayed retirement credits.

If born after 1953, you will not be permitted to collect spousal benefits while delaying your own benefit to collect delayed retirement credits.

Norm - Age 66	Nancy - Age 62
PIA = $2,400 per month Norm collects a spousal benefit based upon Nancy's record of 50% of Nancy's PIA = $1,000 per month. (Norm "restricts" his application to spousal benefits only.) Norm does not apply for his benefit until to age 70 to earn 32% delayed retirement credits.	PIA = $2,000 per month Nancy applies for benefit at age 62 and receives 75% of her PIA . = $1,500 per month
≥ 4 years later: Norm, age 70, collects his Social Security benefit with 32% Delayed Retirement Credits (DRCs). DRCs = 8% per year. = $3,168 per month.	≥ 4 years later: Nancy, age 66, is still collecting her $1,500 Social Security benefit which was reduced for age.
Norm predeceases Nancy.	Nancy receives a survivor benefit of $3,168 -$1,500 earned benefit $1,668 survivor benefit + $1,500 earned benefit $3,168 per month
Norm receives $3,168 per month.	Nancy predeceases Norm.

Example does not reflect Cost of Living Adjustments.

Social Security Earnings Test

The Social Security benefit is reduced if earnings from wages or self-employment exceed the annual exempt amount. The Earnings Test applies to Social Security retirement benefits and survivor benefits. Earnings of the worker may affect the total family benefits. Earnings of individual family members affect only the benefit of that family member.

Earnings Limitation: 2016

Years Under Full Retirement Age	$15,720 ($1,310/month in year of retirement) The Social Security benefit is reduced $1 for every $2 earned above the limit.
Year Individual Reaches Full Retirement Age	$41,880 Applies only to earnings for months prior to attaining full retirement age. The Social Security benefit is reduced $1 for every $3 earned above the limit.
Full Retirement Age	No limit

Special Rule in First Year of Retirement

In the first year of retirement, a full Social Security benefit is payable for any whole month in which earnings do not exceed the monthly earnings limit shown above, regardless of the total earnings for the year.

Earnings

"Earnings" include wages and net self-employment income.

Income from pensions, Thrift Savings Plan, investments, interest, savings, capital gains, or other government benefits are **not included** in the earnings limitation.

In determining the earnings limitation, income from wages count in the year in which it is earned, not when in the year received. If a payment, such as a lump sum annual payment, is deferred to the following year, it should not be counted as income for the year that it is received.

Federal Taxes on Social Security

If you file a federal tax return as an individual and your combined income * is between $25,000 and $34,000, you may have to pay taxes on 50 percent of your Social Security benefits. If your combined income* is above $34,000, then up to 85 percent of your Social Security benefit is subject to income tax.

If you file a joint return, and you and your spouse have a combined income* that is between $ 32,000 and $44,000, you may have to pay taxes on 50 percent of your benefits. If your combined income* is more than $44,000, up to 85 percent of your Social Security benefits is subject to income tax.

***Combined income** is the sum of your adjusted gross income, plus nontaxable interest plus one-half of your Social Security benefits.

Income Tax Filing Status	Combined Income	Taxable Social Security
single taxpayer	less than $25,000 $25,000 - $34,000 more than $34,000	0 up to 50% up to 85%
married filing joint return	less than $32,000 $32,000 - $44,000 more than $44,000	0 up to 50% up to 85%
married filing separately and live with spouse	any amount	up to 85%

To have Federal Taxes Withheld from Your Social Security Benefit:
You are not required to have Federal taxes withheld from your Social Security benefit. You may file quarterly estimated tax payments or you may elect to have Federal income tax withheld from your benefit by completing IRS Form W-4V (Voluntary Withholding Request). Obtain IRS Form W-4V by calling 1-800-TAX-FORM (829-3676) or download the form from the Social Security website, http://ssa.gov.

For Additional Information
IRS Publication 915: Social Security and Equivalent Railroad Retirement Benefits is available by calling 1-800-TAX-FORM (829-3676) or you may download the publication from the IRS website: www.irs.ustreas.gov.

Contacting the Social Security Administration

Telephone Service: 1-800-772-1213

Automated telephone service is available 24 hours per day to request forms or publications, to obtain general information. Customer service representatives are available from 7 a.m. to 7 p.m. to answer questions by telephone.

Local Social Security Office

You may also visit your local Social Security Office to speak with a customer Service Representative. Call 1-800-772-1213 for the office nearest you.

Applying for Benefits

You may apply for you benefits on-line on www.ssa.gov. three months before you want your benefits to begin. You may also call 1-800- 772-1231 to make an appointment to apply for benefits. Applications can be taken over the telephone or at your local Social Security Office .

You will need the following information to apply for benefits:

- your Social Security number;
- your birth certificate;
- your W-2 or self-employment tax return for last year;
- military discharge, if you had military service,
- your spouse's birth certificate and Social Security number, if applying he or she is applying for benefits;
- children's birth certificate and Social Security numbers, if applying for children's benefits; and
- the name of your bank and account number for direct deposit of your payments.

You must submit original documents or copies certified by the issuing office. Social Security will make copies and return the originals to you.

Social Security Publications

The following publications can be obtained free of charge at any Social Security office or by calling the toll-free number 1-800-772-1213 or on the Social Security website, www.ssa.gov.

- Understanding Social Security (Pub.# 05-10024) An Overview of Social Security
- Retirement (Pub.# 05-10035) A guide to Social Security retirement benefits
- Disability (Pub.# 05-10029) A guide to Social Security disability benefits
- Survivors (Pub.# 05-10084) A guide to Social Security survivors benefits
- Medicare (Pub.# 05-10043) A guide to the Medicare programs

Social Security Internet Address: http://www.ssa.gov

Calculating the AIME: Past Social Security Earnings

(Worker attains age 62, dies, or becomes disabled in 2016 or later)

	A	B	C	D	E	F
Year	Maximum Taxable Amount	Enter Taxable Earnings	Index Factor	= Indexed Earnings	Substantial Earnings (WEP)	√ Sub. Earnings
1960	$ 4,800		11.60		$ 1,200	
1961	$ 4,800		11.37		$ 1,200	
1962	$ 4,800		10.83		$ 1,200	
1963	$ 4,800		10.57		$ 1,200	
1964	$ 4,800		10.16		$ 1,200	
1965	$ 4,800		9.98		$ 1,200	
1966	$ 6,600		9.41		$ 1,650	
1967	$ 6,600		8.92		$ 1,650	
1968	$ 7,800		8.34		$ 1,950	
1969	$ 7,800		7.89		$ 1,950	
1970	$ 7,800		7.51		$ 1,950	
1971	$ 7,800		7.15		$ 1,950	
1972	$ 9,000		6.52		$ 2,250	
1973	$ 10,800		6.13		$ 2,700	
1974	$ 13,200		5.79		$ 3,300	
1975	$ 14,100		5.39		$ 3,525	
1976	$ 15,300		5.04		$ 3,825	
1977	$ 16,500		4.75		$ 4,125	
1978	$ 17,700		4.40		$ 4,425	
1979	$ 22,900		4.05		$ 4,725	
1980	$ 25,900		3.71		$ 5,100	
1981	$ 29,700		3.37		$ 5,550	
1982	$ 32,400		3.20		$ 6,075	
1983	$ 35,700		3.05		$ 6,675	
1984	$ 37,800		2.88		$ 7,050	
1985	$ 39,600		2.76		$ 7,425	
1986	$ 42,000		2.68		$ 7,875	
1987	$ 43,800		2.52		$ 8,175	
1988	$ 45,000		2.40		$ 8,400	
1989	$ 48,000		2.31		$ 8,880	
1990	$ 51,300		2.21		$ 9,525	
1991	$ 53,400		2.13		$ 9,900	
1992	$ 55,500		2.03		$ 10,350	
1993	$ 57,600		2.01		$ 10,725	
1994	$ 60,600		1.96		$ 11,250	
1995	$ 61,200		1.88		$ 11,325	
1996	$ 62,700		1.79		$ 11,625	
1997	$ 65,400		1.69		$ 12,150	
1998	$ 68,400		1.61		$ 12,675	
1999	$72,600		1.53		$ 13,425	
2000	$76,200		1.45		$ 14,175	
2001	$80,400		1.41		$ 14,925	
2002	$84,900		1.40		$ 15,750	
2003	$87,000		1.36		$ 16,125	
2004	$87,900		1.30		$ 16,275	
2005	$90,000		1.26		$16,725	
2006	$94,200		1.20		$17,475	
2007	$97,500		1.15		$18,150	
2008	$102,000		1.12		$18,975	
2009	$106,800		1.14		$19,800	
2010	$106,800		1.12		$19,800	
2011	$106,800		1.08		$19,800	
2012	$110,100		1.05		$20,475	
2013	$113,700		1.04		$21,075	
2014	$117,000		1.00		$21,750	
2015	$118,500		1.00		$22,050	
		Total Indexed Earnings		$	# yrs.Sub. √	

Projecting Estimated Future Social Security

(Earnings in current dollars)

	A	B	C	D	E	F
Year	Maximum Taxable Amount	Enter Taxable Earnings	Index Factor	= Indexed Earnings	Substantial Earnings (WEP)	√ Sub. Earnings
2016	$118,500*		1.00		$ 22,050*	
2017	$118,500*		1.00		$ 22,050*	
2018	$118,500*		1.00		$ 22,050*	
2019	$118,500*		1.00		$ 22,050*	
2020	$118,500*		1.00		$ 22,050*	
2021	$118,500*		1.00		$ 22,050*	
2022	$118,500*		1.00		$ 22,050*	
2023	$118,500*		1.00		$ 22,050*	
2024	$118,500*		1.00		$ 22,050*	
2025	$118,500*		1.00		$ 22,050*	
2026	$118,500*		1.00		$ 22,050*	
2027	$118,500*		1.00		$ 22,050*	
2028	$118,500*		1.00		$ 22,050*	
2029	$118,500*		1.00		$ 22,050*	
2030	$118,500*		1.00		$ 22.050*	
		Total Future Earnings		$	# yrs.Sub. √	
		Total Previous Indexed Earnings		$	# yrs.Sub. √	
		Total Earnings Past & Future		$	# yrs.Sub. √	

* Figures will change in future years.

