

# Countdown to Your Federal Retirement

A guide to key decisions  
and deadlines



The Benefits of Better Health

After decades of hard work, your retirement is about to become a reality. Congratulations. You know what an effort it was to get to this point, and it's tempting to coast to the finish line. But if your retirement planning consists solely of a calendar, a magic marker and a string of X's leading up to your big day, then you might want to bulk up that strategy a bit. Retiring from the federal system doesn't have to be a challenge, but it can quickly become one if you miss some key decisions and deadlines. In fact, some of the most important steps come as early as five years before your retirement date.

This guide can serve as your starting off point for retiring in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). There's not enough space here to cover the intricacies involved in every aspect of a federal retirement, but this guide from GEHA does point the way to many great resources that do.

The calendar plan is a satisfying start to the retirement process, but it's the substantive decisions you make in the years immediately preceding your retirement that will determine how well your retirement will play out.

As a federal employee, the retirement process is likely to mirror the themes that were established during your career. There are numerous rules to follow and forms to fill out. There are tremendous benefits available (including your annuity and the option to continue insurance benefits into retirement). The resources of the federal government are available to you. And you will determine how successfully it goes.

To ensure that your golden years will be everything you've envisioned, think hard about the advice and the resources in the pages that follow. Good luck!

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## **Acknowledgement**

Much of the advice in this guide is drawn from OPM's retirement publications and the columns by Tammy Flanagan, Senior Benefits Director for the National Institute of Transition Planning, that are published weekly on GovExec.com. Additional advice offered here is based on many of the excellent websites and publications listed on pages 15 and 19. We thank them all.

# Your retirement income

Like many Americans, you might not be confident that you're set financially for a comfortable retirement. You've saved, probably for years now, but is it enough?

To get the full picture of your retirement's financial side, you need to create a realistic budget of your anticipated expenses and your income. If you don't already have software for creating a budget on your home computer, this is probably a good time to make the investment. The cost will be a small price to pay for the time it will save you – and the potential math errors it will save you from making.

Once you've plugged in your expected expenses and income sources, you'll have a good sense of whether your plan is on track.

## Expected expenses

Your spending habits have probably become fairly predictable in recent years, and they're a good place to start as you calculate what your retirement lifestyle is going to cost you. But you'll need to factor in the changes that you hope to make after you retire. Think about both the big-picture items (Will you travel more? Will you move to another part of the country with a lower (or higher) cost of living?) to the subtle day-to-day changes (Will you eat out more often? Do you want to upgrade your Internet connection to make staying in touch with your family easier?). It's tough to know just how your spending will change, but the more thoroughly you plan now, the less likely you are to encounter unpleasant financial surprises down the line.

## Expected income

You should be able to calculate your post-retirement income fairly accurately once you're within a year or so of the big day. It will be constituted by your federal annuity, your Social Security payment (if you're a FERS retiree), and your Thrift Savings Plan and/or other 401(k) investments. If you know you want to work part-time, include that projected income as well. If you're unsure, leave it out – or develop two budgets to see what impact that income would make, keeping in mind that additional income could affect your Social Security payment. Your annuity is determined by the system you are in (CSRS or FERS), your number of years of service, your unused sick leave (for CSRS employees), your survivor annuity election and the benefits you opt

to carry over to retirement. You should request an estimate of your retirement annuity as early as five years before you retire and again at the one-year-to-go mark.

As a FERS employee, you have probably worked long enough to earn 40 credits of coverage and are eligible for Social Security benefits if you are retired and are at least 62 years old. Your spouse, former spouse and children may also be eligible for monthly benefits based on your earnings. Your monthly benefit amount is based on three things: The adjusted average earnings upon which you have paid Social Security taxes, your family composition (for example, whether you have a spouse or dependent child who may be eligible for benefits) and changes to the Consumer Price Index that occur after you become eligible for benefits.

If you have a TSP account, your agency will provide you with a TSP withdrawal package after you retire. The package contains information and forms you will need to withdraw your account. Review the TSP withdrawal booklet and tax notices to help you to understand your four choices for distribution, which are monthly payments, a TSP annuity, a lump-sum distribution or a rollover to an Individual Retirement Account.

