

FERS PRE-RETIREMENT SEMINAR

Registration

Federal Employment Benefits

Tom Haley, Retired Benefits Officer, U.S. Dept. of Agriculture

BREAK

Federal Employment Benefits (continued)

BREAK

Social Security and Medicare Benefits

*Social Security Administration, Minneapolis, MN
(speaker varies)*

LUNCH (not included)

State Tax Aspects of Retirement

*Minnesota Department of Revenue, St. Paul, MN
(speaker varies)*

BREAK

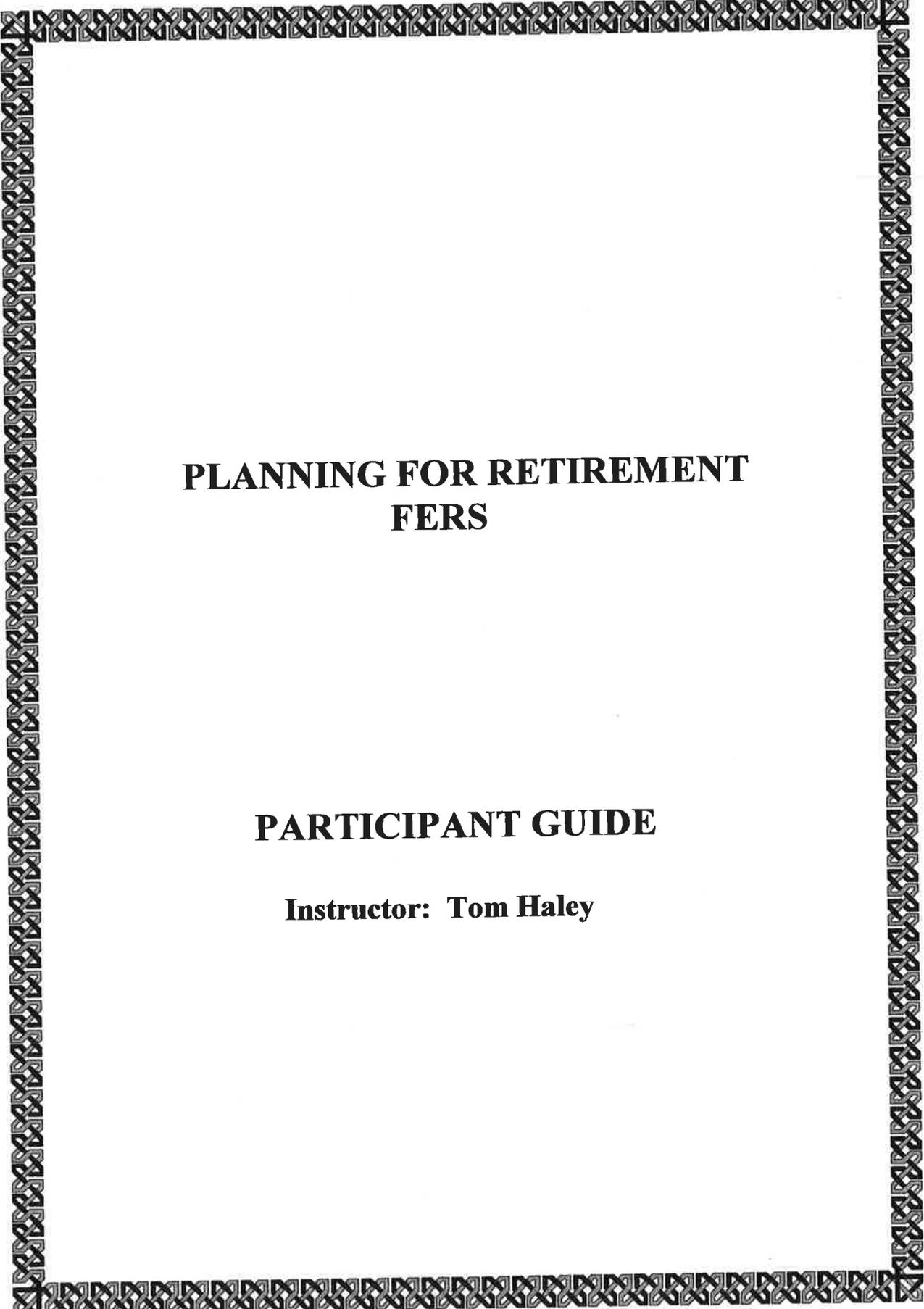
Investing for Retirement Income

(speaker varies)

Basics of Estate Planning

(speaker varies)

Please refer to the start times and the venue location for all classes. The start times are located on the FEB Registration Website or call the FEB at 612-713-7200. v 1.16

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**PLANNING FOR RETIREMENT
FERS**

PARTICIPANT GUIDE

Instructor: Tom Haley

TECHNICAL ASPECTS OF RETIREMENT

RETIREMENT REQUIREMENTS (FERS)

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OPTIONAL RETIREMENT FERS

WHO ARE FERS EMPLOYEES?

Permanent employees hired after December 31, 1983 or rehired with a break in service of more than 1 Year and who had less than 5 years of CSRS coverage as of the date of rehire. Also, CSRS and CSRS-Offset employees who transferred to FERS during the 1987-1988 or 1998 Open Seasons.

On your last Personnel Action (SF-50), in the block for Retirement Plan (30), you will have a "K" if you are covered by FERS.

COST: 7.65% (Social Security @ 6.20% + 1.45% HITS Tax) (4.2% in 2012)
 .80% To FERS Retirement Fund

 8.45% Total cost to fund future annuity plus Social Security and
 Medicare Part-A

NOTE 1: For new hires or some rehires after January 1, 2013, the rate for the FERS Retirement Fund is 3.1% for a total of 10.75%.

NOTE 2: For new hires or some rehires after January 1, 2014, the rate for the FERS Retirement Fund is 4.4% for a total of 12.05%.

Optional retirement eligibility **requires** attainment of qualifying **age and service**.

QUALIFYING COMBINATIONS

AGE	SERVICE
MRA	30 YEARS (INCLUDES CREDITABLE MILITARY SERVICE)
60	20 YEARS (INCLUDES CREDITABLE MILITARY SERVICE)
62	5 YEARS
MRA	10 YEARS (HOWEVER, 5% PER YEAR PERMANENT REDUCTION FOR EACH YEAR UNDER AGE 62)

The MRA (Minimum Retirement Age) will gradually be increasing based on year of birth. Birth dates through 1947, remain age 55, just like CSRS.

For 1948, age 55 years and 2 months; For 1949, age 55 years and 4 months, etc.

For 1953 through 1964, age 56 is the MRA.

For 1965, age 56 years and 2 months; For 1966, age 56 years and 4 months, etc.

For 1970 and after the MRA is age 57.

DISABILITY RETIREMENT FERS

MINIMUM REQUIREMENTS

- ♥ 18 MONTHS OF CIVILIAN SERVICE
- ♥ MUST FILE WITH SOCIAL SECURITY OFFICE FOR SOCIAL SECURITY DISABILITY RETIREMENT

It must be proven to the Office of Personnel Management's (OPM) satisfaction that a medical condition has caused the inability to perform duties, resulting in less than adequate performance.

Annual physicals are required by OPM to verify continued disability.

If found to be recovered medically, the annuity will continue for 1 Year.

You cannot earn in any 1 Year, more than 80% of the current salary of the position you retired from.

If found restored to earning capacity, the annuity will terminate as of June 30 of the following year.

DISABILITY ANNUITY COMPUTATION

First Year: 60% of the High-3 Years of Salary Average minus 100% of any Social Security Disability payable.

Each Year After: 40% of the High-3 Years of Salary Average minus 60% of any Social Security Disability payable.

AT AGE 62 THE ANNUITY IS RECOMPUTED USING:

Actual service plus the Years on Disability Retirement
(as a new length of service)

X

Actual High-3 at retirement plus the COLAs while on
disability (as a new high-3 years of salary average)

Regular Social Security (Old age at 62) would also now start.

DISCONTINUED SERVICE FERS

MINIMUM REQUIREMENTS

- ♥ Age 50 with at least 20 years of creditable service
- ♥ Any age with at least 25 years of creditable service

AND

- ♥ Your job is abolished

OR

- ♥ You face directed reassignment outside your commuting area

AND

- ♥ There are no comparable positions within two grades of your current position within your commuting area,

When the above requirements are met, the Annuity formula is calculated the same way as for Optional Retirement.

THERE IS NO REDUCTION FOR BEING UNDER AGE 55.

NOTE: For employees who had more than 5 years of CSRS coverage before transferring to FERS, the 2% per year reduction for years under age 55 will apply to the portion of the combined CSRS/FERS annuity represented by the CSRS years.

EARLY-OUT Retirement eligibility uses the same requirements as above except that in that situation, Management identifies positions, locations or organizational structures which need reducing and then asks employees who meet the above requirements to let Management know if they would be interested in retiring.

DISCONTINUED SERVICE RETIREMENT is involuntary;

EARLY-OUT RETIREMENT is voluntary.

DEFERRED RETIREMENT FERS

MINIMUM REQUIREMENTS

- ♥ 5 YEARS OF CREDITABLE CIVILIAN SERVICE AND AGE 62
- ♥ 20 YEARS OF CREDITABLE CIVILIAN SERVICE AND AGE 60
- ♥ 30 YEARS OF CREDITABLE CIVILIAN SERVICE AND MRA (55-57)
- ♥ 10 YEARS OF CREDITABLE CIVILIAN SERVICE AND MRA (55-57)
WITH A 5% PERMANENT PER YEAR REDUCTION FOR EACH
YEAR UNDER AGE 62

Deferred Retirement occurs when:

You resign your position,
Leave your contributions in the Retirement Fund,
And file for an annuity when you meet any of the above age and service
requirements.

**Deferred Retirement is forfeited if you withdraw your retirement
contributions any time after resigning.**

The annuity is computed in the same manner as for an Optional Annuity (Years of Service times the High-3 Years of Salary Average), but using the High-3 at the time of resignation.

Drawbacks to Deferred Retirement:

Loss of entitlement to Group Life and Group Health Insurance;

The negative effect of inflation on the High-3 Years of Salary Average.

If you die between Resignation and the Deferred Retirement eligibility AND you had at least 10 Years of creditable service (including creditable military service) at the time of resignation, your spouse is entitled to an annuity equal to 50% of the annuity you would have received if you had met the minimum age requirements at the time of death.

If you do not have 10 years of creditable service at the time of resignation, then your survivor is entitled to a refund of your FERS contributions.

ANNUITY COMPUTATIONS

CSRS CSRS-OFFSET

FERS

Amount of Annuity is Figured On:
High-3 Years of Salary Average X Length of Creditable Service

CSRS FORMULA

1.50% X HIGH-3 X 5 YEARS

1.75% X HIGH-3 X 5 YEARS

2.00% X HIGH-3 X YEARS OVER 10

FERS FORMULA

1% EACH YEAR OF SERVICE

(1.1% EACH YEAR OF SERVICE
IF AGE 62 AND OVER 20 YEARS
OF SERVICE)

PLUS

FERS ANNUITY SUPPLEMENT

If you have at least one calendar year under FERS and are retiring on an Immediate Unreduced Annuity, you receive (between MRA and 62) a substitute for the portion of future Social Security represented by the FERS service.

It applies the Social Security Formula, using actual pay for years under FERS and "deemed" pay for years prior to FERS, and multiplies it by years of FERS Civilian Service divided by 40.

It is subject to the Social Security earning limitation of \$15,720 for the year 2015.

CSRS SHORTCUT

LENGTH OF SERVICE

Minus 2

X 2

EX.: 30 YEARS OF SERVICE

30 MINUS 2 = 28

28 X 2 = 56

30 YEARS OF SERVICE

ACTUALLY EQUALS

56.25% OF THE HIGH-3.