1. Calculate Your A.I.M.E.

Index Earnings:

1) Enter your actual earnings in column B, but not more that the amount shown in column A. (MTA) (Enter $0 for any calendar years in which you had no SS earnings.)
2) Multiply the amounts in column B by the "index factors" shown in column C. Enter the results in column D = "indexed earnings".

Average Monthly:

1) Cross out lowest earnings shown in column D in excess of 35 years.
2) Total remaining indexed earnings $_____
3) Divide by 420 (35 years times 12 months). ÷ 420

Result is **Average Indexed Monthly Earnings** over your lifetime = **AIME.** **$_____**

2. Estimate the Monthly Benefit

Primary Insurance Amount **Full Benefit Formula (No WEP)**	**Primary Insurance Amount** **Modified Formula Reduced for WEP** *** Identify WEP Factor (page 7)**
Multiply the first $856 of the AIME by 90% = _____ Multiply any amount of the AIME over $856 and through $5,157 by 32% =_____ Multiply any amount of the AIME over $5,157 by 15% =_____ Total = Primary Insurance Amount (PIA) = Normal Retirement Age Benefit = _____	Multiply the first $856 of AIME by _____ % =_____ Multiply any amount of the AIME over $856 and through $5,157 by 32% =_____ Multiply any amount of the AIME over $5,157 by 15% =_____ Total = Primary Insurance Amount (PIA) = Normal Retirement Age Benefit = _____
Adjustment for Age: Age 62 Social Security Benefit Multiply PIA by % shown on page 12 _____% Age 62 Benefit: = $_____	Adjustment for Age: Age 62 Social Security Benefit Multiply PIA by % shown on page 12 _____% Age 62 Benefit: = $ _____

Benefits Summary

Worksheets and Examples:

FERS Basic Benefit

Retiree Annuity Supplement

Social Security Benefits

Thrift Savings Plan

Summary - Worksheet

1) Identify date of first eligibility for full unreduced FERS retirement or date you plan to retire:

MRA - 30 years of service
60 - 20 years of service
(Law Enforcement Officers and Firefighters: 50 - 20 years / any age - 25)

Project number of years and months of service on date of retirement.

2) Estimate **FERS Basic Benefit:**

1% of high-3 average salary for each year of creditable service and unused sick leave:

$_____ X _____% = $_____ per year*

If age 62 with 20 or more years of service and sick leave combined, calculation is:
1.1% of high-3 average salary for each year of creditable service and unused sick leave:

$_____ X _____% = $_____ per year*

(*This does not reflect reduction for survivor benefit.)

3) Estimate **Retiree Annuity Supplement**:
This is payable from MRA until age 62 and subject to earnings limitations.

Multiple age 62 Social Security benefit estimate (ssa.gov) number of years of FERS civilian service /40.

$_____ per month = $ _____ per year

4) Review **Social Security Benefit Estimates** (ssa.gov)
Full Retirement Age (65-67) $_____
Reduced Benefits (age 62) $_____
Delayed Retirement (age 70) $_____
= $_____ per year

5) Estimate **potential TSP monthly payments** based upon account balance.

See TSP.gov. Retirement Income Calculator.

TSP Account Balance: $_____

Monthly Payments: $_____ = $_____ per year
OR
Monthly Annuity: $_____ = $_____ per year

Total = $_____ per year

Examples: Potential Retirement Income

Salary

Net salary after retirement and TSP contributions:
Example: 57 years old / $60,000 salary

Annual Salary:	$ 60,000
Less 6.2% SS:	$ 3,720
Less 0.8% FERS:	$ 480
Less 1.45% Medicare:	$ 870
Less TSP (If 10% cont.)	$ 6,000
Net Income (before tax)	$ 48,930

Potential Retirement Income

Projected Retirement Benefits:
Example # 1: 57 years old / $60,000 average salary / 30 years of service

FERS Basic Benefit: 30% of $60,000 — $18,000 per year
(This does not reflect reduction for survivor benefit.)

Retiree Supplement: (Paid from 57 to 62)
30/40 of Age 62 SS
If Age 62 SS = $1,600 per month $1,200 per month = $14,400 per year
$32,400 per year

TSP: TSP Account Balance $_____
Monthly Payments X 12 = Annual income $_____ per year
See TSP.gov - Retirement Income Calculator

Total **$_____ per year**

Projected Retirement Benefits:
Example #2: 62 years old / $60,000 average salary / 30 years of service

FERS Basic Benefit: 33% of $60,000 — $19,800 per year
(This does not reflect reduction for survivor benefit.)

Social Security: (Age 62 reduced benefit. See ssa.gov)
If Age 62 SS = $1,600 per month $19,200 per year
$39,000 per year

SP: TSP Account Balance $_____
Monthly Payments X 12 = Annual income $_____ per year
See TSP.gov - Retirement Income Calculator

Total **$_____ per year**

Worksheet: Potential Retirement Income

Salary

Net salary after retirement and TSP contributions:

Annual Salary:	$ _____
Less 6.2% SS:	$ _____
Less 0.8% FERS:	$ _____
Less 1.45% Medicare:	$ _____
TSP contribution:	$ _____
Net Income (before tax)	$ _____

Potential Retirement Income

Projected Retirement Benefits:

FERS Basic Benefit:	$ _____ per year
Retiree Supplement: (Paid from 57 to 62)	$ _____ per year
Social Security Benefit:	$ _____ per year
TSP Withdrawals:	$ _____ per year
Total:	$ _____ per year

Financial Planning for Retirement

Goals and Objectives

Planning for Retirement

Appropriate Use of Debt

Investing and IRAs

Estate Planning

Life Insurance

Long Term Care Insurance

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Identify Your Goals

The success of your financial plan is measured by your progress toward your highest priority goals.

The first step is to list all your financial goals:

- big ticket items
- irregular expenses
- wish-list sorts of things

Once you have a list of what you're trying to accomplish, take another few minutes to acknowledge which goals are more important than the rest.

Next, list them chronologically in order to get a sense of how to structure your rate of savings.

You can then test your spending habits to see if your paycheck-to-paycheck behavior is helping to protect these goals or whether some changes need to be made.

List your current and future financial goals.
What is your highest priority?

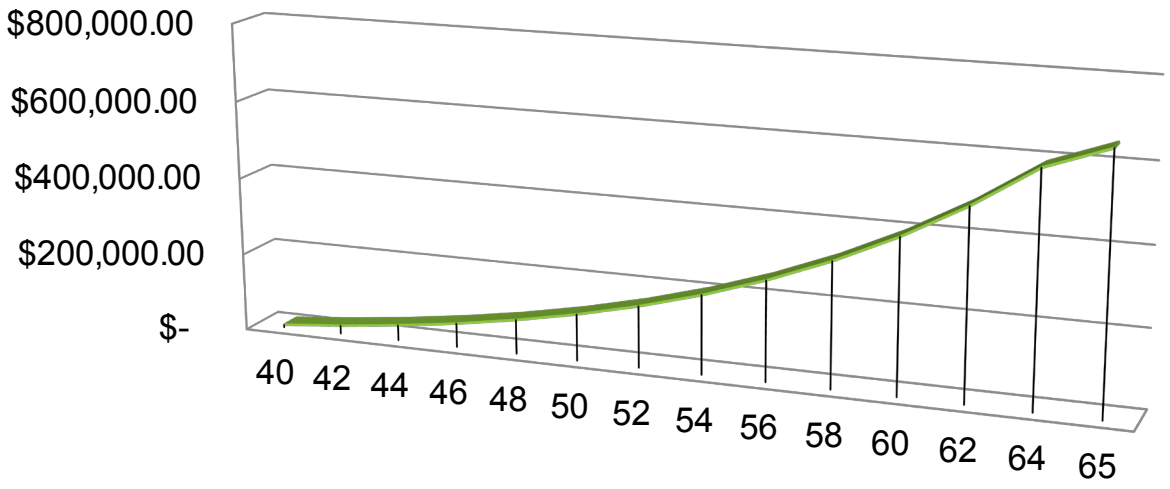
Right now, what is most important to you?

Being retired for 30 years is a big, audacious goal, and it is easier to be successful when you have enough money. The retirement income you receive will depend on how much you contribute and how you allocate your money among the various investment choices.

You can do it through TSP:

If an employee begins contributions at age 40
10% contributions
$60K salary
Annual increase of 2.5%
8% annual rate of return

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



My Goals

Big Ticket Items:

1.

2.

3.

Irregular Expenses:

1.

2.

3.

Wish List:

1.

2.

3.

The Big Four

The four signs that you're on track for a financially secure retirement:

1. You live within your means.
2. Your assets are increasing year-to-year.
3. Your reliance on debt is decreasing year-to-year.
4. Your estimated retirement cash flow indicates that your basic living needs will be met without depleting assets too quickly.

Are you living within your means? In other words, can you meet your needs without spending more than you earn?

Taking out a mortgage for the purchase of a home may put you in debt for as long as 30 years; but this type of debt comes with benefits. The interest you pay on the loan may be deducted from your taxable income, and the equity may be used for future loans. The purchase of a home is considered a "need."

Buying recreational items on credit is very different. By doing this, you're going into debt to buy non-essential things. These are "wants". Paying for everyday items by going into debt limits your choices because you're constantly caught paying for yesterday instead of moving toward tomorrow. Simply put, you're robbing yourself, and your future.

It can be challenging at first, but you can't retire until you've mastered the art of living within your means.

The Balance Sheet and the Cash Flow Statement

These are two important tools for preparing for retirement.

Balance Sheet

The balance sheet gives you a one-time snapshot of your assets and debts.