## Income Calculators

You can estimate the key pieces of your retirement income using the online calculators at these websites:

**Annuity**

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

**Social Security**

[www.ssa.gov/planners/calculators.htm](http://www.ssa.gov/planners/calculators.htm)

**TSP**

[www.tsp.gov](http://www.tsp.gov)



# Health insurance and the five-year rule:

If you plan far enough ahead, you'll be able to carry your insurance under the FEHB program after you retire. The benefits are significant. Among other advantages, the government will continue its contributions toward your premiums, and the coverage will continue for your family members.

The catch is that, in most cases, you need to have been continuously enrolled in a FEHB plan for the five years immediately before your retirement. For more on FEHB eligibility, see "The Five-Year Test" on the opposite page.

The same is true of the FEGLI program. If you were not enrolled in the program for the five years of service immediately preceding retirement or for all service since your first opportunity to enroll, you will not be able to continue your life insurance into retirement. For more on FEGLI, see OPM's Pamphlet RI 76-12, available online at [www.opm.gov/insure/life/](http://www.opm.gov/insure/life/) (link is listed under "FEGLI Booklets"). It's worth noting that you're not required to have been in the same health plan for five consecutive years, and you're free to change plans after you retire.

OPM has the authority to waive the five-year requirement due to exceptional circumstances. A waiver is also available in certain downsizing situations.

## Medigap coverage

Most financial advisers recommend that federal retirees over the age of 65 carry Medicare Parts A and B and a FEHB health plan. Medicare Parts A and B typically pay 50 percent to 75 percent of the average retiree's medical expenses. Check your FEHB brochure to see how your plan coordinates benefits with Medicare. If you have a traditional fee-for-service PPO plan (like GEHA), you may find that many of your out-of-pocket expenses such as your deductible and some copayments are waived when Medicare takes over as your primary health insurance. Medicare Part A and B does not cover prescriptions so you will rely on your FEHB plan for prescription coverage. You may also consider enrolling in Medicare Part D.

If you have questions about your GEHA health insurance and retirement, call GEHA Customer Service at (800) 821-6136 or visit our website at [www.geha.com](http://www.geha.com).

Excerpt from “The Five-Year Test” by Tammy Flanagan,  
available online at [www.govexec.com/story\\_page.cfm?articleid=39577](http://www.govexec.com/story_page.cfm?articleid=39577)

To be sure you can continue your valuable FEHB plan coverage into retirement, it’s important to know the program’s rules regarding retirees.

According to OPM, when you retire, you are eligible to continue health benefits coverage if you meet the following requirements:

- You will retire under a qualifying retirement system for federal employees.
- You will receive a retirement benefit that will begin within the month after you leave, or you are eligible for a reduced MRA+10 retirement under the Federal Employees Retirement System but you choose to postpone receiving the benefit to avoid some or all of the reduction. (In this case, your health insurance can be reinstated when you begin receiving this annuity.)
- You have been continuously enrolled (or covered as a family member) in any FEHB plan for the five years of service immediately before the date your annuity starts, or for the full period of service since your first opportunity to enroll, if less than five years.

Note that you aren’t required to have been the one paying for FEHB plan coverage continuously. You simply must have been covered by an FEHB plan enrollment. This includes time as a family member under another person’s FEHB plan enrollment or time under the Uniformed Services Health Benefits Program (also known as TRICARE or CHAMPUS), as long as you were covered under an FEHBP enrollment at the time of your retirement. (You must enroll in FEHBP within 60 days after you lose coverage under the Uniformed Services Health Benefits Program for that time to be considered part of continuous FEHB plan coverage.)

Coverage under Medicare does not count in determining continuous coverage. Neither does service as a nonappropriated fund employee.

Employees who leave federal service, then return later and reinstate their FEHBP coverage, do not necessarily need to be re-employed for five years in order to carry the coverage into retirement. Coverage in their prior appointment counts toward having five years of continuous service as long as they re-enroll within 60 days of being rehired.



# How do you compare to your colleagues?

As you start down the road to retirement, it will help to get a sense of where your retirement savvy stands compared to that of your fellow federal workers. Take a look at these numbers from a 2005 survey that was designed to measure the retirement readiness of the federal workforce. It was conducted by the International Foundation for Retirement Education on behalf of the Office of Personnel Management (OPM).