HIGH-3 SALARY AVERAGE COMPUTATION

The High-3 Years of Salary Average is the highest pay obtained by averaging the rates of basic pay (including locality pay) in effect during any 3 consecutive years of service, with each rate weighted by the time it was in effect.

For most employees, the last 3 years of employment represent the highest 3 years. The formula is applied uniformly, whether CSRS, CSRS-OFFSET or FERS.

COMPUTATION

YEAR/MO/DAY	SALARY	X	FACTOR = EARNINGS DURING THIS PERIOD
<u>1995/08/03</u> <u>1995/01/08</u> 06-26	\$52,408	X	.572222 = \$29,989
1995/01/07 <u>1994/01/09</u> 11-29	\$50,105	X	.997222 = \$49,966
1994/01/08 <u>1993/01/10</u> 11-29	\$48,702	X	.997222 = \$48,567
1993/01/09 <u>1992/08/04</u> 05-06	\$46,508	X	.433333 = \$20,153
			\$148,675
			<u>DIVIDED BY 3 = \$49,558</u>

DEPOSIT FERS

A deposit is money paid to the Retirement Fund to purchase a period of service that was not covered by retirement deductions (e.g. temporary positions).

The interest charged is always at the Variable Interest Rate.

3% THROUGH 1984

13.000% - 1985	1993 – 7.125%	2001 – 6.375%	2009 – 3.875%
11.125% - 1986	1994 – 6.250%	2002 – 5.500%	2010 – 3.125%
9.000% - 1987	1995 – 7.000%	2003 – 5.000%	2011 – 2.750%
8.375% - 1988	1996 – 6.875%	2004 – 3.875%	2012 - 2.250%
9.125% - 1989	1997 – 6.875%	2005 – 4.375%	2013 – 1.625%
8.750% - 1990	1998 – 6.750%	2006 – 4.125%	2014 – 1.625%
8.625% - 1991	1999 – 5.750%	2007 – 4.875%	2015 – 2.000%
8.125% - 1992	2000 – 5.875%	2008 – 4.750%	

NO DEPOSIT PAYMENT IS ALLOWED FOR SERVICE PERFORMED AFTER DECEMBER 31, 1988

EFFECT OF NON-PAYMENT

Service time will NOT count toward Retirement Eligibility

AND

Will NOT count toward Annuity Computation.

FERS employees must make a deposit for non-covered service occurring before January 1, 1989 in order for it to be creditable for Retirement purposes.

REDEPOSIT FERS

A redeposit is money paid to the Retirement Fund to purchase a period of service that was previously refunded.

The interest charged is always at the Variable Interest Rate.

3% THROUGH 1984

13.000% - 1985	1993 – 7.125%	2001 – 6.375%	2009 – 3.875%
11.125% - 1986	1994 – 6.250%	2002 – 5.500%	2010 – 3.125%
9.000% - 1987	1995 – 7.000%	2003 – 5.000%	2011 – 2.750%
8.375% - 1988	1996 – 6.875%	2004 – 3.875%	2012 - 2.250%
9.125% - 1989	1997 – 6.875%	2005 – 4.375%	2013 – 1.625%
8.750% - 1990	1998 – 6.750%	2006 – 4.125%	2014 – 1.625%
8.625% - 1991	1999 – 5.750%	2007 – 4.875%	2015 – 2.000%
8.125% - 1992	2000 – 5.875%	2008 – 4.750%	

EFFECT OF NON-PAYMENT

Service time **WILL** count toward Retirement Eligibility

BUT

Will **NOT** count toward Annuity Computation

It will count for purposes of leave and reduction-in-force.

SICK LEAVE

Sick leave constitutes the only temporary disability program the Government has in its Benefits package. At retirement CSRS and CSRS-OFFSET employees receive additional service credit for unused sick leave. FERS employees receive one-half credit if retiring before the year 2014. After that they will receive the same full credit that CSRS and CSRS-OFFSET employees receive now. The charts on this page and the next reflect the days and months value of unused sick leave hours.

		MONTHS					
		One	Two	Three	Four	Five	
Days							
	0	174	348	522	696	870	
	1	180	354	628	701	875	
	2	186	369	533	707	881	
	3	191	365	539	713	887	
	4	197	371	545	719	893	
	5	203	377	561	725	899	
	6	209	383	557	730	904	
	7	214	388	562	736	910	
	8	220	394	568	742	916	
	9	226	400	574	748	922	
	10	232	406	580	754	928	
	11	238	412	586	759	933	
	12	243	417	591	765	939	
	13	249	423	597	771	945	
	14	255	429	603	777	961	
	15	261	435	609	783	957	
	16	267	441	615	788	962	
	17	272	446	620	794	968	
	18	278	452	626	800	974	
	19	284	458	632	806	980	
	20	290	464	638	812	986	
	21	296	470	643	817	991	
	22	301	475	649	823	997	
	23	307	481	655	829	1003	
	24	313	487	661	835	1009	
	25	319	493	667	841	1015	
	26	325	499	672	846	1020	
	27	330	504	678	852	1026	
	28	336	510	684	858	1032	
	29	342	516	690	864	1038	

SICK LEAVE CHART (CONTINUED)

Days	MONTHS					
	Six	Seven	Eight	Nine	Ten	Eleven
0	1044	1217	1391	1565	1739	1917
1	1049	1223	1397	1571	1745	1919
2	1055	1229	1403	1577	1751	1925
3	1061	1236	1409	1583	1757	1930
4	1067	1241	1415	1588	1762	1936
5	1072	1246	1420	1594	1768	1942
6	1078	1252	1426	1600	1774	1948
7	1084	1258	1432	1606	1780	1954
8	1090	1264	1438	1612	1786	1959
9	1096	1270	1444	1617	1791	1965
10	1101	1275	1449	1623	1797	1971
11	1107	1281	1455	1629	1803	1977
12	1113	1287	1461	1635	1809	1983
13	1119	1293	1467	1641	1816	1988
14	1126	1299	1472	1646	1820	1994
15	1130	1304	1478	1652	1826	2000
16	1136	1310	1484	1658	1832	2006
17	1142	1316	1490	1664	1838	2012
18	1148	1322	1496	1670	1844	2017
19	1154	1328	1501	1675	1849	2023
20	1159	1332	1507	1681	1855	2029
21	1165	1339	1513	1687	1861	2035
22	1171	1345	1519	1693	1867	2041
23	1177	1351	1525	1699	1873	2046
24	1183	1357	1530	1704	1878	2052
25	1188	1362	1536	1710	1884	2058
26	1194	1368	1542	1716	1890	2064
27	1200	1374	1548	1722	1896	2070
28	1206	1380	1554	1728	1901	2075
29	1212	1386	1559	1733	1907	2081

FERS POST-1956 MILITARY SERVICE

Pure FERS employees **do not** receive credit toward their civilian retirement for military service unless they purchase it.

The cost is 3% of the military pay received plus interest.

Employees who transferred to FERS with more than 5 years of creditable service under CSRS are treated the same as a CSRS employee and for them the cost is 7% of military pay received plus interest.

To start the purchase process, contact your Personnel or Human Resources Office and tell them you want to purchase your Post-1956 military service. They will send you a **SF-3108** and a “Form for Estimated Earnings During Military Service.”

Complete the **SF-3108** and return it to Personnel; send the “Estimated Earnings” form to your appropriate Military Finance Office. When they return it to you, send it to Personnel and they will calculate the payment due and notify you of payment methods.

For pure FERS employees, purchase of the military time serves to lengthen your civilian service credit and, perhaps, allow you to retire earlier than you had planned.

**VARIABLE INTEREST RATES
CIVILIAN DEPOSIT/REDEPOSIT
POST-1956 MILITARY PURCHASE**

1984	3.000%
1985	13.000%
1986	11.125%
1987	9.000%
1988	8.375%
1989	9.125%
1990	8.750%
1991	8.625%
1992	8.125%
1993	7.125%
1994	6.250%
1995	7.000%
1996	6.875%
1997	6.875%
1998	6.750%
1999	5.750%
2000	5.875%
2001	6.375%
2002	5.500%
2003	5.000%
2004	3.875%
2005	4.375%
2006	4.125%
2007	4.875%
2008	4.750%
2009	3.875%
2010	3.125%
2011	2.750%
2012	2.250%
2013	1.625%
2014	1.625%
2015	2.000%

THRIFT SAVINGS PLAN

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees.

It was established by Congress to provide Federal employees with the same savings and tax benefits that private corporations offer their employees.

TSP benefits are separate and distinct from annuities of the CSRS and FERS programs and Contribution Amounts are based on Employee Salary.

CSRS and CSRS-OFFSET

No Government Contribution

No Government Match

Employee can contribute
Up to \$18,000 in 2015

Tax Deferred
Tax **SHELTERED**

FERS

Government contributes 1%
automatically

Government matches:

First 3% of Employee Contribution
Dollar for Dollar; next 2% of
Employee Contribution \$.50 per
Dollar contributed.

Employee can contribute
Up to \$18,000 in 2015

(With the Government contributing
up to 5% additional (1% automatic
plus 4% in matching)

Tax Deferred
Tax **SHELTERED**

**(P.L. 107-304 "Catch-up/over 50" allows \$6,000
extra in 2015 via payroll deduction)**

THRIFT SAVINGS PLAN INVESTMENTS

Investment Options:

G Fund (Government Securities)

F Fund (Fixed Income)

C Fund (Common Stock)

S Fund (Small Cap)

I Fund (International)

L Fund (Lifecycle)

The **G FUND (Government Securities Investment Fund)** is invested in special issues of U.S. Treasury Securities.

The **F FUND (Fixed Income Investment Fund)** is held in a separate account and managed to track the Barclays Capital U.S Aggregate Bond Index Fund

The **C FUND (Common Stock Investment Fund)** is held in a separate account and managed to fully replicate the S&P 500 Stock Index.

The **S FUND (Small Capitalization Stock Index Fund)** invests in a stock index that tracks the Dow Jones U.S. Completion Total Stock Market Index.

The **I FUND (International Stock Index Fund)** invests in a stock index fund that Fully replicates the Morgan Stanley Capital International Fund EAFE (Europe, Australasia, Far East) index.

TOTAL TSP ASSETS (December 31, 2014) of \$440,000,000,000.

4.3 Million Participants

NEWER FEATURES:

- 1) Complete and Total Upgrade Allowing for Daily Valuation;
- 2) Quarterly Participant Statements

All Employees can do **INTERFUND TRANSFERS** (moving already contributed balances from one Fund to another) with a TSP-50. You may use a Paper TSP-50 from your Personnel office or the TSP website at (www.TSP.gov); or do it Electronically at the TSP website; or call the Thriftline at 1-877-968-3778 (toll-free).