Asset: these are items you own and can be separated into three categories:

Cash and cash equivalents:
These are considered liquid assets and generally can be converted into cash with little or no loss of principal: checking or savings accounts, CDs, money market funds.

Invested assets:
These are considered market based assets and have no guaranteed value. Examples are stocks, bonds, mutual funds, real estate, collectibles, etc.

Use assets:
Often referred to as tangible or lifestyle assets, these include property that can't be used to meet financial obligations such as a residence, automobiles and household furnishings.

Debt: this category is any liability that you are currently assuming, such as a mortgage balance, auto loan balance, credit cards, etc.

Mortgage debt:
Is treated differently than all other debt.

Cash Flow Statement

While a balance sheet indicates what you currently own and owe at any specific point in time, the cash flow statement shows the inflow and outflow of money over a specific period time, usually monthly or yearly.

Inflow: includes all the dollars you have coming in (income). Salaries, wages, Social security benefits, pension payments, retirement income, rental income, interest and dividend income, loan proceeds, tax refunds, grants, trust income, alimony, child support, etc.

Outflow: includes all the dollars you have going out, and can be divided as fixed or variable. Fixed outflows are relatively predictable and reoccurring, while variable outflows are less predictable and controllable.

Fixed: housing, insurance, loan payments, child support

Variable: medical/dental expenses not covered by insurance, child care, food, personal care, contributions, utilities, housing maintenance, entertainment, vacations, taxes, etc.

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

www.quicken.com
www.mint.com

Organize

The cash flow you assume in your head is probably different from the reality that you live. This is why organizing your cash flow is paramount to good planning.

Analyze

It is important to analyze your cash flow at least once a year.

If Cash Flow is:

Negative: You are not earning enough cash to sustain your current lifestyle. Most likely you are subsidizing the shortfall with debt.

Exactly Zero: You can barely sustain your current lifestyle. If you do not have a savings buffer and if you become unable to work or your income streams suddenly stops then your lifestyle will be severely affected.

Positive: This is a requirement for a comfortable retirement. You are living within your means and working toward your goals.

Inflow/Outflow Ratio:

The Inflow/Outflow Ratio can provide some useful insight into your financial health.

To get the Inflow/Outflow Ratio, you take your Total Cash Inflow divided by Total Cash Outflow.

For Example:
Alex earns a salary of $60,000, he receives an additional $5,000 in rental income and $2,000 in interest/dividend income.

After tracking fixed and variable expenses, Alex determines that they total $68,000

$$\frac{\text{Inflow: \$67,000}}{\text{Outflow: \$68,000}} = 0.99$$

Less than 0.80: You are spending a lot more than you can afford. One of the first things you can do is to put a stop on all of your spending immediately. Spend only if you have to.

Between 0.81 to 0.99: You are slightly overspending. You should be able to cut some excess spending.

Between 1.0 to 2: You are spending less than you earn. Congratulations! Save your extra cash and invest in your retirement.

If your ratio is 2: This means that in 1 year, you are earning enough money for 2 years' spending.

If your ratio is 3: This means that in 1 year, you are earning enough money for 3 years' spending.

Track your expenses using a monthly budget

Financial peace of mind is not determined by how much you make, but is dependent on how much you spend.

Personal Monthly Budget

PROJECTED MONTHLY INCOME	Income 1			**PROJECTED BALANCE (Projected income minus expenses)**			
	Extra income						
	Total monthly income			**ACTUAL BALANCE (Actual income minus expenses)**			
ACTUAL MONTHLY INCOME	Income 1			**DIFFERENCE (Actual minus projected)**			
	Extra income						
	Total monthly income						
HOUSING	Projected Cost	Actual Cost	Difference	**ENTERTAINMENT**	Projected Cost	Actual Cost	Difference
Mortgage or rent				Movies			
Phone/Internet				Concerts			
Electricity				Sporting events			
Gas				Theater			
Water and sewer				Travel			
Waste and recycle				Other			
Maintenance or repairs				Other			
Subtotals				Other			
TRANSPORTATION	Projected Cost	Actual Cost	Difference	***Subtotals***			
Vehicle payment				**LOANS**	Projected Cost	Actual Cost	Difference
Public Transportation				Personal			
Insurance				Student			
Fuel				Credit card			
Maintenance				***Subtotals***			
Subtotals				**TAXES**	Projected Cost	Actual Cost	Difference
INSURANCE	Projected Cost	Actual Cost	Difference	Federal			
Home				State			
Health				Local			
Life and disability				Other			
Subtotals				***Subtotals***			
FOOD	Projected Cost	Actual Cost	Difference	**SAVINGS OR INVESTMENTS**	Projected Cost	Actual Cost	Difference
Groceries				Retirement account			
Dining out				Investment account			
Subtotals				***Subtotals***			
PETS	Projected Cost	Actual Cost	Difference	**GIFTS AND DONATIONS**	Projected Cost	Actual Cost	Difference
Food				Charity 1			
Medical				Charity 2			
Grooming				***Subtotals***			
Subtotals				**LEGAL**	Projected Cost	Actual Cost	Difference
PERSONAL CARE	Projected Cost	Actual Cost	Difference	Attorney			
Medical				Alimony			
Hair/nails				Child Support			
Clothing				***Subtotals***			
Dry cleaning				**TOTAL PROJECTED COST**			
Health club				**TOTAL ACTUAL COST**			
Subtotals				**TOTAL DIFFERENCE**			

Planning is an Ongoing Process

Good financial planning is an ongoing, collaborative process that reflects your changing personal circumstances as well as fluctuations in the economy and capital markets.

Your financial plan should be designed to reflect your life, your dreams, and the personal legacy you want to leave.

Assessing your current financial situation, understanding your goals and aspirations, and determining your tolerance for risk are at the heart of financial planning.

Your financial plan won't be a one-size-fits-all document that sits on a shelf gathering dust. The key to a successful financial plan is its flexibility.

This means that you will need to revisit your plan at certain intervals to see that you are still on track. This allows you to make changes as needed. Reviewing and revising your plan is how it becomes something useful.

Many changes occur in a year. It is important to make the time in your life to sit down to review and update your balance sheet.

Your spending plan is just that - a plan, and as your life changes and things happen, your plan will need to change.

An important step in creating a financial plan is adjusting it to your ever-changing reality.

Tax time is a good time for updating your goals, balance sheet and cash flow data.

Some items to think about when updating your financial plan each year

Since your last review, have you ...	Yes	No
Been married, divorced, separated or widowed?	❐	❐
Had or adopted a child?	❐	❐
Lost a child or grandchild?	❐	❐
Added dependents (aging parents, children returned home)?	❐	❐
Loaned money to your children?	❐	❐
Bought a home?	❐	❐
Acquired new property such as a rental or vacation home?	❐	❐
Increased / decreased your net worth significantly?	❐	❐
Received an inheritance or significant gift?	❐	❐
Made a substantial gift?	❐	❐
Thought about making a planned gift?	❐	❐
Started a business?	❐	❐
Bought life insurance?	❐	❐
Moved to a new state?	❐	❐
Gained or lost employment? Changed jobs?	❐	❐
Purchased or considered purchasing international property?	❐	❐
Retired?	❐	❐
Started a regular investment vehicle?	❐	❐

How Much Can You Spend?

Appropriate Spending in Retirement

The 4% Rule (adjusted annually for inflation) has become somewhat of an industry standard for a safe retirement withdrawal rate. But, like any other rule of thumb, certain problems are presented when situations differ from the ideal. Timing is everything. Due to unpredictable market fluctuation, two individuals with identical portfolios who retire just one year apart can experience dramatically different results.

So What is a Proper Withdrawal Amount?

No risk-free solution to a safe withdrawal rate exists. As you plan for retirement and develop your appropriate withdrawal rate, be mindful of some key factors that may guide you to spend more or less in any given year:

- Your health may decline as you get older. You may need to spend less in the beginning of retirement to cover increasing expenses, particularly if you don't have a significant other or long-term care insurance.
- You may outlive your average life expectancy.
- The market may take a severe downturn shortly after you retire.

No one can predict the future.

The best financial plans are flexible. When planning for your retirement, you must build in flexibility.

Delayed Retirement

Individuals working full-time until at least the age of 66 could enjoy a retirement income 1/3 higher than if they had retired at 62 (Brookings Institute, 2008). This striking increase is driven by multiple factors:

- Boosting monthly Social Security benefits
- Allowing workers to build up larger 401(k) and TSP balances
- Reducing the period over which retirees must rely on their retirement assets

Protect Your Goals

- Are you behaving like someone trying to protect the goal of retiring comfortably?
- How long do you need to make my money last?
- How expensive are you?

Factors To Be Mindful Of

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

Intergenerational Planning

- Are you supporting anyone? Will you be?
- Get documents in order
- Plan beyond finances
- Long-term care insurance; who needs it? Who pays?
- Have a plan - share the plan - follow the plan

Estimated Income Requirements

	Total Current Cost	Total Cost IR	Total Difference

	Current Cost	Cost IR	Difference
Housing			
Mortgage or rent			
Second mortgage or rent			
Phone			
Electricity			
Gas			
Water and sewer			
Internet			
Trash/Recycle			
Maintenance or repairs			
Supplies			
Subtotals			
Transportation			
Vehicle 1 payment			
Vehicle 2 payment			
Public Transportation			
Insurance			
Licensing			
Fuel			
Maintenance			
Subtotals			
Insurance			
Home			
Health			
Life			
Subtotals			
Food			
Groceries			
Dining out			
Subtotals			
Children			
Medical			
Clothing			
School tuition			
School supplies			
Activity dues			
Lunch money			
Child care			
Toys/games			
Subtotals			
Pets			
Food			
Medical			
Grooming			
Toys			
Subtotals			
Personal Care			
Medical			
Hair/nails			
Clothing			
Dry cleaning			
Health club			
Organization dues or fees			
Subtotals			

Projected Retirement Income	
Income 1	
Income 2	
Extra income	
Total monthly income	
Actual Retirement Income	
Income 1	
Income 2	
Extra income	
Total monthly income	
Projected balance (Projected income minus expenses)	
Actual balance (Actual income minus expenses)	
Difference (Actual minus projected)	

	Current Cost	Cost IR	Difference
Entertainment			
Movies			
Concerts			
Sporting events			
Theater			
Travel			
Other			
Subtotals			
Loans			
Personal			
Student			
Credit card			
Credit card			
Credit card			
Subtotals			
Taxes			
Federal			
State			
Local			
Subtotals			
Savings or Investments			
Retirement account			
Investment account			
College			
Subtotals			
Gifts and Donations			
Charity 1			
Charity 2			
Subtotals			
Legal			
Attorney			
Alimony			
Payments on lien or judgment			
Subtotals			

Retirement Checklist

LIFESTYLE			
Key Consideration	**Question**	**Answer**	**Notes**
Preferred style of living	Where do you plan to live after retirement?		
Preferred style of living	Do you plan to finish life at home or in assisted living?		