Here are some of its key findings about federal workers:

- 91 percent said they participate in the Thrift Savings Plan.
- 90 percent said they have given their retirement lifestyle at least some thought. Almost 90 percent of those who have given thought to their likely lifestyle have given at least some thought to its cost.
- 90 percent said they realistically prefer a standard of living in retirement that is the same as in their working years.
- 82 percent said they are on track or ahead of schedule in planning and saving for their retirement.
- 53 percent said they expect to retire before age 62.
- 48 percent said they have calculated how much they need to save for a comfortable retirement.
- 35 percent said they are not confident about their knowledge of planning financially for retirement, including how much money they will need to put aside for retirement.
- 25 percent said they expect not to work for pay during retirement.
- 21 percent said they have a primary professional financial adviser to help them with their retirement plan and investment decisions.

# Checklist: Five years before you retire

- ❑ Attend a pre-retirement seminar at your agency, if available.
- ❑ Request a listing of all your verified civilian and military service in your Official Personnel Folder. After making sure the list is complete, ask that a copy be filed in your personnel folder to be associated with your retirement application. If the list appears to be missing any periods of service, work with your personnel office to document the service.
- ❑ Verify that you meet the requirement age and service to retire on your proposed retirement date.
- ❑ Request an estimate of your annuity.
- ❑ Verify that your personnel file contains your latest Federal Employees Health Benefits (FEHB) enrollment form. Your current plan, your type of enrollment (self only or self and family) and your option (high or standard) will be identified on this form. Typically, you will need to have been covered by an FEHB plan for the five years immediately preceding your retirement to be eligible to continue coverage after retirement. For more health insurance planning, see “Health insurance and the five-year rule” on page 6.
- ❑ Verify that your personnel file includes information on your current Federal Employees Group Life Insurance (FEGLI) program coverage. Just as with health benefits, you will be eligible to continue your life insurance coverage if you’ve been covered for the five years before you retire. While you’re checking on life insurance, make sure that the Designation of Beneficiary form in your personnel file is still accurate. If you do not have a Designation of Beneficiary on file, make sure the normal order of precedence is OK for you. You may have separate beneficiary designations for FEGLI, CSRS or FERS retirement, TSP and Unpaid Compensation.
- ❑ Find out if you will be eligible for a Social Security benefit. You can call the Social Security Administration at (800) 772-1213 to ask for an SSA-7004-PC (“Request for Earnings and Benefit Statement”). Social Security also has a service available at [www.ssa.gov](http://www.ssa.gov) that will allow you to estimate your future entitlement. If you are retiring under CSRS or have transferred to FERS, you may be affected by the Windfall Elimination Provision.

# Checklist: One year before you retire

- ❑ Request another estimate of your annuity. Although it should be more accurate than the estimate you received four years earlier, it still will be only an estimate. OPM must finalize the amount you receive.
- ❑ Confirm that nothing has changed that would affect your planning.
- ❑ Make an appointment with your servicing personnel office to confirm that any needed action to verify or document your service and insurance coverage has been done.
- ❑ If you have unpaid deposits or redeposits, review the topic of paying for service, including post-1956 military service.
- ❑ Review your survivor benefit options, including the eligibility requirements for survivor benefits, their cost and the necessity for your spouse to consent if you want to provide less than full benefits for him or her.
- ❑ Obtain current information about expected income from other sources. Consider your TSP withdrawal options, estimate the relative monetary advantages of different ways of withdrawing thrift plan funds, and consider the tax effects of each.
- ❑ If you're divorced, consider the implications. Does your former spouse have any rights to a portion of your retirement, survivor benefits or TSP funds? You'll need to submit a copy of your divorce decree with your retirement application if your former spouse was awarded a survivor annuity under CSRS or FERS.
- ❑ If you have not already done so, obtain information about federal and, if applicable, state taxation of your annuity and other income. If necessary, request that state taxes be withheld from your benefits. OPM will provide an opportunity to elect state tax withholding when your retirement claim is finished.
- ❑ If you are enrolled in the FEHB program, verify that you are eligible to continue your coverage as a retiree. Ask whether your personnel folder contains documentation that you have been enrolled in a plan under the program for the five-year period before your retirement.