C, F, G, S AND I FUND RETURNS

	<i>C FUND</i>	<i>F FUND</i>	<i>G FUND</i>	<i>S FUND</i>	<i>I FUND</i>
1988	11.84%	3.63%	8.81%		
1989	31.03%	13.89%	8.81%		
1990	<u>-03.15%</u>	8.00%	8.90%		
1991	30.77%	15.75%	8.15%		
1992	7.70%	7.20%	7.23%		
1993	10.13%	9.52%	6.14%		
1994	1.33%	<u>-2.96%</u>	7.22%		
1995	37.41%	18.31%	7.03%		
1996	22.85%	3.66%	6.76%		
1997	33.17%	9.60%	6.77%		
1998	28.44%	8.70%	5.74%		
1999	20.95%	<u>-0.85%</u>	5.99%		
2000	<u>-09.14%</u>	11.67%	6.42%		
2001	<u>-11.94%</u>	8.61%	5.39%		
2002	<u>-22.05%</u>	10.27%	5.00%	<u>-18.14%</u>	<u>-15.98%</u>
2003	28.54%	4.11%	4.11%	42.92%	37.94%
2004	10.82%	4.30%	4.30%	18.03%	20.00%
2005	4.96%	2.40%	4.49%	10.45%	13.63%
2006	15.79%	4.40%	4.93%	15.30%	26.32%
2007	5.54%	7.09%	4.87%	5.49%	11.43%
2008	<u>-36.99%</u>	5.45%	3.75%	<u>-38.32%</u>	<u>-42.43%</u>
2009	26.68%	5.99%	2.97%	34.85%	30.04%
2010	15.06%	6.71%	2.81%	29.06%	7.94%
2011	2.11%	7.89%	2.45%	<u>-3.38%</u>	<u>-11.81%</u>
2012	16.07%	4.29%	1.47%	18.57%	18.62%
2013	32.45%	<u>-1.68%</u>	1.89%	38.35%	22.13%
2014	13.78%	6.73%	2.31%	7.80%	<u>-5.27%</u>

THE MAGIC OF COMPOUNDING MARY AND MIKE

MARY (10% per annum interest)		MIKE (10% per annum interest)	
Year 1	\$2,000	Year 1	\$0
Year 2	\$2,000	Year 2	\$0
Year 3	\$2,000	Year 3	\$0
Year 4	\$2,000	Year 4	\$0
Year 5	\$2,000	Year 5	\$0
Year 6	\$2,000	Year 6	\$0
Year 7	\$2,000	Year 7	\$0
Year 8	\$2,000	Year 8	\$0
Year 9	\$0	Year 9	\$2,000
	\$0	Year 10	\$2,000
	\$0	Year 11	\$2,000
	\$0	Year 12	\$2,000
	\$0	Year 13	\$2,000
	\$0	Year 14	\$2,000
	\$0	Year 15	\$2,000
	\$0	Year 16	\$2,000
	\$0	Year 17	\$2,000
	\$0	Year 18	\$2,000
	\$0	Year 19	\$2,000
	\$0	Year 20	\$2,000
	\$0	Year 21	\$2,000
	\$0	Year 22	\$2,000
	\$0	Year 23	\$2,000
	\$0	Year 24	\$2,000
	\$0	Year 25	\$2,000
	\$0	Year 26	\$2,000
	\$0	Year 27	\$2,000
	\$0	Year 28	\$2,000
	\$0	Year 29	\$2,000
	\$0	Year 30	\$2,000
	\$0	Year 31	\$2,000
	\$0	Year 32	\$2,000
	\$0	Year 33	\$2,000
	\$0	Year 34	\$2,000
	\$0	Year 35	\$2,000
Year 36 – 40	\$0	36 – 40	<u>\$2,000 each year</u>
	\$515,188		\$378,496
	Mary invested \$16,000		Mike invested \$64,000

Her investment was **\$48,000** less than Mike's, but she gains **\$139,692** more than he does.

THRIFT SAVINGS PLAN LOAN PROGRAM

You may Borrow from your TSP Account for:

- 1) **General Purposes:** Education, Medical, Etc. with No Documentation
Repay the loan in 1 – 4 Years
- 2) **Primary Residence with Documentation**
Repay in 1 – 15 Years

You can Withdraw from your TSP Account for:

- 1) **Financial Hardship** (with Documentation)
- 2) Take a **One-Time Single Payment** of all or part of your Account if you are over age 59 and one-half

MINIMUM AMOUNT OF LOAN: \$1,000

MAXIMUM AMOUNT OF LOAN: Limited to the equivalent of the
Employee's Contributions to the Account.

INTEREST RATE CHARGED: Equals the G Fund rate in effect 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

REPAYMENT OF LOAN:

- 1) Must be repaid through regular Payroll Allotments within an agreed-upon time.
- 2) It can be repaid at any time without penalty.
- 3) Failure to repay the loan by the time of any separation results in notification to the Internal Revenue Service of the unpaid portion as Distribution subject to Income Tax and a potential 10% Early Withdrawal Penalty.

THRIFT SAVINGS PLAN PAYOUTS AT SEPARATION

CSRS participants are always vested in their own contributions and the earnings on their contributions.

FERS participants are always vested in their own contributions, the earnings on their contributions, the matching contributions their Agencies make and the earnings on those matching contributions. After 3 Years of service the Agency Automatic 1% is also fully vested.

You may leave your contributions in the TSP after retirement, but must withdraw your account by:

- 1) April 1 of the year following the year in which you turn 70½
- OR
- 2) April 1 of the year following the year in which you separate from Federal Service, **whichever is later.**

You may take a single Partial Withdrawal and leave the rest to be taken out as follows at a later date:

OPTIONS FOR WITHDRAWAL:

- 1) **Transfer** your TSP account to your own Eligible Retirement Plan:
 - a) Individual Retirement Account (IRA)
 - b) Individual Retirement Annuity (other than an endowment contract)
 - c) A Qualified Pension, Profit-sharing, or Stock Bonus Plan
 - d) An Annuity Plan Described in Section 403(a) of the IRS Code

Note: You Now Can Transfer or Rollover Your Payment into a “Roth” IRA and Distributions Paid to Spouses upon the Death of the Participant Can be Transferred or Rolled Over ONLY to an IRA

- 2) Have the Thrift Board purchase a life annuity for you (with MetLife)
- 3) Receive your balance in a single payment (20% will be withheld for taxes)
- 4) Receive a series of equal payments (20% will be withheld for taxes if you choose less than 120 payments (10 years), **OR use a combination of Numbers 2, 3, and 4 as a “Mixed Withdrawal”.**

♥ Accounts of less than \$200 will be automatically cashed out.

The TSP does not withhold for State, City, County, or other Local income tax.

THRIFT SAVINGS PLAN ANNUITIES

The Plan provides several **life annuity** choices. A **life annuity** is a monthly benefit paid to you for life. You can choose to receive equal monthly payments as long as you live or choose initially lower payments that increase each year.

Some choices also provide benefits for surviving spouses.

The Thrift Board has selected **Metropolitan Life Insurance Company** to provide annuity benefits.

Single Life

1. Level Payments
 - ♥ with no additional features
 - ♥ with Cash Refund Feature
 - ♥ with 10-year Certain Feature
2. Increasing Payments
 - ♥ with no additional features
 - ♥ with Cash Refund Feature
 - ♥ with 10-year Certain Feature

Joint Life with Spouse

3. Level Payments
 - ♥ 100% survivor annuity
 - ♥ 50% survivor annuity
 - ♥ 100% survivor annuity with Cash Refund Feature
 - ♥ 50% survivor annuity with Cash Refund Feature
4. Increasing Payments
 - ♥ 100% survivor annuity
 - ♥ 50% survivor annuity
 - ♥ 100% survivor annuity with Cash Refund Feature
 - ♥ 50% survivor annuity with Cash Refund Feature

Joint Life with Other Survivors

Person with insurable interest cannot be more than 10 Years younger

5. Level Payments
 - ♥ 100% survivor annuity
 - ♥ 50% survivor annuity
 - ♥ 100% survivor annuity with Cash Refund Feature
 - ♥ 50% survivor annuity with Cash Refund Feature

TSP TAX WITHHOLDING

For Withholding Purposes, TSP Payments are Classified as:

- 1) Eligible Rollover Distributions**
- 2) Periodic Payments**
- 3) Non-Periodic Payments**

ELIGIBLE ROLLOVER DISTRIBUTIONS (20% Tax Withholding)

- A) Single Payment of the Entire TSP Account
- B) An In-Service Withdrawal Payment
- C) Automatic Cashout Payment (an Account that had less than \$3,500 in it)
- D) Monthly Payments Where the Account is Expected to Be Paid Out in Less than 10 Years) (unless the IRS Life Expectancy Table is Used)
- E) A Final Single Payment made After a Series of Monthly Payments
- F) Late Contribution Payments to An Account that Has Closed
- G) Death Benefits and Court Ordered Payments (Divorce cases)

Avoid the Withholding by Asking for a Direct Transfer to Your IRA

PERIODIC PAYMENTS (Withholding Based on Married-3, But You Can Adjust)

- A) Monthly Payments Where the Account is Expected to be Paid Out in 10 Years or More
- B) Monthly Payments Computed According to the IRS Life Expectancy Table

Note: Payments You Receive from an Annuity that the TSP Purchases for you are also Periodic Payments. Your Annuity Provider (**MetLife**) will send you Withholding Information.

NON-PERIODIC PAYMENTS (10% Tax Withholding, But You Can Adjust)

- A) Required Minimum Distributions Paid Either Separately or Together with an Eligible Rollover Distribution, a Transfer, or a TSP Annuity Purchase. This Would Occur Once Past 70 ½ and Separated from Federal Service.
- B) Minimum Distribution Payments Made to a Participant Who is also Receiving a Series of Monthly Payments. The First Payments Made During a Year will be considered the Minimum Distribution Payments for Tax Withholding Purposes Until the Required Minimum Distribution Amount for that Year is Reached. Subsequent Payments will be Treated as Either Eligible Rollover Distributions or Periodic Payments for Tax Withholding Purposes.
- C) Death Benefits Paid to Someone Other Than the Spouse
- D) Court Ordered Payments to Other than the Spouse, including Child Support

FACTORS TO ESTIMATE TSP BALANCE

TSP Earning 4% Annual Rate of Return (Compounded Monthly)						
	1%	2%	3%	4%	5%	10%
Years						
5	.17	.28	.39	.47	.55	.83
10	.37	.61	.86	1.04	1.23	1.84
15	.62	1.03	1.44	1.74	2.05	3.08
20	.92	1.53	2.14	2.60	3.06	4.59

TSP Earning 7% Annual Rate of Return (Compounded Monthly)						
	1%	2%	3%	4%	5%	10%
Years						
5	.18	.30	.42	.51	.60	.90
10	.43	.72	1.01	1.23	1.44	2.17
15	.79	1.32	1.86	2.26	2.65	3.97
20	1.30	2.17	3.04	3.70	4.35	6.52

TSP Earning 10% Annual Rate of Return (Compounded Monthly)						
	1%	2%	3%	4%	5%	10%
Years						
5	.19	.32	.45	.55	.65	.97
10	.61	.86	1.20	1.45	1.71	2.57
15	1.04	1.73	2.42	2.94	3.46	5.19
20	1.90	3.17	4.44	5.39	6.34	9.51

CSRS Employees contributing 3%, Use the 1% column.

CSRS Employees contributing 5%, Use the 2% column.

SAVINGS BOND INFORMATION

The latest United States Savings Bond and Notes Earnings Report and other useful information about U.S. Savings Bonds is now available at the **Bureau of Public Debt's Internet Home Page:**

www.publicdebt.treas.gov

You can download the **Savings Bond Wizard™**, an easy to use Program that lets you keep track of your Savings Bonds and value your portfolio.

SERIES EE: Sold at One-half of Their Face Value (a \$100 Bond Costs \$50).

They Earn Interest for 30 Years, but are **Not Indexed to Inflation.**

Interest is Based on the Average Yield on Five Year Treasury Securities.

Earned Interest is Added to the Value Each Month and is Exempt from State and Local Taxes. Federal Tax can be Deferred until You Redeem the Bonds or They Stop Earning Interest.

**SERIES EE Denominations are: \$100, \$200, \$500, \$1,000;
\$5,000 and \$10,000**

SERIES I: Sold at Their Face Value (a \$100 Bond Costs \$100)

They Grow in Value With **Inflation-Indexed Earnings** for up to 30 Years

They Increase in Value Each Month and Interest is Compounded Semi-Annually

Earnings are Exempt from State and Local Taxes and Federal Taxes Can be Deferred until You Redeem the Bonds or They Stop Earning Interest

**Series I Denominations are: \$50, \$75, \$100, \$500, \$1,000;
\$5,000 and \$10,000**

The Earnings Report which contains Rate and Yield information for Series E and EE Bonds and Savings Notes, is also available by mail from the Bureau of Public Debt by sending a postcard asking for "Earnings Report" to:

**Bureau of the Public Debt
200 Third Street
Parkersburg, WV 26106-1328**

COST OF LIVING ADJUSTMENTS

CSRS ANNUITANT

Eligible at retirement for the Full Percentage based on the Consumer Price Index (CPI)

FERS ANNUITANT

None until age 62, if retiring based on age and service.