HEALTH			
Key Consideration	**Question**	**Answer**	**Notes**
Health insurance	What level of benefits will be required in a worst-case scenario?		
Medical	Have you compiled a list of your medical history, physicians, and current medication prescriptions?		
Long-term care	Does your family have a history of debilitating illness and/or long life expectancy?		

FINANCES			
Key Consideration	**Question**	**Answer**	**Notes**
Asset listing	Have you compiled a list of all the assets you or your spouse (if applicable) own? Do you update this list monthly?		
Asset protection	Based on a conservative investment strategy, will returns be enough to support your desired style of living?		
Tax minimization	At what tax rate will you be taxed during your later years?		
Life insurance	How do you plan to protect your beneficiaries?		
Estate planning	How do you want to pass your assets on to the next generation?		

LEGAL			
Key Consideration	**Question**	**Answer**	**Notes**
Friends and family	Have you compiled a list of contact information for your closest family and trusted friends?		
Wills	Do you have an updated will and living will prepared?		
Power of attorney (POA)	Who will handle your will or living will?		

Housing Considerations

After you have determined your cash flow, you can explore your housing options. Your primary concerns should be affordability and accessibility.

How Much Can You Spend on Housing?

The general rule is that housing should not exceed 33% - 40% of your total income while working. In retirement it should be less. After taxes and housing costs, transportation and food are generally the next largest expenditure categories in a budget. The quickest way for a spending plan to falter is to overspend in these areas. If overspending occurs, it becomes almost impossible to make up the difference in the smaller categories.

Some excellent online tools:

Cost of Living Calculator:
http://www.homefair.com/real-estate/compare-cities/

Renting vs. Buying Calculator:
http://www.realtor.com/mortgage/tools/rent-or-buy-calculator/

If You Can Buy a House With Cash, Should You?

The answer depends on a few more specifics: what your cash flow will be in retirement, whether you will need extra cash on hand for other things, and what interest rates are at the time you take the loan.

The benefit of paying for a house with cash is no monthly payment. But having that cash in the bank gives you tremendous flexibility to withdraw from various retirement accounts in the most tax-advantageous way possible. Taking a small mortgage might be a good compromise for a young retiree. You'll have a small mortgage that can be paid off once you are a few years into retirement ***and*** the flexibility of extra money if an opportunity or problem occurs.

One additional item to consider is whether you'll get any tax deductions from your mortgage payments. With a small mortgage, your interest payments may or may not amount to more than the standard deduction. To get any benefit from the federal income tax deductions, your interest payments on your mortgage along with your real estate tax payments must exceed your standard deduction. For 2016, the maximum standard deduction for most married taxpayers is $12,600.

Home Health Care

Home health care assistance ranges from the care of one's most basic needs to specialized treatments. Costs can range from $50 to $150 per day. When choosing a home health care provider, look for:

1. Company licensing and insurance
2. Experience with your specific needs
3. Employee training and screening

A home health care provider is usually considered an employee by the IRS, so there is a duty to pay taxes on their wages. It is also worth noting that home health care may be a deductible expense.

Continuing Care Retirement Communities

This includes independent housing, assisted living, and nursing home facilities that allow the client to move as their health care needs change. When considering a retirement community, the determining factors should be cost, location, and comfort.

The average cost for a private room with basic care is over $80,000 per year (John Hancock 2013 Cost of Care Survey). Health insurance and insurance supplements rarely pay for assisted living. Medicare pays for a limited time, based on limited eligibility. Medicaid might pay, but a means test must be met based on your state's poverty criteria, and the level of care is set by each state's guidelines.

Be prepared to pay for your own care.
You must plan ahead.

Appropriate Use of Debt

One sign that you are ready to retire is that you are done relying on debt. Misuse of debt is the biggest problem facing pre-retirees today.

Credit Card Debt
Credit card debt should be paid in full each month. By carrying a credit card balance your money is working for the credit card company, not you.

Pay in full!
No late fees!
No interest!

It's Impossible to Get Ahead:
5 Year, $5,000 Balance, 12% APR, 2% minimum monthly payment

Total	Payment	Interest	Balance	Balance
Yr 1:	$1,136	$568	$568	$4,432
Yr 2:	$1,007	$504	$504	$3,928
Yr 3:	$893	$446	$446	$3,483
Yr 4:	$791	$396	$396	$3,086
Yr 5:	$701	$351	$351	$2,736

Paying it back

The best way to tackle credit card debt is to get organized. Write down your balances, interest rates and due dates. Know when minimum payments are due and pay them on time.

Find a plan that works for you and stick to it.

- **Pay off the highest APR first:** makes most financial sense
- **Pay off the lowest balance first:** for motivation
- **Consolidate:** pay more than minimum, don't cheat

If your debt will take longer than 3 years to pay off, you may need help. Consumer credit counseling can be found at www.nfcc.org.

Managing Family Debt

Children

Using debt appropriately is an essential life-long skill. Understanding the concept of good financial planning is a complex process—the earlier one gets started, the better. Once they learn how money works, children often display an instinctive conservatism. An allowance can be an effective teaching tool. When your children are young, giving them small amounts of money helps them prepare for the day when the numbers will get bigger.

The lessons shouldn't stop when they become teens. Teaching high school age children about banking and credit will make them more savvy when they leave the nest. Teens can and should be taught about the money. Having conversations and sharing information about spending will encourage children to develop good money habits.

Adult Children

Help your children avoid the credit card trap. It can be tempting to pay off credit cards for them, but in the long run opting to pay for something very essential like their medical insurance is a wiser choice.

- 84% of undergrads have credit cards
- 50% have 4 or more cards
- Average student loan debt per undergrad is $30,000 upon graduation

Senior Citizens

Keep a close eye on aging parents. You may want to step in and offer to take over their day-to-day bill paying before you need to, or before it's too late. By the time the need is apparent, the damage may already done. Older adults who live on fixed incomes may have turned to their credit cards to pay for increasinly expensive medical treatment, gas, food and other necessities.

- A third of older households used credit cards to pay for basic living expenses such as rent, mortgage payments, groceries or ulitities.
- Middle-income Americans age 50 and older are carrying more credit card debt on average than younger people. Older households carried an avearge credit card balance of $8,278 in 2012. For those under 50, credit card debt averaged $6,258.
- Nearly one in five (18%) older Americans nearing retirement said they dipped into retirement funds to pay down credit card debt.

(AARP, Demos 2012 National Survey)

Loans

Education

In 2013, 70% of graduating seniors left school with student loan debt. On average, the debt from a four year university was around $30,000 (USNews and World Report).

We recommend the two-year payback rule. Taking out loans for education can be an investment, but only if you invest wisely. While it may be impossible to make a completely accurate prediction, evaluate your current financial situation, your financial situation while in school, and your options upon graduation to determine if you will be able to pay back the money you have borrowed within two years of graduation.

Students should consider supplementing loans by working full or part-time. Also, put forth the effort to find scholarships and fellowships. And finally, look into alternative forms of education like night classes, on-line classes, and community college credits that will later transfer to major universities.

Auto

When does it make sense to get a car loan?

It is always better to be prepared to pay cash but sometimes a loan makes sense.

The popular “0% interest” isn’t necessarily that great. Usually, hidden fees will more than make up for the savings in interest.

When considering a loan, make sure to look for low interest with a short payback – no more than two years. Look at credit union rates and other lending options.

Borrowing from your Thrift Savings Plan (TSP)

You can borrow from your TSP account if:

1. You have at least $1,000 of your own contributions and associated earnings in your account. Agency contributions (and earnings on that money) cannot be borrowed.
2. You are currently employed as a federal civilian employee or member of the uniformed services. (Separated and retired TSP participants are not eligible.)
3. You are in pay status – not retired. (Loan payments are deducted from your pay.)
4. You have not repaid a TSP loan (of the same type) in full within the past 60 days.
5. You have not had a taxable distribution on a loan within the past 12 months, unless the taxable distribution resulted from your separation service.

Borrowing from your TSP may result in sacrificing potential growth; tax deferred growth and compounding of earnings and contributions. Further, you should take into consideration lost opportunity costs, a 10% early withdrawal penalty if the account owner is younger than 59 1/2 at time of loan default, and mandatory repayment before retirement or leaving federal service.

Should you borrow from my TSP plan?

How much do you want to borrow from your TSP plan?	$ 5,000
What rate of return do you expect to earn from your TSP investments?	8 %
What interest rate will you pay on your loan?	4 %
How long will you take to pay back the loan?	4 years
How many years will it be until you retire?	35 years

If loan is repaid on time you will lose: $ 18,739
Lost opportunity is a real cost

Financial Planner's Advice: Don't borrow unless the money is for the first home down payment and you are younger than 35.

Mortgage

Always shop around for the best deal. Shopping, comparing, and negotiating may save you thousands of dollars. Obtain all important cost information. Know how much of a down payment you can afford, and find out all the costs involved in the loan. Knowing just the amount of the monthly payment or the interest rate is not enough.