- ❑ If you are in the FEGLI program, verify that you will be able to continue your coverage into retirement, and ask how much the amount of insurance you want to keep as a retiree will cost you. Keep in mind that you might wish to reduce your life insurance if your kids are grown and your house is paid. You are entitled to convert your life insurance coverage to a private policy regardless of whether you're eligible to continue it into retirement.
- ❑ Consider purchasing long-term care insurance.
- ❑ Check the balances in your flexible spending accounts (FSAs). Health care FSAs and limited expense health care FSAs will terminate the day you retire. In contrast, you can continue to use the balance in your dependent care FSA until the end of the benefit period.
- ❑ Check any designations of beneficiary you have on file to be sure that they reflect your current needs.
- ❑ Inform your supervisor of your intended retirement date.
- ❑ Contact the Social Security Administration if you're old enough and eligible to begin receiving Social Security benefits, or if you're already receiving benefits because you are over the full Social Security retirement age, but are getting ready to retire and collect a CSRS retirement. You can contact SSA online at [www.ssa.gov](http://www.ssa.gov) or by calling (800) 772-1213.

## Checklist: Six months before you retire

- ❑ Send the Retired Pay Operations Center from your branch of service your waiver of military retired pay 60 to 90 days before your retirement date.
- ❑ Clear up any financial indebtedness to your agency, such as an outstanding travel advance or advanced leave. If you don't, your agency can ask OPM to withhold the debt from your annuity.
- ❑ Inform your supervisor of your proposed retirement date.
- ❑ Ask your benefits office for forms that may require additional study and time to complete.
- ❑ Consider accelerating your TSP contributions to take advantage of your final salary's tax deferral.

# Checklist: Two months before you retire

- ❑ Choose your exact retirement date (if you haven't already). For voluntary retirements, CSRS annuities can begin on the first, second or third day of the month. FERS voluntary retirements begin only on the first of a month.
- ❑ Obtain all the necessary forms and fill them out. Most forms are available online (see "Key forms for retirement" on page 17). Ask your personnel office for assistance if you have any questions.
- ❑ Submit all of your retirement application forms to your supervisor or servicing personnel office. You might benefit by submitting your application as much as 120 days before your retirement. Check with your benefits office to see what they recommend. Be sure to keep a copy for your own records.
- ❑ Make your health and life insurance coverage decisions (see "Health insurance and the five-year rule" on page 6).
- ❑ A few days before your final day at work, request and fill out your agency's Employee Clearance Record and Security Termination Statement.
- ❑ On your last day, take your signed Employee Clearance Record and Security Termination Statement to your supervisor's office and turn in items such as ID cards, credit cards and keys.
- ❑ Keep copies of everything in the event you wish to discuss your service history or any other aspect of your retirement with OPM after you have retired.
- ❑ If you are eligible for Social Security retirement benefits, you may apply to begin your benefits up to three months prior to your eligibility. Contact Social Security at (800) 772-1213 or online at [www.ssa.gov](http://www.ssa.gov).





## Checklist: Just after you retire

- ❑ If you wish to withdraw from your TSP account, use TSP-77 or TSP-70 to make a withdrawal election. Wait at least 30 days after your retirement before requesting a withdrawal. You may leave your money in the TSP after you retire. You will be required to elect a required minimum distribution from your account when you are retired and over 70 1/2 years old. Be sure to keep the TSP apprised if your address changes. Your payroll office will no longer be looking out for you!
- ❑ Contact Social Security at (800) 772-1213 or [www.ssa.gov](http://www.ssa.gov) if you or your spouse is 65 or older. If Medicare has been your secondary insurance while you were working, it may now become your primary insurance. If you (and your spouse, if eligible) enroll in Part B within eight months of your retirement, you may avoid the late enrollment penalty for Part B.

# Useful websites to bookmark

Start your search for retirement answers with these online resources.