At age 62, the formula is CPI minus 1 if the CPI is 3% or More;
2% if the CPI is between 2% and 3%;
And Actual CPI if it is less than 2%.

PAST CSRS COLAs

December 1987 – 4.2%	December 1996 – 2.9%	December 2005 – 4.1%
December 1988 – 4.0%	December 1997 – 2.1%	December 2006 – 3.3%
December 1989 – 4.7%	December 1998 – 1.3%	December 2007 – 2.3%
December 1990 – 5.4%	December 1999 – 2.4%	December 2008 – 5.8%
December 1991 – 3.7%	December 2000 – 3.5%	December 2009 – 0.0%
December 1992 – 3.0%	December 2001 – 2.6%	December 2010 – 0.0%
March 1994 – 2.6%	December 2002 – 1.4%	December 2011 – 3.6%
March 1995 – 2.8%	December 2003 – 2.1%	December 2012 – 1.7%
March 1996 – 2.6%	December 2004 – 2.7%	December 2013 – 1.5%
		December 2014 – 1.7%

COMBINED CSRS/FERS ANNUITANT

CSRS rules apply to the CSRS component of the combined annuity;
FERS rules apply to the FERS component of the combined annuity.

Cost of Living Adjustments (COLA) take effect on December 1 and appear in the January annuity check.

The initial COLA is pro-rated based on the number of months of annuity receipt during the CPI Review Period.

For Example: Your annuity commenced with the month of November, the last month of the CPI Review Period; you would receive 1/12th of the December 1 COLA in your January annuity check. The next year you would have been in receipt of annuity during all 12 months of the CPI Review Period, so you would receive the full COLA.

SURVIVOR BENEFITS (FERS) DEATH BEFORE RETIREMENT

If you had at least 18 months of Civilian Service subject to FERS at the time of death, the following people may draw Survivor Benefits automatically:

SPOUSE: Must have been married to the employee for at least 9 Months at the Time of Death, or

Be Parent to a Child of the Marriage.

(Accidental death waives the Length of Marriage requirement)

FORMER SPOUSE: Must have been married to the employee for at least 9 Months, and

A Court Order must Expressly Provide for payment of a FERS Lump-Sum and/or Survivor Annuity to the Former Spouse.

CHILDREN: Must be Unmarried and

Under age 18, or

Under age 22, if a Full-time Student.

Any age if disabled before Age 18.

A Legally Adopted Child or one for whom a Petition of Adoption was filed by the Deceased is Eligible, as are Stepchildren who were dependent on the Deceased and Lived with Him or Her in a regular, Parent-Child Relationship.

Recognized Natural Children are also Eligible.

NOTE: The Survivor receives the Survivor Annuity for the rest of their life, unless they remarry before age 55. If, however, the marriage was at least 30 years in length, the Survivor Annuity continues. If a Survivor Annuity does stop, it can be restarted by notifying OPM when the subsequent marriage ends by death or divorce.

**SURVIVOR BENEFITS (FERS)
DEATH BEFORE RETIREMENT
PAYMENTS**

SURVIVOR ANNUITY PAYABLE TO *SPOUSE*

**If you had between
18 Months and 10
Years of Service on
Date of Death**

- 1) Lump-Sum Payment of \$32,326.57 Indexed to CSRS COLA
PLUS
- 2) Lump-Sum Payment of the Higher of:
 - a) One-half of the Employee's Annual Basic Pay at the
at the Time of Death,
OR
 - b) One-half of the Employee's High-3 Years of Salary
Average,
PLUS
- 3) Any Social Security Benefits Payable
PLUS
- 4) Any Thrift Savings Plan Death Benefits Payable

**If you had 10 or
More Years of
Service on
Date of Death**

- All of the Above, if Payable,
PLUS
- 5) A Survivor Annuity Equal to 50% of the Employee's Earned
Basic Annuity at the Date of Death

SURVIVOR ANNUITY PAYABLE TO *CHILDREN*

If the Spouse survives (One Living Parent) (Single Orphan)

Each Child receives the **Lesser** of:

- a) \$510 per Month, or
- b) \$1,530 per Month, Divided by the Total Number of Eligible Children

If no Spouse survives (No Living Parent) (Double Orphan)

Each Child receives the **Lesser** of:

- a) \$612 per Month, or
- b) \$1,836 per Month, Divided by the Total Number of Eligible Children

**The Dollar figures are Indexed Each Year for Inflation.
Children's figures are Reduced by any Social Security Benefits payable.**

SURVIVOR BENEFITS (FERS) DEATH AFTER RETIREMENT

Cost to the Employee is: 10% of Your Annuity to Provide Your Spouse with 50%
OR
10% of One-half Your Annuity to Provide Spouse with 25%
OR
No Provision At All

Annuity of \$30,000

<p style="text-align: right;">Reduction of 10% of \$30,000 = \$3,000</p> <p>\$30,000 minus \$3,000 = \$27,000</p> <p>Your Annuity = (\$30,000 minus \$3,000) = \$27,000 per Year</p> <p>Survivor Annuity = 50% of \$30,000 = \$15,000 Upon Your Death</p>

In Addition, Social Security Benefits are Payable. If the Spouse is Too Young To Qualify, the Office of Personnel Management Calculates a Supplemental Payment Based on the Lesser of What Social Security would have Paid Versus the Annuity Benefit Under CSRS Rules Minus the FERS Benefit.

ANYTHING LESS THAN FULL SURVIVOR BENEFITS WILL REQUIRE YOUR SPOUSE'S APPROVAL IN WRITING

If You are Married at Retirement and Do Not Provide Full Survivor Benefits, You will have 18 Months in Which to Change Your Mind. If You Do Change Your Mind, You will be Billed for Past Reductions Back to the Date of Retirement, Plus a Hefty Administrative Fee.

If You are Single at Retirement and Marry Later, You will have 24 Months in Which to Choose a Survivor Annuity for Your New Spouse. If You Do, You will be Billed for Past Reductions Back to the Date of Retirement (as if You had been Married then), Plus an Administrative Fee.

If You and Your Spouse are Both Federal Employees, You may Each Draw Your Own Annuity, Plus Survivor Benefits from the Other. If You were to Marry a Succession of Federal Employees, all of Whom Predeceased You, You Would Only be Entitled to the Highest Survivor Benefit Among Them.

The Most Important Thing to Keep in Mind is that **If There is No Survivor Annuity And You, the Federal Employee Die First, Your Health Benefits Die With You.**

After Your Death, Health Benefits for Your Spouse convey ONLY Through the Survivor Annuity.

ALTERNATIVE FORM OF ANNUITY

The Alternative Form of Annuity is a Refund at Retirement of Your Retirement Contributions in Exchange for a Reduced Annuity with Tax Credits Equal to Your Retirement Contributions spread over an Actuarial Projection of Your Life Span.

It has been in effect Since June, 1986 when the 3-Year Recovery Rule ended.

**It is Available ONLY to:
NON-DISABILITY RETIREMENT ELIGIBLES
With
TERMINAL ILLNESSES**

If You Meet the above Requirements, You Receive:

- 1) A Refund of Your Retirement Contributions
- 2) An Actuarial Reduction in Your Annuity for Life
- 3) Tax Credits Equal to Your Retirement Contributions Spread Over an Actuarial Projection of Your Life Span

The Rest of us Receive ONLY Tax Credits Spread over the Actuarial Projection of Our Life Span

Retirements with NO Survivor Benefits

Age 55 and Under	Divide by 360
Age 56-60	Divide by 310
Age 61-65	Divide by 260
Age 66-70	Divide by 210
Age 71 and Over	Divide by 160

Retirements with Survivor Benefits

If Ages Total 110 or Less	Divide by 410
If Ages Total 111-120	Divide by 360
If Ages Total 121-130	Divide by 310
If Ages Total 131-140	Divide by 260
If Ages Total Over 140	Divide by 210

PRESENT VALUE FACTORS

FERS REGULAR EMPLOYEES

EFFECTIVE OCTOBER 1, 2014

These Factors are used to Determine Annuity Reduction in the Cases of Post-Retirement Marriage; Alternative Form of Annuity and NAFI Computations

Age at Retirement	Reduction Factor		Age at Retirement	Reduction Factor
40	214.6		66	176.2
41	214.2		67	170.3
42	213.9		68	164.4
43	213.4		69	158.4
44	213.0		70	152.4
45	212.5		71	146.3
46	211.9		72	140.3
47	211.3		73	134.2
48	210.7		74	128.1
49	209.9		75	122.1
50	209.2		76	116.2
51	208.4		77	110.4
52	207.7		78	104.7
53	206.9		79	99.1
54	206.1		80	93.6
55	205.3		81	88.3
56	204.4		82	83.1
57	203.5		83	78.2
58	202.6		84	73.4
59	201.7		85	68.7
60	200.7		86	64.3
61	199.8		87	60.0
62	198.9		88	55.9
63	193.3		89	52.0
64	187.7		90	48.4
65	182.0		91 - 109	45.0 – 9.5

**PRESENT VALUE FACTORS (FERS)
Effective October 1, 2014**

LAW ENFORCEMENT OFFICERS

FIREFIGHTERS

AIR TRAFFIC CONTROLLERS

**MILITARY RESERVE TECHNICIANS RETIRING UNDER
5 U.S.C. 8414 BY REASON OF DISABILITY**

These Factors are used to Determine Annuity Reduction in the Cases of Post-Retirement Marriage; Alternative Form of Annuity and NAFI Computations

Age at Retirement	Reduction Factor		Age at Retirement	Reduction Factor
40	291.8		51	252.3
41	288.8		52	248.1
42	285.7		53	243.7
43	282.5		54	239.2
44	279.2		55	234.6
45	275.8		56	229.8
46	272.2		57	225.0
47	268.5		58	220.0
48	264.6		59	214.9
49	260.6		60	209.6
50	256.5		61	204.3

FEDERAL EMPLOYEES GROUP LIFE INSURANCE DURING EMPLOYMENT

BASIC INSURANCE - Your salary rounded to the Next Higher Thousand Plus \$2,000

Cost is \$.15 per Thousand per Pay Period

OPTION A (STANDARD) --- \$10,000 FACE VALUE

<u>AGE GROUP</u>	<u>BIWEEKLY</u>
UNDER AGE 35	\$0.30
AGE 35 THRU 39	\$0.40
AGE 40 THRU 44	\$0.60
AGE 45 THRU 49	\$0.90
AGE 50 THRU 54	\$1.40
AGE 55 THRU 59	\$2.70
AGE 60 AND OVER	\$6.00

OPTION B (ADDITIONAL OPTIONAL) 1 thru 5 Times Salary Rounded to Next Higher Thousand

<u>AGE GROUP</u>	<u>BIWEEKLY PER \$1,000 OF COVERAGE</u>	
UNDER AGE 35	\$.02	AGE 65-69 \$0.62
AGE 35 THRU 39	\$.03	AGE 70-74 \$1.14
AGE 40 THRU 44	\$.05	AGE 75-79 \$1.80
AGE 45 THRU 49	\$.08	AGE 80 + \$2.40
AGE 50 THRU 54	\$.13	
AGE 55 THRU 59	\$.23	
AGE 60 AND OVER	\$.52	

OPTION C (FAMILY) (1,2,3,4 or 5) x \$5,000 on Spouse (1,2,3,4 or 5) x \$2,500 on Children

<u>AGE GROUP</u>	<u>BIWEEKLY PER MULTIPLE</u>	
UNDER AGE 35	\$0.22	AGE 70-74 \$3.60
AGE 35 THRU 39	\$0.29	AGE 75-79 \$4.80
AGE 40 THRU 44	\$0.42	AGE 80 + \$6.60
AGE 45 THRU 49	\$0.63	
AGE 50 THRU 54	\$0.94	
AGE 55 THRU 59	\$1.52	
AGE 60 THRU 64	\$2.70	
AGE 65 THRU 69	\$3.14	

FEDERAL EMPLOYEES GROUP LIFE INSURANCE AFTER RETIREMENT

BASIC LIFE INSURANCE

May be Retained in Retirement if you have been Enrolled in **BASIC** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

CHOICE 1

75% Reduction

Reduces at age 65,
or Retirement, if
Later

Reduces by 2% per
Month until it Reaches
25% of Face Value

Cost is \$.3250/\$1000
per Month until Age 65.
Then it is free.