The following information is important to get from each lender or broker:

Rates

Ask each lender and broker for a list of its current mortgage interest rates and whether the rates being quoted are the lowest for that day or week.

- Ask whether the rate is fixed or adjustable.
- On an adjustable-rate loan, ask how your rate and payment will vary.
- Ask about the loan's annual percentage rate (APR). The APR takes into account not only the interest rate but also points, broker fees, and certain other credit charges

Points

Points are fees paid to the lender or broker for the loan and are often linked to the interest rate.

- Ask for points to be quoted to you as a dollar amount.

Fees

A home loan often involves many fees, such as loan origination or underwriting fees, broker fees, and transaction, settlement, and closing costs. Every lender or broker, by law, should be able to give you an estimate of its fees. Many of these fees are negotiable

Down payments and private mortgage insurance

Some lenders require 20 percent of the home's purchase price as a down payment.
If a 20 percent down payment is not made, lenders usually require the home buyer to purchase private mortgage insurance (PMI) to protect the lender in case the home buyer fails to pay. If PMI is required for your loan, ask:

- What the total cost of the insurance will be?
- How much your monthly payment will be when including the PMI premium?
- How long you will be required to carry PMI?

Should You Pay Off Your Mortgage Before Retirement?

Pros

- Will reduce the need for cash flow in retirement.
- Peace of Mind
- Sense of Accomplishment

Cons

- Time Value of Money
- Potential Better Rate of Return Elsewhere
- Flexibility

Reverse Mortgages

A reverse mortgage is a loan that lets you convert a portion of the equity in your home into cash. The equity that has built up over years of home mortgage payments can be paid to you. But unlike a traditional home equity loan or second mortgage, no repayment is required until the borrower(s) no longer use the home as their principal residence. You do not need to repay the loan as long as you or one of the borrowers continues to live in the house and keeps the taxes and insurance current. When you sell your home, you or your estate will repay the cash you received from the reverse mortgage plus interest and other fees, to the lender. The remaining equity in your home, if any, belongs to you or to your heirs.

The amount you can borrow depends on your age, the current interest rate, and the appraised value of your home or FHA's mortgage limits for your area, whichever is less.

When does a Reverse Mortgage make sense?
Rarely.

The following example is a true story from the Washington Post (Sept. 2009):

A married couple in their 70s could not afford their mortgage. Their home was valued at $125,000, and the mortgage stood at $75,000. A $92,000 Reverse Mortgage was decided on, which would pay off the existing mortgage, as well as transaction costs and provide them $6,000 cash. However, the 2009 FHA Reverse Mortgage reduction limited the amount available to them to $83,250; probably not enough to cover the old mortgage and pay procedural costs. Further, they would have completely converted the equity in their home.

Is a Reverse Mortgage really the best answer to their problems?
Selling would be a better alternative to this reverse mortgage scenario.

Home Equity Line of Credit

A home equity loan is a loan that uses your home as collateral. The part of your home that you actually own is the guarantee for your loan. Since your home guarantees your loan, if you default on the payments, you could lose your home. While most home equity lines of credit have a variable interest rate, a fixed interest rate is sometimes be available. A home equity line of credit is 'revolving', meaning you can borrow money, pay off the borrowed money and then re-borrow that money

A lower interest rate and tax deductions are the two major advantages home equity loans have over other types of debt. Since a home equity loan is secured by your home, it poses less risk to a lender than does a non-secured personal loan or credit cards. This lower risk is passed on to you in the form of a lower interest rate. The interest you pay on the first $100,000 you borrow is tax deductible.

If you're undisciplined and have an unexpected health issue, you could lose your home.

Getting Serious About Debt Reduction

A debt elimination calendar can help you reduce or eliminate debt. List the payment for the debt you want to pay off first and continue across the columns. Next, list the due date. After you have repaid the first creditor, add that amount to the next creditor, continue this process until all loans are repaid.

Credit Control List

Period from [date] to [date]

Account #	Account Name	Date Opened	Credit Line	Credit Available	Credit Used	Up To Date	30 days	60 days	90+ days
		TOTALS							

Investing and IRAs

An ideal investment should have four characteristics:

1. Complete Safety
2. Liquidity
3. High Yield
4. Growth (Greater than inflation)

Unfortunately, no single investment vehicle exists that satisfies all of these characteristics. Your task is to combine those investment characteristics best suited to your needs.

Below are a few factors to consider when choosing among different investments:

Security of Principal: For many investors, security of principal and income is the most important factor. The four most commonly recognized risks are:

Financial Risk: The issuers of the investments may experience financial difficulties and not be able to live up to their promises or expectations.

Market Risk: The result of price fluctuations for a whole securities market, for an individual group, or for an individual security.

Interest Rate Risk: The price changes of existing investments because of changes in the general level of interest rates in the capital markets.

Purchasing Power Risk: Involves the uncertainty of future purchasing power of the income and principal from an investment

Rate of Return (yield): The purpose of investing is to earn a return on your capital. This return can take a variety of forms including interest, dividends or capital gains. Investors normally want to maximize their total investment returns. Increasing investment risks will be directly related -- the higher the yield, the greater the risk.

Diversification: The basic purpose of diversification is to reduce or minimize an investor's risk or loss. It is primarily a defensive type of investment policy.

To achieve investment success, it is important to tie your investment strategy to your individual financial needs and objectives, be knowledgeable of tax effects, and allow time to work in your favor.

The Time Value of Money

Start saving and investing early. When you put money in savings or investments, the amount you save or invest is the principal. The principal earns interest, which is added to the original principal. This process is called compounding. The following chart detail the dramatic growth that results from early contributions to a Traditional IRA.

Here is a dramatic example of why it pays to start saving and investing early.

Imagine the following scenario:

Alletta starts investing $1,000 a year at the age of 22 in a tax-deferred individual retirement account (IRA). Tax-deferred means the earnings and the principal aren't taxed until the money is withdrawn, usually years later.

Alletta quits putting money in the IRA after nine years, at age 31, but leaves her money so it will continue growing until she reaches retirement age.

Her twin brother, Cory, doesn't start investing $1,000 until age 31. But once he starts, he invests $1,000 in his IRA every year for 34 years, until he reaches retirement age.

Alletta and Cory both earn 9 percent annually on their IRAs. Who has the most money accumulated in their IRA for retirement at age 65?

Look at the chart below—you may be surprised.

	Alletta's IRA	Cory's IRA
Interest rate	**9%**	**9%**
Number of years of contributions	9	34
Age when investing/saving	**22 – 31**	**31–65**
Total Amount contributed	**$1,000 per year for 9 years (or $9,000)**	**$1,000 per year for 34 years (or $34,000)**
Future value @ age 65	**$243,863**	**$196,982**

Traditional IRA vs. Roth IRA

	Traditional	Roth
Who is eligible?	Any person with earned income who is under 70 ½ years old A nonworking spouse under age 70 ½ who files a joint return that includes earned income	Single Filer, with MAGI: less than $117,000 - full contribution less than $132,000 - partial contribution greater than $132,000 - not eligible Joint Filer, with MAGI: less than $184,000 - full contribution less than $194,000 - partial contribution greater than $194,000 - not eligible Married, filing separately with MAGI: no income – full contribution less than $10,000 – partial contribution more than $10,000 – not eligible
Maximum Annual Contribution	$5,500 $1,000 additional contribution if 50 years old or older	$5,500 $1,000 additional contribution if 50 years old or older (subject to modified adjusted gross income phase out range)
Deductible Contributions	Single filer, retirement plan participant with MAGI of: $61,000 or less – fully deductible $71,000 or less – partial deductible $71,000 or more – nondeductible Single filer, no retirement plan participation Fully deductible Joint filer, retirement plan participant with MAGI of: $98,000 or less – fully deductible $118,000 or less – partial deductible $118,000 or more – nondeductible Joint filer, no retirement plan participation with MAGI of: $184,000 or less – fully deductible $194,000 or less – partial deductible $194,000 or more – nondeductible	NONE of the contribution is tax-deductible 2016 Tax Year

	Traditional	Roth
Distributions	Distributions from contributions and earnings can be taken after 59 ½ without penalty Mandatory withdrawals must begin at age 70 ½ <u>Premature distributions are subject to a 10% penalty unless:</u> You're 59 ½ - Disabled - Substantial and equal periodic payments - Used to pay certain medical bills - Health insurance premiums during at least 12 weeks of unemployment - Purchase of a first home (10K limit) - Certain military personnel - Beneficiary of a deceased IRA owner Distributions to your beneficiaries are exempt from the 10% penalty	Distributions from contributions can be made at any time without taxes or penalty Distributions from earnings are tax-free after: 5 years from initial contribution - You're 59 ½ - Disabled - Purchasing first home Payments made to your beneficiaries after the 5 year periods are also tax and penalty free. Payments made before the end of the 5 year period are penalty free Distributions from earnings are not subject to the 10% penalty as long as you qualify for the same traditional IRA exemptions Distributions from a conversion amount must satisfy a 5 year investment period to avoid the 10% penalty
Required Minimum Distributions	Must begin no later than April 1st of the year following the year you turn 70 ½	No RMD applies before your death After death, traditional IRA distribution rules apply for your beneficiaries

Conversion

Beginning January 1, 2010 all individuals - no matter their age or income - will be permitted to convert a traditional IRA to a Roth IRA. One consequence of the conversion to keep in mind is the Federal and State taxes due. When an individual converts a traditional IRA into a Roth IRA, the individual has to pay income tax on all pre-taxed contributions and tax-deferred earnings that are included in the converted amount.

Federal and State Income Taxes

With a conversion of a traditional IRA to a Roth IRA, federal and state income taxes must be paid on any pre-taxed contributions and any accrued earnings in the traditional IRA. The trickiest part of paying tax in a Roth conversion involves the IRS' "pro-rata" rule. Under the "pro-rata" rule, a traditional IRA owner cannot arbitrarily choose which IRA assets to convert.