[www.opm.gov/retire/pubs/handbook/C040.pdf](http://www.opm.gov/retire/pubs/handbook/C040.pdf)

The “Planning and applying for retirement” chapter from the CSRS and FERS Handbook for Personnel and Payroll Offices.

[www.opm.gov/retire](http://www.opm.gov/retire)

OPM’s home page for retirement information and services.

[www.opm.gov/retire/pubs/pamphlets/list.asp](http://www.opm.gov/retire/pubs/pamphlets/list.asp)

OPM’s list of retirement and insurance publications.

[www.opm.gov/retire/annuity/payment/calendar.asp](http://www.opm.gov/retire/annuity/payment/calendar.asp)

The schedule for annuity payments.

[www.serviceline.opm.gov](http://www.serviceline.opm.gov)

OPM’s online retirement services, where you can change your tax withholding, sign up for direct deposit and view annuity statements.

[www.federalretirement.net](http://www.federalretirement.net)

A federal retiree’s lessons on determining what you and your spouse will have to live on in retirement.

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

Free online calculators to estimate how soon you can retire, what your annuity will be and much more.

[www.govexec.com/lag](http://www.govexec.com/lag)

GovExec.com’s retirement-related news and legislative updates.

[www.nitpinc.com/gov\\_ex.html](http://www.nitpinc.com/gov_ex.html)

Tammy Flanagan’s columns for GovExec.com.

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

An online community of current and former federal employees.

# Recommended reading

Every retirement is different, and yours might involve one or more of the topics listed below. If so, take a look at the article for a quick primer.

## Early retirement

“The early way out” by Tammy Flanagan, available online at [www.govexec.com/dailyfed/0506/052606rp.htm](http://www.govexec.com/dailyfed/0506/052606rp.htm)

## Financial advice

“Can you trust your financial adviser?” by Liz Pulliam Weston, available online at [articles.moneycentral.msn.com/RetirementandWills/CreateaPlan/CanYouTrustYourFinancialAdviser.aspx](http://articles.moneycentral.msn.com/RetirementandWills/CreateaPlan/CanYouTrustYourFinancialAdviser.aspx)

## Long-term care insurance

“The Long Haul” by Tammy Flanagan, available online at [www.govexec.com/dailyfed/0706/072806rp.htm](http://www.govexec.com/dailyfed/0706/072806rp.htm)

## Military service credit

“Military time buy-back options” by Dennis V. Damp, available online at [www.federalretirement.net/militarybuyback.htm](http://www.federalretirement.net/militarybuyback.htm)

## Survivor benefits

“Supporting Your Survivors” by Tammy Flanagan, available online at [www.govexec.com/dailyfed/0408/041808rp.htm](http://www.govexec.com/dailyfed/0408/041808rp.htm)

## Voluntary benefits

“Voluntary benefits” by Tammy Flanagan, available online at [www.govexec.com/dailyfed/0506/050506rp.htm](http://www.govexec.com/dailyfed/0506/050506rp.htm)

## Working after retirement

“The Third Age: Retirement & Work” by Nancy Wallace, available online at [www.nitpinc.com/news/viewnews.cgi?newsid1175539313,63148](http://www.nitpinc.com/news/viewnews.cgi?newsid1175539313,63148),

## Divorce implications

“D-I-V-O-R-C-E” by Tammy Flanagan, available online at [www.govexec.com/dailyfed/0807/082407rp.htm](http://www.govexec.com/dailyfed/0807/082407rp.htm)

# Key forms for retirement

Here's a list of the most important retirement-related forms. All are available online:

## Application for Immediate Retirement

**SF 2801 (CSRS):**

[www.opm.gov/forms/pdf\\_fill/SF2801.pdf](http://www.opm.gov/forms/pdf_fill/SF2801.pdf)

**SF 3107 (FERS):**

[www.opm.gov/forms/pdf\\_fill/sf3107.pdf](http://www.opm.gov/forms/pdf_fill/sf3107.pdf)

## Application to Make Service Credit Payment (if you owe a deposit)

**SF 2803 (CSRS):**

[www.opm.gov/forms/pdf\\_fill/SF2803.pdf](http://www.opm.gov/forms/pdf_fill/SF2803.pdf)