CHOICE 2

50% Reduction

Reduces at age 65,
or Retirement, if
Later

Reduces by 1% per
Month until it Reaches
50% of Face Value

Cost is \$.9650/\$1000
per Month until Age 65.
Then it will Cost \$.60 per
\$1000 per Month until
Death.

CHOICE 3

No Reduction

Never Reduces

Cost is \$2.2650 per
\$1000 per Month
until Age 65. Then
it will cost \$1.94 per
\$1000 per Month
until Death.

OPTION A (STANDARD) (\$10,000 FACE VALUE)

May be Retained in Retirement if you have been Enrolled in **OPTION A** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll.

Option A Reduces at Age 65, or Retirement, if Later.

Option A Reduces by 2% per Month until it Reaches \$2,500

Cost is: \$5.85 per Month (Ages 55 – 59)

\$13.00 per Month (Ages 60 – 65)

FEDERAL EMPLOYEES GROUP LIFE INSURANCE AFTER RETIREMENT

OPTION B (MULTIPLES [1 – 5] OF SALARY)

May be Retained in Retirement if you have been Enrolled in **OPTION B** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

You may Retain the Highest Number of Multiples You Carried During the Last 5 Years

Option B Reduces at Age 65, or Retirement, if Later, by 2% per Month until it Reaches \$0, if you Do Not Elect to Continue it.

Cost is: \$0.498 per \$1000 per Month (Ages 55 – 59)
\$1.127 per \$1000 per Month (Ages 60 – 64)
\$1.343 per \$1000 per Month (Ages 65-69)
\$2.470 per \$1000 per Month (Ages 70-74)
\$3.900 per \$1000 per Month (Ages 75-79)
\$5.200 per \$1000 per Month (Ages 80 +)

**YOU MAY NOW RETAIN
OPTION B AND OPTION C
AFTER AGE 65
BY PAYING AN ADDITIONAL
PREMIUM**

OPTION C (FAMILY) SPOUSE AND CHILDREN

May be Retained in Retirement if you have been Enrolled in **OPTION C** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

Option C Reduces at age 65 or Retirement, if Later, by 2% per Month until it Reaches \$0, if you Do Not Elect to Continue it.

Cost is: \$3.29 per multiple per Month (Ages 55 – 59)
\$5.85 per multiple per Month (Ages 60 – 64)
\$6.80 per multiple per Month (Ages 65 – 69)
\$7.80 per multiple per Month (Ages 70 – 74)
\$10.40 per multiple per Month (Ages 75 – 79)
\$14.30 per multiple per Month (Ages 80 +)

Name of Insured (please print) _____
Social Security Number of Insured _____

INTER VIVOS TRUSTEE DESIGNATION

**TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF
BENEFICIARY DATED _____**

I request that the amount payable under the FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM (Proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under (Name of Trust Agreement) _____ bearing the date of _____, executed by me.

I further request that in the case of the failure of said Trustee(s) to be appointed as such or to qualify as such for any reason, or the termination for any reason of the trust prior to my death that the Proceeds shall be paid to:

Name	Address	Relationship	Share
_____	_____	_____	_____
_____	_____	_____	_____

The Office of Federal Employees Group Life Insurance (OFEGLI) shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI'S liability under the Federal Employees Group Life Insurance Program.

Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.) _____

Date of execution (Month, day, year) _____

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary

Signature of Witness _____ Number and Street _____ City, State, Zip Code _____

Signature of Witness _____ Number and Street _____ City, State, Zip Code _____

Name of Insured (please print) _____
Social Security Number of Insured _____

TESTAMENTARY TRUSTEE DESIGNATION

**TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF
BENEFICIARY DATED _____**

I request that the amount payable under the FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM (proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under my Last Will and Testament, and I further request that in the case of the failure of said Trustee to be appointed as such or to qualify as such by reason of non-probate of any Will to that effect or for any other reason whatsoever, the Proceeds shall be paid to:

Name	Address	Relationship	Share
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

The Office of Federal Employees Group Life Insurance (OFEGLI) shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI's liability under the FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM.

Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable).

Date of execution (Month, day, year) _____

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary

Signature of Witness Number and Street City, State, Zip Code

Signature of Witness Number and Street City, State, Zip Code

FEDERAL EMPLOYEES GROUP LIFE INSURANCE

In the event of **Accidental Death**, FEGLI pays **DOUBLE** on **BASIC** and **OPTION A**, while you are **Working**.

NO Double Indemnity after Retirement.

While You are Employed, FEGLI also applies an **Age Multiplication Factor** to the **Basic Insurance** if You **Die Younger than Age 45**

<u>AGE</u>	<u>FACTOR</u>
35 OR LESS	2.0
36	1.9
37	1.8
38	1.7
39	1.6
40	1.5
41	1.4
42	1.3
43	1.2
44	1.1
45	1.0

COMMON DISASTER CLAUSE

To Prevent Insurance Proceeds from going to the Estate in cases where Employee and Spouse Both Die within a Short Period of Each Other

On the **SF-2823, FEGLI Designation of Beneficiary** form, after Naming Your Designated Beneficiary (e.g. wife), add:

“if he (or she) survives me by at least **(1 to 30)** days.”

If Your Designated Beneficiary Dies Before the Specified Number of Days Elapses, the Insurance will be Paid According to the Natural Order of Precedence

NATURAL ORDER OF PRECEDENCE

- 1) Widow or Widower
- 2) Children
- 3) Parents
- 4) Executor or Administrator of Estate
- 5) Any other Next of Kin Who are Entitled Under the laws of the Domicile of the Insured at the Time of Death

FEDERAL EMPLOYEES HEALTH BENEFITS DURING EMPLOYMENT

The Federal Employees Health Benefits program (FEHB) Offers a Practical Way to help meet the Costs of Health Care.

The Program provides:

- 1) A Choice of Plans and Options;
- 2) A Government contribution of up to 75% of the Cost of Your Premium;
- 3) Payments for Your Share of the Premium through Payroll Deduction
- 4) Immediate coverage from the Date of Enrollment without a Medical Examination or Restrictions because of Your Age or Condition;
- 5) The Opportunity for Temporary Continuation of Coverage (TCC) or Conversion to Nongroup Coverage if Your Enrollment ends or a Covered Family Member loses Eligibility for Coverage;
- 6) For Continued Protection for You and Your Eligible Family Members After Your Retirement and/or Death, if Certain Conditions are Met.
- 7) Premium Conversion – premiums are deducted before the application of taxes resulting in a lower taxable gross income each pay period.

Open Seasons are Conducted for 4 Weeks in **November** and **December** each Year with Effective Dates the Following **January**. **Enrollment and All Changes are allowed.**

Other Events which Allow some Change include **Marriage, Birth of a Child, Divorce, Transfer Out of a Servicing Area, etc.**

PRE-ADMISSION CERTIFICATION

Always Remember to Confirm that your Doctor has Checked with Your Plan before You are Admitted to the Hospital. Failure to do so Could Result in Reduced Benefits of \$500.

CLAIM DENIAL

If you have a Claim Denied, You have the Right to Reconsideration by the Plan and upon a Second Denial can Appeal to the **Office of Personnel Management (OPM)** in Washington, D.C. Your Appeal must be Filed within 90 Days of the Plan's Second Denial.

It Should Include All Claim Forms, Bills, Receipts and Correspondence Related to the Claim. Include A Statement of Willingness to Allow the Release Of Medical Evidence to **OPM**, if necessary, and Mail it to:

**Office of Personnel Management
Office of Insurance Programs
P.O. Box 436
Washington, D.C. 20044**

FEDERAL EMPLOYEES HEALTH BENEFITS AFTER RETIREMENT

You May Retain the Federal Employees Health Benefits (FEHB) coverage in Retirement if You have been Enrolled for at least the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

The Federal Government will Continue to Pay its Share of the Premium at the **Same Rate** as it Does for Currently Employed Workers

As a Retiree, You will have the **Same Rights and Privileges** as Outlined for the Currently Employed Workforce.

EXCEPT: Retirees are not entitled to Premium Conversion (the pre-tax application of Health insurance premiums) nor can they reenter the FEHB after opting out, for reasons other than enrollment in a Medicare-related gap plan.

Always Remember that Health Benefits Coverage for Your Spouse, after Your Death, Depends upon the Existence of a Retirement Survivor Annuity.

If You Die Before Your Spouse and You Did Not Provide a Retirement Survivor Annuity for Them When You Retired, The Health Benefits Coverage will End With Your Death

If Your Spouse has Good Current Health Coverage Through an Employer in the Private Sector and You are Carried as a Dependent on his or her Policy, You might want to Find Out What Sort of Benefits that Private Employer Provides for its Retirees and Their Families.

Oftentimes, the Private Employer will Eliminate the Spouse (you) upon Their Employee's Retirement, or will Reduce Significantly the Benefits Available to Both.

Since the Government Does Not Draw this Distinction Between Worker and Retiree, You May Wish to Enroll in an Inexpensive FEHB Plan, just to Establish Your FEHB Retention Through 5 Years of Coverage Preceding Retirement.

Then, During any Open Season, or Upon Your Spouse's Retirement, if They Lose Their Coverage, You Can Bring Them Into FEHB as a Family Member, Paying the Same Premium as if They had been Covered Members all of Your Career.

WEB PAGE REFERRALS

www.opm.gov

Office of Personnel Management

Excellent Resource for All Questions Related to Your Status as A Federal Employee

Also has Calculators for Figuring Future Annuity and Life Insurance Coverages and Cost

www.tsp.gov

Thrift Savings Plan

Excellent Resource for All Questions Related to Your Thrift Savings Plan

Also has Calculators for Projecting Future TSP Balances And Allows Access to Your Account (with PIN #) To Transfer Funds and Check Balances

www.ssa.gov

Social Security Administration

Excellent Resource for Social Security Related Questions, Including Medicare

www.publicdebt.treas.gov

Savings Bonds

Excellent Resource for Savings Bond Information

Also has Calculator for Recording and Figuring Interest on Currently Held Bonds

www.narfe.org

National Active and Retired Federal Employees

Excellent Organization Devoted to the Federal Employee. All Can Join (Retired or Working) Tracks Legislation Which Affects Federal Employees and Lobbies for Feds

www.fedweek.com

FedWeek Electronic Newsletter

Free e-mail Delivery Every Wednesday Keeps You Aware of Current Federal Employment Activities and Benefits Legislation

POINTS TO PONDER

Your Agency pays off your Annual Leave.
You should see payment within 3 weeks.

Most Retirees receive their first Annuity Check 30 days after their Retirement date (assuming they are entitled to annuity for that previous month)

Annuity Checks are like paychecks (they follow the period of retirement they represent (April check for the month of March; July check for the month of June)

First Annuity Checks will be pro-rated (usually, 75-80% of final figure)

CSRS Retirees will receive 2-3 pro-rated checks; FERS Retirees will see 5-6 of them. It takes longer to finally adjudicate a FERS annuity.

The Office of Personnel Management (OPM) will provide you with telephone numbers to use for the purpose of changing things like Federal and State withholding. Part of this is a Retiree Booklet that details all of your benefits as a Retiree (Life Insurance and Health Insurance coverage, etc.)

Because full annuity will not be available immediately, plan on setting aside 2-3 months of salary before your retirement date to assure continuation of capital to pay for bills.