The following example will help in understanding the "pro-rata" rule associated with Roth IRA conversions:

- Sam, a federal employee, has a rollover (traditional) IRA from a previous employer's pension plan with a balance of $300,000.
- Sam also has a traditional IRA with a current value of $60,000.
- The traditional IRA consists of $20,000 in accrued earnings and $40,000 in nondeductible (previously taxed) IRA contributions made over a period of years between 1987 (when nondeductible traditional IRAs started) and 2008.
- Sam would like to convert the already taxed $40,000 to a Roth IRA and not pay any taxes.
- But instead Sam must follow the "pro-rata" rule.

The IRS requires that Sam must first combine the balances of all of his traditional IRAs: in this case $360,000.

Then he must divide his nondeductible contributions of $40,000 by $360,000.

This gives Sam the percentage of 11.1 percent of any conversion that is tax-free.

So if Sam wants to convert $50,000 of his traditional to a Roth during 2010, then the amount of the conversion that will be tax-free is:

11.1% of $50,000 = $5,556

That means that of the $50,000 being converted, Sam will have to pay federal and state income taxes on $50,000 less $5,556, or $44,444 of income.

Advantages to Converting to a Roth IRA

- Avoid Taxes in the Future: Roth IRAs grow tax free. No taxes are owed when you decide to withdraw your money.
- No Required Minimum Distributions (RMD): Roth IRAs do not require RMDs after age 70 ½, so your money can continue to grow tax free

Prime Candidates for Roth IRA Conversion

- Younger individuals who have more time to recoup income tax payments on the conversion.
- People who don't need the money for retirement. The conversion allows you to avoid taking RMD's thus leaving the income tax-free money to heirs.

Individuals Who Should Think Twice

- People who do not have the money to pay the income taxes on the converted amount.
- People who will be in a lower tax bracket in the future. Example - moving to a state that doesn't have income tax or having deductible health costs.

Thrift Savings Plan

Before investing, consider the funds' investment objectives, risks, charges and expenses. Read the full prospectus carefully for this information.

The Thrift Savings Plan (TSP) is a tax-advantaged retirement savings plan for Federal employees. The retirement income you receive will depend on how much you contribute and how you allocate your money among the various investment choices.

Before investing in individual TSP funds, consider the fund's investment objectives, risks, charges, and expenses. Then, link your asset selection to your goals: assets for short-term goals need to be out of the market, assets for long-term goals need to be in the market. Just signing up isn't enough, fund selection is key!

G Fund

Government Securities Investment Fund

Key Features:

The G Fund offers the opportunity to earn rates of interest similar to those of long-term Government securities but without any risk of loss of principal and very little volatility of earnings. The objective of the G Fund is to maintain a higher return than inflation without exposing the fund to risk of default or changes in market prices. The G Fund is invested in short-term U.S. Treasury securities specially issued to the TSP. Payment of principal and interest is guaranteed by the U.S. Government. Thus, there is no "credit risk."

By law, the G Fund must be invested in nonmarketable U.S. Treasury securities specially issued to the TSP. The G Fund investments are kept by electronic entries which do not involve any transaction costs to the TSP.

F Fund

Fixed Income Index Investment Fund

Key Features:

The F Fund offers the opportunity to earn rates of return that exceed those of money market funds over the long term, with relatively low risk. The risk of nonpayment of interest or principal (credit risk) is relatively low because the fund includes only investment-grade securities and is broadly diversified. However, the F Fund has market risk (the risk that the value of the underlying securities will decline) and prepayment risk (the risk that the security will be repaid before it matures).

By law, the F Fund must be invested in fixed-income securities. The Barclays Capital U.S. Aggregate Bond Index is comprised of Treasury and Agency bonds, asset-backed securities, and corporate and non-corporate bonds.

C Fund
Common Stock Index Investment Fund

Key Features:

The C Fund offers the opportunity to earn a potentially high investment return over the long term from a broadly diversified portfolio of stocks of large and medium-sized U.S. companies. By law, the C Fund must be invested in a portfolio designed to replicate the performance of an index of stocks representing the U.S. stock market (they have chosen the S&P 500).

There is a risk of loss if the S&P 500 Index declines in response to changes in overall economic conditions (market risk).

S Fund
Small Capitalization Stock Index Investment Fund

Key Features:

The S Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of small and medium- sized U.S. companies. There is a risk of loss if the Dow Jones U.S. Completion TSM Index declines in response to changes in overall economic conditions (market risk).

By law, the S Fund must be invested in a portfolio designed to replicate the performance of an index of U.S. common stocks, excluding those that are held in the C Fund.

I Fund
International Stock Index Investment Fund

Key Features:

The I Fund offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of companies in developed countries outside of the United States.
The objective of the I Fund is to match the performance of the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index.

There is a risk of loss if the EAFE Index declines in response to changes in overall economic conditions (market risk) or in response to increases in the value of the U.S. dollar (currency risk).

L Funds

Lifecycle Funds

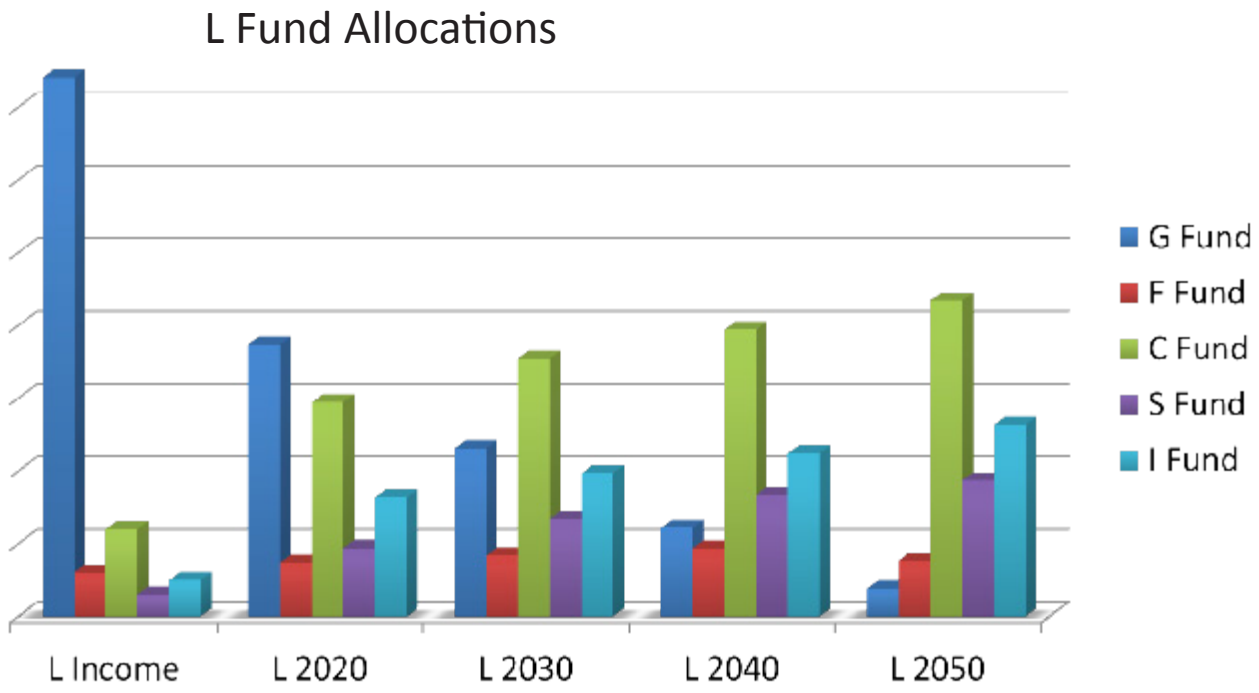
Key Features:

The L Funds diversify participant accounts among the G, F, C, S, and I Funds using professionally determined investment mixes (allocations) that are tailored to different time horizons. The L Funds are rebalanced to their target allocations each business day. The investment mix of each fund adjusts quarterly to more conservative investments as the fund's time horizon shortens.

The objective of the L Funds is to provide the highest possible rate of return for the amount of risk taken. Investing in the L Funds is not a guarantee against loss and does not eliminate risk. The L Funds are subject to the risks inherent in the underlying funds, and can have periods of gain and loss.

The L Funds' returns will be approximately equal to the weighted average of the G, F, C, S, and I Funds' returns. Earnings are calculated daily, and there is a daily share price for each L Fund.

Fund	Growth	Preservation of Assets
L 2050	High	Very Low
L 2040	High	Low
L 2030	Moderate/High	Low
L 2020	Moderate	Moderate
L Income	Low	High



Roth TSP vs. Traditional TSP

The Treatment of…	Traditional TSP	Roth TSP
Contributions	Pre-tax	After-tax
Your Paycheck	Taxes are deferred, so less money is taken out of your paycheck.	Taxes are paid up front, so more money comes out of your paycheck
Transfers in	Transfers allowed from eligible employer plans and traditional IRAs	Transfers allowed from Roth 401(k)s, Roth 403(b)s, and Roth 457(b)s
Transfers Out	Transfers allowed to eligible employer plans, traditional IRAs, and Roth IRAs	Transfers allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s, and Roth IRAs
Withdrawals	Taxable when withdrawn	Tax-free earnings if five years have passed since January 1 of the year you made your first Roth contribution, AND you are age 59½ or older, permanently disabled, or deceased

Factors to be mindful of when considering the ROTH TSP option:

- You will potentially have TWO types of balances, a traditional (non-Roth) TSP balance and a Roth TSP balance.
- While you may elect where your contributions are allocated, agency contributions will ALWAYS go into your traditional (non Roth) balance.
- Money already in your account will remain part of your traditional balance, you CANNOT convert it to Roth.
- When you take money out, you can't specify which fund the distributions are made from. Withdrawals are paid proportionally from your traditional and Roth balances, and from each TSP fund in which you have investments.

TSP at Retirement

Should you leave your money in the TSP?