**SF 3108 (FERS):**

[www.opm.gov/forms/pdf\\_fill/SF3108.pdf](http://www.opm.gov/forms/pdf_fill/SF3108.pdf)

## Voluntary Contributions Election Form

**SF 2804:**

[www.opm.gov/forms/pdf\\_fill/sf2804.pdf](http://www.opm.gov/forms/pdf_fill/sf2804.pdf)

## RI 38-124 Form to Elect Payment of Voluntary Contributions (CSRS only)

**RI 38-124 (CSRS only):**

[www.opm.gov/forms/pdf\\_fill/RI38-124.pdf](http://www.opm.gov/forms/pdf_fill/RI38-124.pdf)

## Designation of Beneficiary

(if you need to update)

**SF 2808 (CSRS):**

[www.opm.gov/forms/pdf\\_fill/SF2808.pdf](http://www.opm.gov/forms/pdf_fill/SF2808.pdf)

**SF 3102 (FERS):**

[www.opm.gov/forms/pdf\\_fill/SF3102.pdf](http://www.opm.gov/forms/pdf_fill/SF3102.pdf)

**SF 2823 (FEGLI):**

[www.opm.gov/forms/pdf\\_fill/sf2823.pdf](http://www.opm.gov/forms/pdf_fill/sf2823.pdf)

**TSP 3 (Thrift Savings Plan):**

<https://www.tsp.gov/PDF/formspubs/tsp-3.pdf>

## Application to Make a TSP Withdrawal (when separated)

**TSP 77 (partial withdrawal):**

<https://www.tsp.gov/PDF/formspubs/tsp-77.pdf>

**TSP 70 (full withdrawal):**

<https://www.tsp.gov/PDF/formspubs/tsp-70.pdf>

## Change of Address for TSP (after separation)

**TSP 9:**

<https://www.tsp.gov/PDF/formspubs/tsp-9.pdf>

## Change of Name for TSP (after separation)

**TSP 15:**

<https://www.tsp.gov/PDF/formspubs/tsp-15.pdf>

## Tax Guide to U.S. Civil Service Retirement Benefits

**Publication 721:**

[www.irs.gov/pub/irs-pdf/p721.pdf](http://www.irs.gov/pub/irs-pdf/p721.pdf)

## Withholding Certificate for Pension or Annuity Payments

**W-4P:**

[www.irs.gov/pub/irs-pdf/fw4p.pdf](http://www.irs.gov/pub/irs-pdf/fw4p.pdf)

## Direct Deposit Sign Up Form

**SF 1199A :**

[www.fms.treas.gov/eft/1199A.pdf](http://www.fms.treas.gov/eft/1199A.pdf)



# Helpful tips for your big day and beyond

## Buy a comprehensive retirement guide or two.

FEDweek's FERS or CSRS Retirement Planning guides are available for purchase by going online to [www.fedweek.com](http://www.fedweek.com) then clicking on "Publications" at the top of the page.

FederalDaily's guides (Your FERS Retirement and Your CSRS Retirement), written by Federal Employees News Digest columnist and FederalSoup.com moderator Edward Zurndorfer, are available for purchase online at [www.fedtools.com](http://www.fedtools.com).

## Join NARFE ([www.narfe.org](http://www.narfe.org)).

Think about joining the National Active and Retired Federal Employees Association, which provides federal retirees assistance with benefits and updates on legislation affecting federal retirees.

## Work with one of your agency's benefits officers.

It will come as no surprise to you that the federal retirement system is a complex (and not always logical) process. It's up to you to make sure you're getting the answers and the help that you need.

## Consider hiring a personal financial consultant.

A professional consultant is likely to come up with strategies and options for stretching your retirement income that you might not have considered or even known about.

## Enjoy crossing off your last day at work with a big, fat X!



## **The Benefits of Better Health**

**(800) 821-6136 | [www.geha.com](http://www.geha.com)**

**Government Employees Health Association, Inc.  
P.O. Box 4665 Independence, MO 64051-4665**

This is a brief description of the features of Government Employees Health Association, Inc.

Before making a final decision, please read the GEHA federal brochure, RI 71-006.

All benefits are subject to the definitions, limitations and exclusions set forth in the federal brochure.

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