Use the Retirement Checklist to prepare for this big event. Be sure you understand the effect of Civilian Deposit; Civilian Redeposit; Post-1955 Military Purchase, and especially, what you are doing with your Thrift Savings Plan and other financial investments.

Access the OPM Website to see what's going on, Before Retirement and After.

Consider joining the National Active and Retired Federal Employees organization (NARFE) to keep up-to-date with legislation that affects you. NARFE is for everyone, working or retired, so you can do it long before you actually retire.

Keep active, connected and happy. Always remember, you are much more than just that which surgeons can remove.

Never forget that you Retire To something, not From. What you Retire To may be a second career, a passion of the soul, more time for volunteering, but you don't just stop an engine that's been running full tilt for 40+ years.

And after all is said and done, consider the question, "*What if the hokey-pokey really is what it's all about?*" *Happy Planning, Happy Retirement, Happy Life!*

GOVERNMENT ACRONYMS and FORM NUMBERS

FEGLI – Federal Employees Group Life Insurance

SF 2818, Continuation of Life Insurance Coverage (after retirement)
BASIC, value based on salary rounded to next higher thousand plus \$2,000
OPTION A, (Standard), \$10,000 face value
OPTION B, One to Five times Basic Salary
OPTION C, Coverage for Spouse and Children
SF 2823, Designation of Beneficiary

FEHB – Federal Employees Health Benefits

SF 2809, Enrollment or Change Form

CSRS – Civil Service Retirement System

SF 2801, Application for Immediate Retirement
SF 2808, Designation of Beneficiary for Retirement Contributions

FERS – Federal Employees Retirement System

SF 3107, Application for Immediate Retirement
SF 3102, Designation of Beneficiary for Retirement Contributions

TSP – Thrift Savings Plan

TSP-1, Enrollment or Change Form
TSP-3, Designation of Beneficiary
TSP-30, Interfund Transfer Request

SSA – Social Security Administration

WEP - Windfall Elimination Provision
PPO - Public Pension Offset, sometimes GPO – Government Pension Offset
QCs – Quarters of Coverage, now called Credits
AIME – Average Indexed Monthly Earnings
PIA – Primary Insurance Amount

Designation of Beneficiary for Unpaid Compensation

(Payment for Last Salary Check and Annual Leave in the event of Employee Death in Service). Form number varies from Department to Department.

DIVORCE APPORTIONMENT

Benefits from Retirement and the Thrift Savings Plan can be Attached through a Divorce Settlement. Life Insurance Proceeds can be Affected through Assignment.

Apportionment Simply Means that after Your Retirement a Portion of Your Annuity Can be Required to be Sent to Your Former Spouse.

By Law, the Office of Personnel Management (OPM) **Must Honor a Court Order**

Your Attorneys can Explore Alternatives to the Apportionment (e.g. Buyouts), if You Do Not Want Your Benefits Affected.

The Controller is the Language of the Court Order Granting the Divorce.

If it Provides for Apportionment, Then Your Former Spouse will Receive a Portion of Your Retirement Annuity when You Retire.

<p>CSRS or CSRS-OFFSET or FERS Public Law 95-366 September 15, 1978</p>

“Handbook for Attorneys on Court Ordered Benefits”

Now available only on the Internet at
www.opm.gov/retire/pubs/pamphlets/list.asp

OPM Must Divide Annuity Benefits to the Extent Expressly Provided for in the Terms of

- 1) Any Decree of Divorce
- 2) Annulment, or
- 3) Legal Separation, or
- 4) Any Court Order or Court Approved Property Settlement Agreement Incident to any Court Decree of Divorce, Annulment, or Legal Separation

DIVORCE SPOUSE EQUITY (SURVIVOR)

Benefits from Retirement and the Thrift Savings Plan can be Attached through a Divorce Settlement. Life Insurance Proceeds can be Affected through Assignment.

Spouse Equity (Survivor) Simply Means that Upon Your Death an Annuity Benefit Can be Required to be Sent to Your Former Spouse.

By Law, the Office of Personnel Management (OPM) **Must Honor a Court Order.**

Your Attorneys can Explore Alternatives to the Survivor Annuity (e.g. Buyouts), if You Do Not Want Your Benefits Affected.

The Controller is the Language of the Court Order Granting the Divorce.

If it Provides for Survivor Benefits, then Your Former Spouse will Receive Survivor Benefits Upon Your Death.

CSRS or CSRS-OFFSET or FERS Public Law 98-615 November 8, 1984

“Handbook for Attorney on Court Ordered Benefits”

Now available on the Internet at
www.opm.gov/retire/pubs/pamphlets/list.asp

In Addition to the Court Order Controlling Disposition of the Survivor Benefits, the Following Conditions Must Also be Met:

- 1) The former Spouse Must have been Married at Least 9 Months to the Individual Who Performed at Least 18 Months of Creditable Service Under the Retirement System;
- 2) The Marriage was Dissolved Before the Death of the Federal Employee;
- 3) After the Dissolution, the Former Spouse has not Remarried Before Age 55;
- 4) And The Federal Employee Predeceases the Former Spouse.

In Court Settlements Providing for Apportionment and/or Survivor Benefits, Former Spouses are now entitled to **Group FEHB Health Coverage** at the Combined Cost of the Employee’s Contribution, Employer’s Contribution and a Small Administrative Charge.

LONG TERM CARE INSURANCE FOR THE FEDERAL FAMILY

FOR: **Employees** and their spouses, adult children (including adopted and stepchildren), and their parents, parents-in-law and stepparents.
Annuitants, their spouses and adult children (including adopted and stepchildren)

CHOICES: **Maximum Benefit** (Daily or Weekly)
Length of Policy (3-year, 5-year or Lifetime)
Waiting Period (90-day or 30-day)
Type of Inflation Protection (Compound or Future Purchase)

BENEFIT LEVELS: **Institutional Care** (Nursing Home, Assisted Living, Hospice Care) (100% rate)
Home Care (Home Health Care, Adult Day Care) (75% rate)

PREMIUMS: Based on age at time you buy the insurance

Based on choices you make from **Maximum Benefit; Length of Policy; Waiting Period; Type of Inflation Protection.**

You will pay 100% of the premium with OPM hoping to negotiate a 15-20% discount based on the size of the "Federal Family". OPM as the employer-sponsor would assure policy evolution as long-term care services change. What you buy today will still be contemporary contemporary 30 years from now.

Premiums are the same for employee and annuitant at any given age.

BENEFITS START: When you satisfy your waiting period; and
Cannot perform 2 of the 6 Activities of Daily Living for 90 days or More, (Eating, Bathing, Dressing, Toileting, Moving, Bladder/Bowel Control) or;
You have a severe cognitive impairment (Alzheimer's Disease).

No premiums to pay while receiving benefits

TAX TREATMENT: Benefits received are not taxable and premium costs exceeding 7.5% of Adjusted Gross Income are tax deductible. Congress is considering making them fully deductible. Some states already provide State tax deductibility.

UNDERWRITING: **Short-form** for employees and spouses with several general health-related questions.
Full for everyone else with numerous health-related questions, a review of medical records and/or a personal interview.

INSURERS: are LTC Partners team of **MetLife and John Hancock**

CHECKLIST FOR EMPLOYEES PREPARING TO RETIRE

Put an X by the Statements that Apply to You, Write in the Answers to Relevant Questions, and Check Off Pertinent Items when Completed. This is Your Personal Retirement Planning Worksheet

One Year or More Before Retirement

- 1) Determine when you will meet the age and service requirements for retirement. _____
- 2) Choose a retirement date. If separating under "MRA + 10" provisions (with age reduction), decide whether you wish to apply for annuity at separation or later to minimize or avoid reduction for age. _____
- 3) Make an appointment, if possible, with a retirement counselor in your Personnel Office to review your Official Personnel Folder (OPF). _____
- 4) Together with your counselor, review your OPF and work with your counselor to complete the SF-2801-1 to assure official documentation of the following and to determine that the records in the OPF are sufficient verification of service for retirement purposes:
 - a) A record of each of the periods of service you believe you had. _____
 - b) The beginning and ending dates for each period of service. _____
 - c) Effective dates for each promotion, for within-grade-increases, or for other pay changes during any Federal Service for which retirement deductions were not withheld from your salary or service that might fall into your High-3 average salary period. (If all pay changes during Deposit service are not available, total earnings can be used. _____
 - d) Documentation of your tour of duty (60 hours/pay period, for example during any regular part-time appointment during (1) Deposit service, (2) service taking place on or after April 7, 1986, or (3) any other service that might fall into your High-3 average salary period). For cases that receive credit as FERS service only, documentation of ALL tours of duty during any regular part-time appointments. _____

CHECKLIST

- e) Record of the time you actually worked during intermittent or WAE (“when actually employed”) _____

- f) Copy of both sides of your military discharge paper and/or Your DD 214, Military Discharge, record of military service. _____

- g) Record of your current Federal Health Benefits enrollment on SF 2809, Health Benefits Registration Form, and SF 2810, Notice of Change in Health Benefits Enrollment. Do records show you have been covered long enough to allow you to continue health benefits as a retiree? If you were covered under your spouse’s enrollment, or were covered by CHAMPUS, do the records show this? _____

- h) Record of your current Federal Life Insurance coverage on SF 2817, Life Insurance Election. Do records show you have been covered long enough to allow you continue basic and optional coverages as a retiree? _____

- i) Your Designation of Beneficiary for Life Insurance (SF 2823) And Designation of Beneficiary for Retirement Contributions (SF 3102), if you filed either form, showing the person(s) you currently want designated. _____

NOTE 1: If you are in CSRS, your SF 2808, Designation for CSRS Retirement Contributions, is at OPM.

NOTE 2: If you transferred to FERS, any SF 2808 is no longer valid. You should complete a new SF 3102 if you have not already done so.

NOTE 3: The Designation for TSP, TSP-3, is retained at the TSP Service Office in New Orleans, Louisiana. You should have personal copies of all of these With your personal papers at home.

- 5) If you have a question concerning the creditability of a period of your Service, ask for verification from the person assisting you. _____

- 6) If any necessary documentation is missing from the OPF, bring it to the attention of the person assisting you and request that the Personnel Office obtain the documentation. _____

CHECKLIST

7) Ask for information from Social Security Administration (SSA) about your future eligibility for Social Security benefits and an estimate of the amount. Call 1-800-772-1213 at Social Security for form SSA-7004-PC. You can also use the SSA Website (www.ssa.gov) and SSA has begun sending yearly notices.

♥ As soon as you are within 2 to 3 months of age 62 (before or after retiring), contact SSA right away to decide when to apply for benefits.

8) Determine if the Social Security Windfall Elimination Provision (WEP) or the Government Pension Offset (GPO) affects any Social security benefits expected.

9) Request estimated annuity computations at this time if decisions need to be made on paying Deposit or Waiving Military Retired Pay.

10) Decide whether to waive Military Retired Pay, if applicable.

11) Deposits/Redeposits. Apply to make Deposits for:

♥ Post-1956 Military Service (to Agency)

♥ Redeposit (refunded) service (to OPM); find out how certain refunded service will be credited if you do not pay the Redeposit. This may affect your decision whether or not to pay the Redeposit.

♥ Deposit service (to OPM); find out how service will be credited if you do not pay the Deposit. This may affect your decision whether or not to pay the Deposit.

12) Decide when and how to receive your Thrift Savings Plan Funds. Arrange to pay off any TSP loans before retirement to avoid delay in receipt of TSP distributions.