When you separate from service, you can leave your entire account balance in the TSP if it is above $200. However, you can transfer money into your account from IRAs and eligible employer plans. Your account will continue to accrue earnings and you can continue to change the way your money is invested in the TSP investment funds by making interfund transfers. You can make two interfund transfers per month into any fund, after which your interfund transfers can only move money into the G fund.

There are limitations on leaving your money in the TSP. Beware of withdrawal deadlines. If you do not withdraw (or begin withdrawing) your account by the required withdrawal deadline, your account balance will be forfeited to the TSP. You can reclaim your account; however, you will not receive earnings on your account from the time the account was forfeited.

How can you withdraw from your TSP Account?

Partial Withdrawal:
You are eligible to make one partial withdrawal so long as you did not make an age-based in-service withdrawal (at age 59½ or older) from your TSP account while you were employed by the federal government or the uniformed services. The withdrawal must exceed $1,000.

Full Withdrawal:
A single payment.
A series of monthly payments.
A life annuity: the TSP will purchase an annuity for you from the TSP 's annuity provider (Met-Life) for a minimum amount of $3,500. The annuity provides monthly income for life, and is taxed as ordinary income.

Mixed withdrawal:
You can withdraw your entire account balance through a combination of any two, or all three, of the available withdrawal options. The rules for each of the options that you choose will be the same as those described above.

Transferring Your Withdrawal

Your TSP account is a portable retirement benefit. This means that when you make a full or partial withdrawal of your account after you leave service, you can have the TSP transfer part or all of your single payment or certain monthly payments to an IRA or an eligible employer plan (for example, the 401(k) plan of a new employer). Amounts transferred will retain their tax-deferred status until you withdraw your money.

Voluntary Contributions (CSRS only)

Eligibility

If you are an employee covered by the Civil Service Retirement System (CSRS), or the CSRS Offset provisions, and you want to receive a larger annuity than would be payable based on your service and "high-3," you may establish a voluntary contribution account to purchase additional annuity. However, if you owe a deposit or redeposit for civilian service that wasn't covered by retirement or for which you received a refund, you will be eligible to make voluntary contributions only after the deposit or redeposit is paid. Also, if you previously made voluntary contributions and received a refund of those contributions, you may not make voluntary contributions again, unless you had a break in service after receiving the refund.

If you are covered by the Federal Employees Retirement System (FERS), you are not eligible to make voluntary contributions. You may, however, retain funds on accounts that you deposited while subject to the CSRS.

Amount of Additional Annuity

At retirement, each $100 in your voluntary contributions account (including interest earned) will provide an additional annuity of $7 per year, plus 20 cents for each full year you are over age 55 at the time you retire. You may also choose to share the additional annuity by electing to provide a survivor annuity. However, your additional annuity would then be reduced by 10% to 40% depending on the difference between your age and the age of the person designated to receive the survivor annuity.

Any person related or unrelated to you may be designated, and need not be the same person for whom regular survivor annuity benefits were elected.

Note: Voluntary contributions annuities are not increased by cost of living increases.

Interest

Voluntary contributions earn a variable interest rate determined by the Treasury Department each calendar year, based on the average yield of new investments purchased by the Retirement Fund during the previous fiscal year. The interest credited to each voluntary contributions account is compounded annually on December 31. Interest accrues to the date of the refund calculation, separation (including retirement), or transfer to a position not subject to CSRS or Federal Employees Retirement System, whichever is earliest. If you expect to be leaving Federal service, you can avoid having a period of time during which your funds are not earning interest by planning ahead.

Limitations on Voluntary Contributions

Voluntary contributions may be made only in multiples of $25. Total contributions may not exceed 10% of the total basic pay you received during all of your Federal service. The 10% limit test applies at each point of time that a deposit is made and is not based upon a projection of lifetime earnings.

Refund of Voluntary Contributions

You may withdraw all voluntary contributions with interest at any time before receiving an annuity based on those contributions. If you die while still in federal service (or after leaving but before you begin to receive annuity benefits), the voluntary contributions account, plus interest, will be paid to your survivors as a lump-sum payment.

If you die after retirement, but before having received additional annuity payments equal to your voluntary contributions plus interest, the difference will be paid either as a lump sum or in additional survivor annuity payments, depending upon your election at retirement.

Federal Taxation of Voluntary Contributions

If you take a refund of voluntary contributions, any accrued interest is taxable in the tax year in which you receive it. In addition, if you receive the refund before you reach age 59½, the interest portion of the refund is subject to an additional 10% early distribution tax.

Payments to survivors are not subject to the 10% tax. To determine whether the tax applies to you, use the Internal Revenue Service Form 5329 from, available at your local Internal Revenue Service office. The interest portion of the refund is eligible for rollover treatment.

If you will receive an additional annuity as a result of your voluntary contributions, it will be taxed under the "General Rule." Please refer to IRS Publication 721 "Comprehensive Tax Guide to U.S. Civil Service Benefits" for further information.

Direct Transfers to Roth IRAs

Effective for distributions after Dec. 31, 2007, new tax law allows transfers from a qualified retirement plan, tax-sheltered annuity or governmental plan directly to a Roth IRA. Such transfers will be treated as a Roth conversion if all other conversion qualifications are met. The primary conversion qualification was a limit on your modified adjusted gross income of $100,000. That limit was waived in 2010.

Estate Planning

Estate planning should be done early. As soon as you start to gather assets and take responsibility for others, you should start planning. It's a good rule of thumb to review your plans every three years or whenever there's a material change in your family's lifestyle, such as a marriage, a divorce, the birth of children, death, etc.

Wills

If you don't make a will or use some other legal method to transfer your property when you die, the state will determine what happens to your property.

Non-probate assets transfer automatically to the new owner (joint tenancies, IRAs, etc.). All other assets are subject to probate. Probate is the legal process of administering the estate by resolving all claims and distributing the deceased person's property under the valid will.

Without a valid will, assets in probate are distributed according to state intestacy laws. Generally, it will go to your spouse and children or other descendants. If no relatives can be found to inherit your property, it will go to the state. Further, in the absence of a will, the court will determine who will care for your young children and their property if the other parent is unavailable or unfit to do so.

If you are part of an unmarried couple without a will, your surviving partner will not inherit anything unless you live in one of the few states that allow registered domestic partners to inherit like spouses.

Functions of a Will

1. Transfer of property at death.
2. Leave property to party who would not inherit under the state's intestacy laws.
3. Prevent a person who would inherit under the state's laws from inheriting.
4. Leave property to heirs in unequal shares.
5. Name an executor for the estate.
6. Nominate a guardian for minor children.
7. Name a custodian to hold and manage assets passing to named beneficiaries.
8. Establish trusts to take effect at death.

What a Will cannot do

1. Distribute nonprobate assets – wills do not override beneficiary designations.
2. Avoid probate.
3. Change statutory rights- in many states a surviving spouse by law is entitled to a share of the estate and generally a will cannot disinherit a spouse.

Advanced Directives

Durable Power of Attorney, Health Care Directives, & Living Will

Under the common law, a power of attorney becomes ineffective if its grantor dies or becomes incapacitated. The grantor must specify that the power of attorney will continue to be effective even if the grantor becomes incapacitated. This is a durable power of attorney.

In some jurisdictions, a durable power of attorney can also be a Health Care Power of Attorney: an advance directive which empowers the proxy to make health care decisions for the grantor, up to and including terminating care on machines keeping a critically and terminally ill patient alive. Health care decisions include the power to consent, refuse consent, or withdraw consent to any type of medical care, treatment, service or procedure. A living will is a written statement of a person's health care and medical wishes, but does not appoint another person to make health care decisions.

A type of advance directive, "Five Wishes" includes:

1. The Person I Want to Make Care Decisions for Me
2. The Kind of Medical Treatment I Want or Don't Want
3. How Comfortable I Want to Be
4. How I Want People to Treat Me
5. What I Want My Loved Ones to Know

Meets legal requirements of 42 states (including MD, DC, & VA)

http://www.agingwithdignity.org/five-wishes.php

Trusts

A trust is a property reliance held by one person for the benefit of another. Unlike a will, a trust is private and confidential. The size of the estate and the purpose of the trust determine what kind of trust is appropriate.

Functions of a Trust

- Provide and manage assets efficiently for minors or incompetent beneficiaries.
- Asset protection and tax planning: protection from creditors and certain taxes.
- Various Purposes: charitable, special needs, protective, etc.
- Living or Testamentary: effective in life or at death.
- Revocable or Irrevocable: the right to amend, change, or terminate at any time.

Revocable Living Trust

A Revocable Living Trust is necessary in planning for incapacity. With this kind of trust, you may still control property and amend the trust while you have the capacity to do so. Further, the trust allows you to set the standards of the trust, set the definition for incapacity, and allows you to decide who manages and distributes the assets.

Inheritance and Estate Taxes

An inheritance tax is an assessment made on the portion of an estate received by an individual. It differs from an estate tax which is a tax levied on an entire estate before it is distributed to individuals. It is strictly a state tax. Eleven states still collect an inheritance tax. They are: Connecticut, Indiana, Iowa, Kansas, Kentucky, Maryland, Nebraska, New Jersey, Oregon, Pennsylvania and Tennessee. In all states, transfers of assets to a spouse are exempt from the tax. In some states, transfers to children and close relatives are also exempt.

Estate-tax changes are inevitable. Under current law, the basic federal estate-tax exemption for 2016 is $5,450,000.00, and the top estate-tax rate is 40% (transfers between spouses typically are tax-free).

Another factor to consider: Many states impose their own death-related taxes.

In most states, estate and inheritance taxes are designed in such a way that states face either a full or partial loss of estate tax revenues as this credit is phased out. States can avert this loss of revenue by "decoupling." Decoupling means protecting the relevant parts of their tax code from the changes in the federal tax code, in most cases by remaining linked to federal law as it existed prior to the change.