TSP is managed by the Thrift Savings Board, not OPM. Questions about TSP payments should be addressed to:

Thrift Savings Plan Service Office
National Finance Center P.O. Box 61500
New Orleans, LA 70161-1500

CHECKLIST

- 13) Request information about any pension from non-civil service employment (pension) for which you might be eligible. (Will it affect your FERS or CSRS pension in any way?) _____
- 14) Do you receive any OWCP benefits? If you receive OWCP benefits, request information about their impact on your annuity. _____

Six Months Before Retirement

- 15) Decide when to send Waiver of Military Retired Pay. _____
- ♥ Send the Military Finance Center your Waiver of Military Retired Pay 60 to 90 days before your Retirement. _____
- 16) Clear up any financial indebtedness to your Agency. If you don't, your Agency can ask OPM to withhold the debt from your annuity. _____
- 17) Inform your supervisor of your proposed retirement date. _____
- 18) Ask your Personnel Office for forms that may require additional study and time to complete. _____

Two Months Before Retirement

FERS Forms – basic package of retirement forms for the employee to complete. _____

SF 3107 Application for Immediate Retirement

SF 3107-2 Spouse's Consent to Survivor Election. (Only required if you do not elect the full survivor benefit for your current spouse)

SF 2818 Continuation of Life Insurance Coverage

SF 2817 If you do **NOT** want to continue all your Optional Life Insurance into retirement, you should complete this form. The **SF 2818** **CANNOT** be used to cancel life insurance.

TSP Forms necessary for election of Thrift Savings Plan disbursements.

CHECKLIST

CSRS Forms – basic package of retirement forms for the employee to complete. _____

SF 2801 Application for Immediate Retirement

SF 2801-2 Spouse's Consent to Survivor Election. (Only required if you do not elect the full survivor benefit for your Current Spouse)

SF 2801-3 Election of Former Spouse Survivor Annuity or Combination Current/Former Spouse Survivor Annuity. (Only required if you wish to make this type of election)

SF 2818 Continuation of Life Insurance Coverage

SF 2817 If you do **NOT** want to continue all your Optional Life Insurance into retirement, you should complete this form. The **SF 2818 CANNOT** be used to cancel life insurance.

TSP Forms necessary for election of TSP disbursements

RI 38-124 Voluntary Contributions Election. (Only required if you want a refund of your voluntary contributions)

19) Complete the EFT Information/Certification Letter for Direct Deposit Sign-up or request from your bank or financial institution a Direct Deposit Sign-up Form (SF 1199A). Either of these forms should be submitted with your retirement application. Follow your Agency's lead here, as there are some variations on this process. _____

20) Complete/Sign the Retirement Application and all related forms. _____

21) Submit all forms and required documents to your supervisor/administrative officer/Personnel Office. (Keep a copy for personal reference.) _____

When Your Personnel Office Notifies You

22) Review and sign SF 3107-1 or SF 2801-1, Certified Summary of Federal Service, that the Personnel Office has prepared. _____

23) Complete all customary Agency exit procedures. _____

After You Retire send TSP forms directly to TSP Office. _____

CHECKLIST

HEALTH AND LIFE INSURANCE COVERAGE

1. What Federal Employees Health Benefits (FEHB) coverage do I currently hold?

Plan Name _____

Enrollment (Self Only/Family) _____

Option (High/Low) _____

2. Am I eligible to continue my Federal Employee Health Benefits coverage as an annuitant? If not, am I eligible for Temporary Continuation of Coverage (TCC)?
3. Am I presently covered as a family member on my spouse's FEHB plan? Should I retain that coverage?
4. Am I presently covered by any other health benefits plan? Should I retain that coverage?
5. Are family members covered by my FEHB plan? Will they be adequately protected by other plans if I change my enrollment to Self Only coverage?
6. What is the monthly premium for my current coverage? \$ _____
7. Am I familiar with the features of my current plan? Should I switch to another plan during Open Season?
8. Am I eligible for Medicare at this time? What effect will Medicare have on my current coverage?
9. If I move out of the area covered by my HMO (or other limited service area plan), what do I need to do to change from one HMO to another plan servicing the new area?

CHECKLIST HEALTH AND LIFE INSURANCE COVERAGE

10. What Federal Employees Group Life Insurance (FEGLI) coverage do I currently have?

Basic – Amount of Coverage \$ _____

Option A – Standard – Amount of Coverage \$ _____

Option B – Additional

How many multiples of pay? 1 2 3 4 5

Amount of Coverage \$ _____

Option C – Family

Spouse -- 1 2 3 4 5 (times \$5,000) = \$ _____

Each Child -- 1 2 3 4 5 (times \$2,500) = \$ _____

11. Am I eligible to continue my Basic Life Insurance coverage as an annuitant?
Am I eligible to continue my Optional Insurance (A, B, C) as an annuitant?

12. Have I decided what level of post age 65 Basic coverage I want? (see SF 2818, Continuation of Life Insurance Coverage, for Basic Life Insurance; includes election Regarding amount of post-retirement Basic life insurance). Do I want to retain Option B after age 65? If you wish to convert any coverage, use SF 2819, Notice of Conversion Privilege, to apply for conversion (no medical examination is required).

13. Do I have enough monthly annuity to pay for all my health benefits and life insurance premiums?

14. Do I want to cancel some of my coverage at retirement? (Use SF 2817, Life Insurance Election, to cancel life insurance options). Ask your retirement counselor or Agency representative to explain what happens and what effect it has when you carry all of your optional insurance into retirement.

Office of Public Affairs

The Ten Most-Asked Questions about Social Security

by

Jim Czechowicz (Chek´-o-wits)

Social Security Administration

190 5th St E Ste 800

St Paul MN 55101-1483

Boldly Go to WWW.SOCIALSECURITY.GOV



Social Security

Official Social Security Website

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Patriot Day

This September 11th we remember the victims and their families. Learn about Survivors and Disability benefits.



my Social Security
Sign In
Create an Account

Online Services

Retirement Estimator

FAQs



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Top 10 Baby Names For 2012



Rank	Male name	Female name
1	Jacob	Sophia
2	Mason	Emma
3	Ethan	Isabella

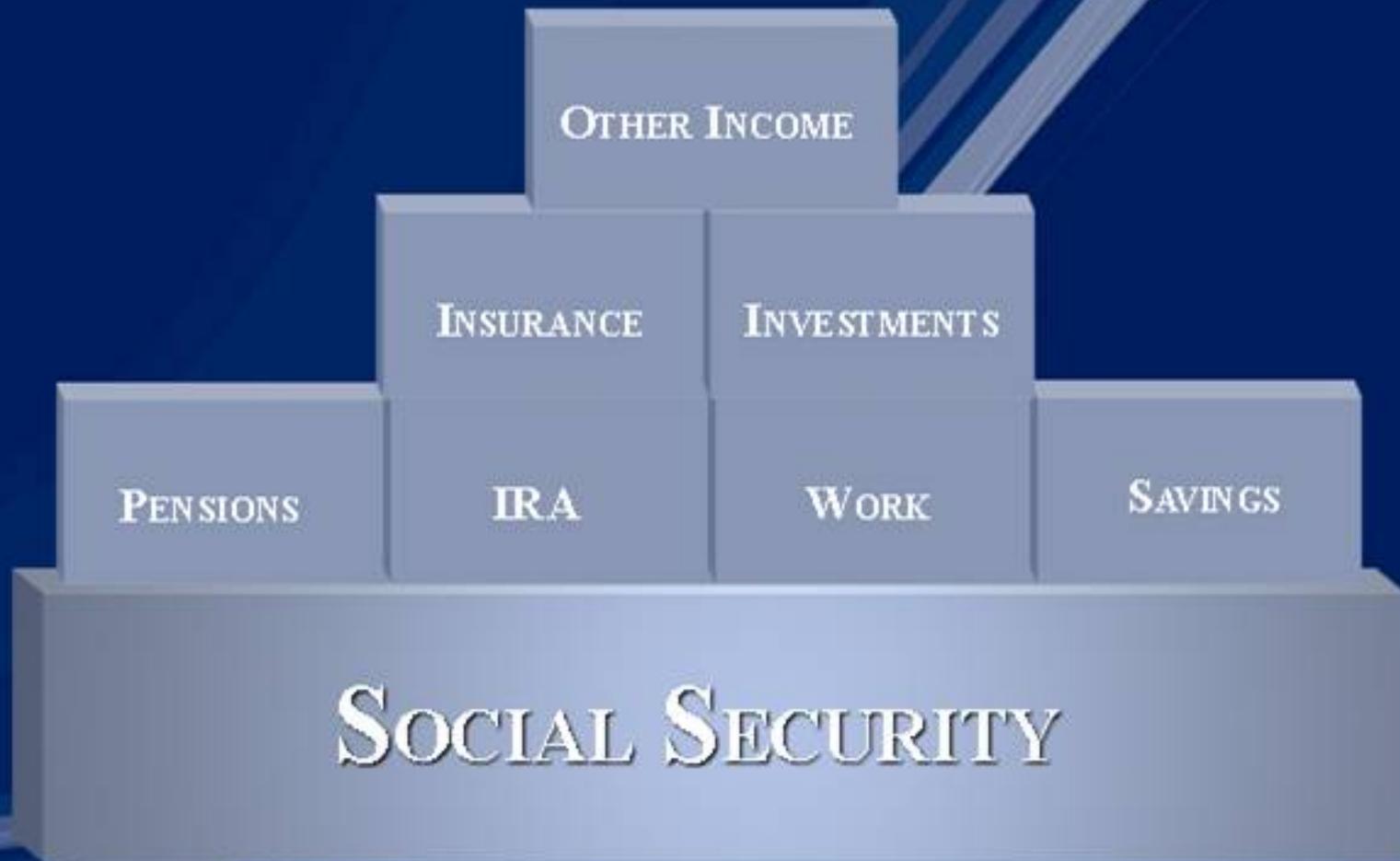
my Social Security

Sign in

Create an Account

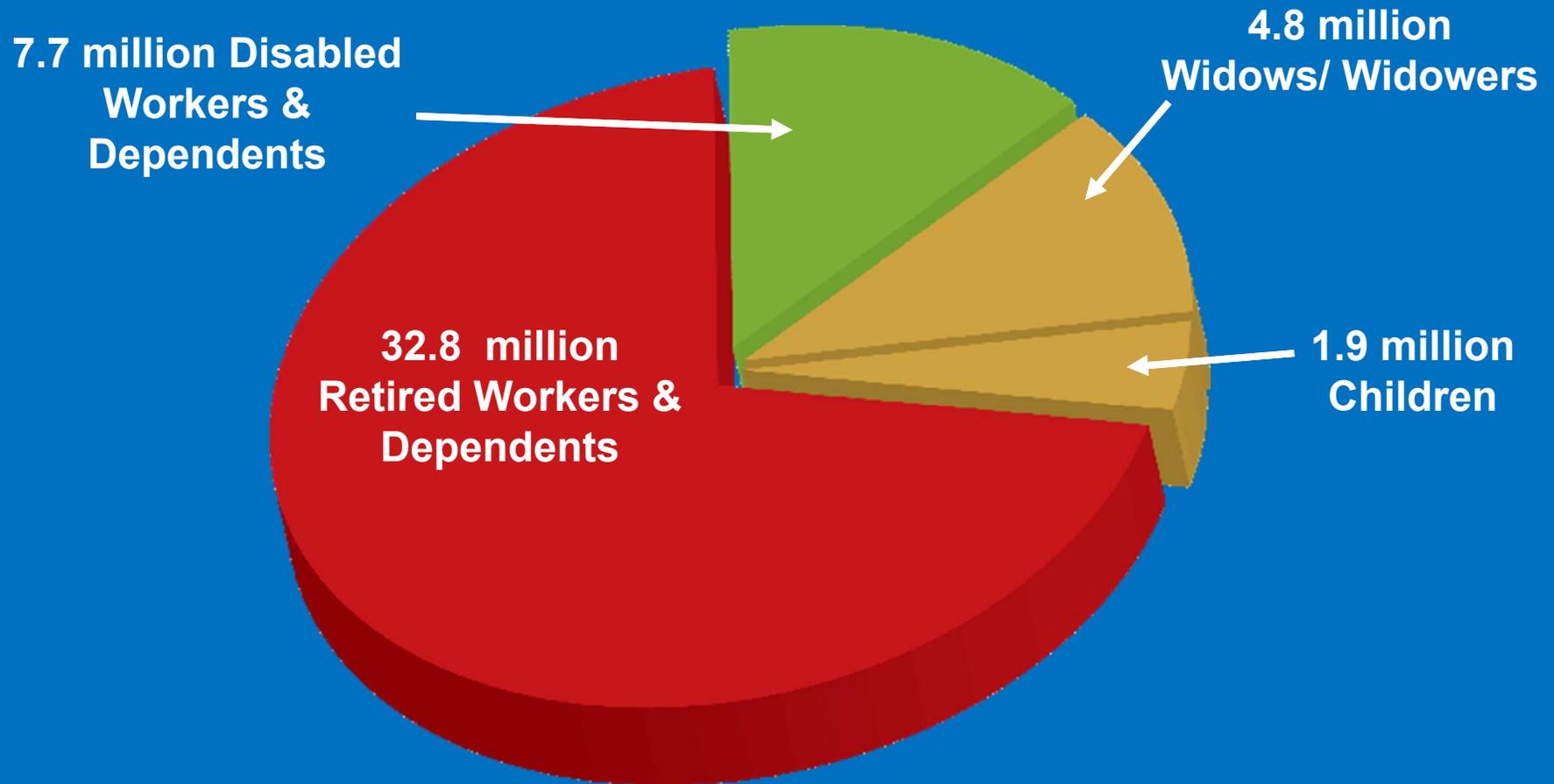
- ### For Parents & Guardians
- [Baby's First Social Security Number](#)
 - [Benefits for Children](#)
 - [Benefits for Grandchildren](#)
 - [What Every Parent Should Know About Social Security](#)