State laws change frequently and the following information may not reflect recent changes in the laws. For current tax or legal advice, please consult with an accountant or an attorney since this information is not tax or legal advice and is not a substitute for tax or legal advice.

Steps in the Estate Calculation

1. Calculate the Gross Estate, including
    - 100% of everything you own in your name
    - 50% of everything owned jointly with your spouse
    - All assets in a revocable, living trust
    - The death benefit value of life insurance owned by you, on your life
2. Subtract Expenses and Debts
    - Expenses must be reasonable and include professional fees, funeral expenses, etc.
3. Subtract Deductions
    - Marital (if to U.S. Citizen spouse)
    - Charitable
4. Add Adjusted Taxable Gifts
    - If you have made taxable gifts during your lifetime (over $14,000 per person per year), the amount over $14,000 comes into the calculation at this point and often has the effect of placing the estate in a higher marginal tax bracket.
5. Calculate the Federal Estate Tax Due
    - Rates start at 18% and increase to 40%.
6. Subtract Gift taxes Paid
    - If you have made taxable gifts during your lifetime and paid a tax, you take credit for it here.
7. Subtract the Unified Credit
    - Unless used during lifetime to offset gift taxes, everyone has a credit of $2,081,800 (the tax on $5 million).
8. Add Other Taxes due at this time
    - Generation Skipping Tax.
    - Excess Accumulation in Retirement Plans.

Charity

While planning, don't' forget that being generous can also reduce taxes. Giving to charity can result in an income tax deduction. For example: a donor in the 33% tax bracket giving $100 to charity will result in $33 of income tax savings.

Document and itemize!

Life Insurance

How Much Life Insurance Do You need?

The answer isn't really how much life insurance you need, it's how much money your family will need after you're gone. Ask yourself:

1. How much money will my family need after my death to meet immediate expenses, like funeral expenses and debts?
2. How much money will my family need to maintain their standard of living over the long run?

The most common way to determine your life insurance needs is by conducting what's called a Capital Needs Analysis. Start by gathering all of your personal financial information and estimate what each of your family members would need to meet current and future financial obligations. Then tally up all of the resources that your surviving family members could draw upon to support themselves. The difference between their needs and the resources in place to meet those needs is your need for additional life insurance.

How Much Life Insurance Do You Need?

Things to Think About	Assuming Spouse 1 Dies First	Assuming Spouse 2 Dies First
Current annual living expenses?		
Today's cost of tuition, room & board?		
Rate of inflation?		
Estimated funeral expenses?		
Mortgage balance?		
Other loan balances?		
Liquid assets?		
Current life insurance coverage?		
Spouse's current after-tax salary?		
Social Security survivor benefits?		
Estimated yield on investments?		

Child's Name	Years Until College

Computation of Life Insurance Needs	If Spouse 1 Dies First	If If Spouse 2 Dies First
Mortgage balance		
Other loan balances		
College fund		
Dollars needed at death		

Analysis of Annual Cash Flow of Survivors	Spouse 1	Spouse 2
75% of annual living expenses		
Less:		
Spouse's current after-tax salary		
Social Security survivor benefits		
Net annual cash flow surplus or (deficit)		

Additional Life Insurance Needed:	Spouse 1	Spouse 2
Dollars needed at death		
Liquid assets		
Current life insurance coverage		
Additional insurance needed or (surplus)		

Types of Life Insurance:

Term

As the name implies, term insurance provides protection for a specific period of time and generally pays a benefit only if you die during the "term." Term periods typically range from one year to 30 years, with 20 years being the most common term.

One of the biggest advantages of term insurance is its low cost in comparison to permanent insurance. Term insurance is cheaper because you're generally just paying for the death benefit, the lump sum payment your beneficiaries will receive if you die during the term of the policy. With most permanent policies, your premiums help fund the death benefit and can accumulate cash value.

Term insurance is often the best choice for people in their family-formation years because it allows them to buy high levels of coverage when the need for protection is often greatest. Term insurance is also a good option for covering needs that will disappear in time. For instance, if paying for college is a major financial concern but you're pretty sure that you won't need life insurance coverage after the kids graduate, then it might make sense to buy a term policy that will get you through the college years.

Other types of life insurance have investment elements and other features that make them more expensive and infrequently ideal for federal government retirees.

Whole

Whole provides coverage for the purchaser's entire life, as well as pays fixed death benefit and accrued savings benefits. Whole is subject to fees, rates, and inflation.

Variable

Benefits at death are dependent on portfolio market value. Variable rate life insurance is typically invested in common stocks.

Federal Employees' Group Life Insurance

Basic Life Insurance:

Basic Life Insurance benefits at death are roughly equal to 1 year salary of the federal employee from 45 years old until the age of 65. 35 or younger are allowed 2 years salary. Between the ages of 36 and 44, benefits are graduated.

Optional Life Insurance:

Option A - $ 10,000
Option A provides $10,000 in additional life insurance coverage.

Option B - Additional Multiples of Salary
Option B provides additional insurance in multiples of 1,2,3,4 or 5 times the annual basic pay on date of retirement. The annual basic pay is rounded up to the next thousand.

Option C - Family Life Insurance
Family Life Insurance provides coverage on the spouse and eligible children of the insured. Benefits are available in 1,2,3,4, or 5 multiples of $5,000 if the spouse predeceases the retiree and $ 2,500 if an eligible child predeceases the retiree.

Long Term Care Insurance

If you can afford long-term care insurance, you should definitely consider it. The overwhelming cost of long-term care can quickly deplete your life's savings. For instance, having a home health aide visit just three days a week can cost more than $30,000 annually. Full-time nursing home care now averages $80,000 per year. (http://longtermcare.gov/costs-how-to-pay/costs-of-care)

While financial considerations cannot be understated, long-term care insurance isn't only about money: it's also about peace of mind. It ensures you'll have access to first-rate care when you need it. It also means you won't have to be dependent on others or be a burden to your children.

Choosing a plan

Long-term care insurance pays for a wide range of services and procedures that typically aren't covered by standard medical insurance. The types of care fall into three categories: skilled, intermediate and custodial.

Skilled Care
If you have a serious illness or injury that you can recover from, you will probably receive skilled care from nurses or professional therapists. Skilled care is provided daily and involves a treatment plan.

Intermediate Care
This type of care is the same as skilled care, but not provided on a daily basis. For instance, if you injured your leg and need to visit a physical therapist five times a week to help you heal, that would be considered intermediate care.

Custodial Care
Custodial care isn't intended to get you better. Custodial care includes assistance with daily activities like bathing, eating, dressing, toileting, and continence and transferring to name a few. Custodial care can range from in-home care provided two or three days a week, to 24-hour nursing home care.

Long-term care is not the same as nursing home care. A nursing home is a facility that provides long-term care services, but it's just one of the many settings in which long-term care is provided. Long-term care services are also provided in assisted living facilities, adult day care centers, and in-home. Because long-term care insurance policies may differ in what they cover, it's important to be familiar with the different locations where you can receive care.

Key Terms

Benefit Amount and Duration

Most long-term care policies pay a fixed dollar amount for each day you receive care. Policyholders usually have a choice of daily benefit amounts and can also choose the length of time that benefits will be paid. Long-term care policies generally limit benefits to a maximum dollar amount or a maximum number of days and may have separate benefit limits for nursing home, assisted living facility, and home health care within the same policy.

Elimination or Deductible Periods

These refer to how many days you must spend in a nursing home or how many home health visits you must receive before benefits begin. Most policies offer a choice of deductible: the longer the elimination or deductible period, the lower the premium.

Exclusions

Preexisting conditions may make coverage more expensive, and the insurance company may choose not to cover you for these conditions during your first six months of coverage.

Inflation protection

By purchasing inflation protection, your policy benefit will automatically increase each year at a specified rate, compounded over the life of the policy, protecting you against rising long-term care costs.

Non-forfeiture benefits

This feature allows you to drop your coverage and still receive a portion of the benefits based on a percentage of the total premiums you have paid.

Renewability

Almost all long-term care policies are guaranteed renewable. That means that they cannot be canceled as long as you pay your premiums. Companies can raise premiums, however, as long as they raise them for an entire class of policyholders. The renewability provision outlines under what conditions the company can cancel the policy or raise premiums.

Waiver of premium

This provision allows you to stop paying premiums while you are receiving benefits. Your policy may contain restrictions on this feature.

The Federal Long Term care Insurance Program

The Federal Long Term Care Insurance Program (FLTCIP) provides long-term care insurance to help pay costs for help with daily activities and severe cognitive impairment, such as Alzheimer's disease. See www.ltcfeds.com for detailed information on the Federal Long Term Care Insurance Program.

A Family Affair

Intergenerational Planning

For estate planning to be successful, you must make a plan, share the plan with your family, and follow the plan If everyone is on the same page, your hopes for the future and your family are much more likely to be fulfilled.

Once you have a plan, do a paperwork fire drill. Have all of the necessary documents been completed? Is your family familiar with these documents: where they're located and what they contain (apart from confidential information)? Don't wait to get the documents in order:

- Living Will
- Revocable Living Trust + Re-title Assets
- Healthcare Directives
- Durable Power of Attorney
- Guardianship and Conservatorship
- Charitable Intent

Planning for Incapacity

You must acknowledge the possibility of incapacity. Approximately 70% people turning age 65 will need long term care services at some point in their lives. Most adults in long-term care depend on family or friends for personal and financial care. (http://www.ltcfeds.com/index.html)

Have the Right Conversation

Planning starts with the willingness to ask yourself and others the right questions. For your health, your goals, your financial security, and your loved ones, don't wait to have the conversation.

- Have you planned for incapacity?
- Have you completed the necessary documents?
- Have you made a decision about Medicare Part D?
- Do your children/grandchildren have health insurance?
- What is your preference for housing as you get older?
- What do you love or hate about your job?
- What do you look forward to in retirement?
- What is your biggest concern about retirement?

Answering these questions, and other important questions that apply to your life and financial situation, will put you on the path to a proper plan and peace of mind.

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