Social Security: Foundation for Income in Retirement



2. Social Security: More than Retirement

~58 Million People



Importance of Social Security to Young People



- 1 in 5 ...20 year-olds will have a disability before age 67
- 1 in 7 ...dies prior to age 67

Social Security's Programs

1935

**Retirement
Insurance**

1939

**Survivors
Insurance**

1956

Disability

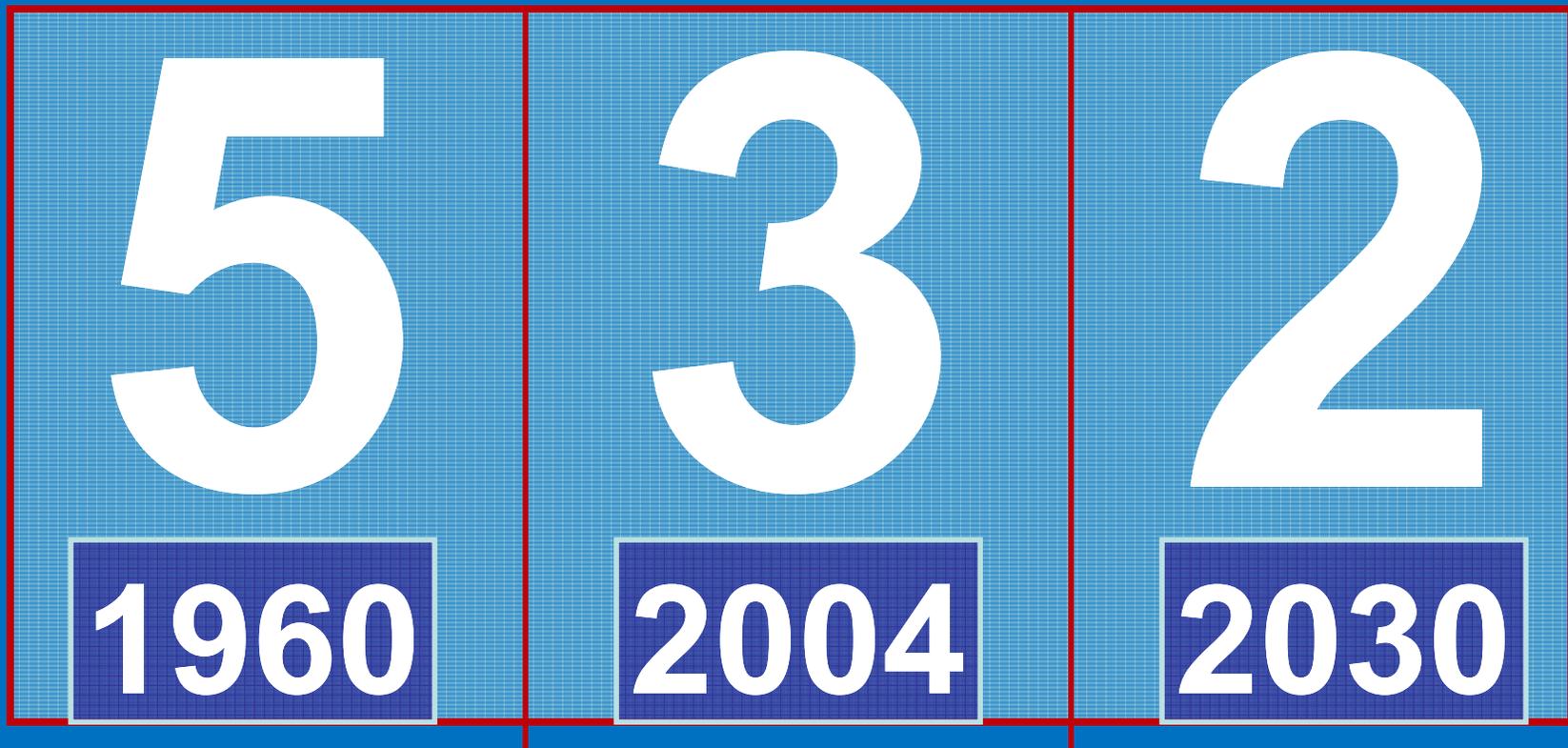
1965

Medicare

1972

**Supplemental
Security
Income**

3. The Number of *Workers Per Beneficiary* Is Decreasing: *Changes are Needed!*

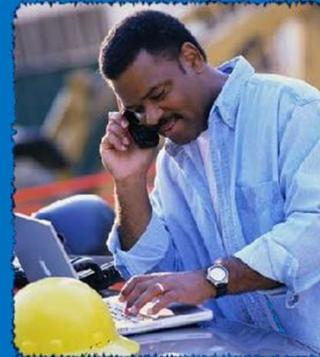


Social Security Cost-of-Living Adjustments

Effective Date	Amount	Effective Date	Amount
June 1975	8.0%	Dec 1993	2.6%
June 1976	6.4%	Dec 1994	2.8%
June 1977	5.9%	Dec 1995	2.6%
June 1978	6.5%	Dec 1996	2.9%
June 1979	9.9%	Dec 1997	2.1%
June 1980	14.3%	Dec 1998	1.3%
June 1981	11.2%	Dec 1999	2.5%
June 1982	7.4%	Dec 2000	3.5%
June 1983	3.5%	Dec 2001	2.6%
June 1984	3.5%	Dec 2002	1.4%
June 1985	3.1%	Dec 2003	2.1%
June 1986	1.3%	Dec 2004	2.7%
June 1987	4.2%	Dec 2005	4.1%
June 1988	4.0%	Dec 2006	3.3%
June 1989	4.7%	Dec 2007	2.3%
Dec 1990	5.4%	Dec 2008	5.8%
Dec 1991	3.7%	Dec 2009	0.0%
Dec 1992	3.0%	Dec 2010	0.0%
		Dec 2011	3.6%
		Dec 2012	1.7%
		Dec 2013	1.5%

You Need to Work to Earn Social Security Credits

- Each \$1,200 in earnings in 2014 gives you one credit
- You can earn a maximum of 4 credits per year



Example: To earn 4 credits in 2014, you must earn at least \$4,800.

Earning 40 credits throughout your working life will qualify you for a retirement benefit.

4. Your Social Security Benefit is based on a “lifetime” of earnings.

Step 1 Your wages are adjusted for inflation

Step 2 Find the average of your **35 highest years**

Step 3 Result is “average indexed monthly earnings”

Full Retirement Age

Year of Birth	Full Retirement Age
1937	65
1938	65 & 2 months
1939	65 & 4 months
1940	65 & 6 months
1941	65 & 8 months
1942	65 & 10 months
1943 – 1954	66
1955	66 & 2 months
1956	66 & 4 months
1957	66 & 6 months
1958	66 & 8 months
1959	66 & 10 months
1960 & later	67

5. Your Age When You Retire Affects Your Benefits

- At age 62, you get less money-
permanently
- At your full retirement age, you get your full benefit
- You get even more money if you work past your full retirement age

6. You Can Work & Still Receive Benefits

If You Are	You Can Make Up To	If You Make More, Some Benefits Will Be Withheld
Under FRA	\$15,480 (\$1,290/mo.)	\$1 for every \$2
Months prior to FRA	\$41,400 (\$3,450/mo.)	\$1 for every \$3
FRA and Above	No Limit	

7. Who Else Can Get Benefits?

The Worker's Spouse

- At age 62
- At any age if caring for child under 16 or disabled
- Divorced spouses married min. 10 yrs.

The Worker's Child

- **Not married under 18**
(under 19 if still in high school)
- **Not married and disabled before age 22**

Survivors Benefits

Widow or Widower:

- Reduced benefits at age 60
- If disabled as early as age 50
- At any age if caring for child under 16 or disabled
- Divorced widows/widowers may qualify

Child Is:

- Not married under age 18 (under 19 if still in high school)
- Not married and disabled before age 22

Disability Benefits

Worker

- **Must have paid into Social Security five out of last 10 years**

Spouse

- **At age 62**
- **At any age if caring for child under 16 or disabled**
- **Divorced spouses may qualify**

Supplemental Security Income

- **Age 65 or older**
- **Blind - any age**
- **Disabled - any age**
- **Limited Income**
- **Limited resources**

Windfall Elimination Provision

If any part of your government pension is based on work not covered by Social Security, you may be affected by the Windfall Elimination Provision.

Government Pension Offset (GPO)

Spouse's Benefits Only

2/3 of amount of Government pension will be used to reduce the Social Security spouse's benefit

Example:

\$900 of Government pension	2/3 = \$600
Social Security Spouse Benefits	= \$500
No cash benefit payable by Social Security	

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The Health Care Law & You

Prevention, Wellness & Comparing Providers

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Manage your account settings | Privacy Policy

A New Way to Get Coverage

Coming soon: More control over your insurance choices.

Learn More >



Current Topics



Get a Break on Costs Starting in 2014

Thanks to a new kind of tax credit and the expansion of some programs, more people than ever will qualify for help that will make insurance affordable.



Why It's Important to Have Health Insurance

No one plans to get sick or hurt, but most people need medical care at some point. Health insurance helps pay these costs. Learn how insurance works – and why it's so important to have.



How the Health Care Law Benefits You

Learn how the rights, benefits, and choices provided by the Affordable Care Act affect you – and the community you live in.

HealthCare Blog

Posted April 10, 2013

The FY2014 Budget: Strengthening Health and Opportunity for all Americans

The budget for HHS provides investments that create healthier and safer families, stronger communities and a thriving.... Continue Reading →

Posted April 05, 2013

A Healthy Choice For America's Small Businesses

In 2014, employers will be able to choose a plan through a new Health Insurance.... Continue Reading →

See all blogs →

8. What You May Need When Applying for Your Social Security Benefits:

- ✓ **Social Security Number (not the card) for each applicant**
- ✓ **Proof of Age** (birth certificate)
- ✓ **Latest W-2 or Self-Employment Tax return**
- ✓ **Earnings Estimate**
- ✓ **Bank information for Direct Deposit**
- ✓ **Information about Marriages/Divorces**
- ✓ **Information about Military or Railroad Service**

9. Medicare: What and When?

65 & older

-or-

**Receiving Social Security disability
benefits at least 24 months**

-or-

Permanent kidney failure

-or-

Amyotrophic Lateral Sclerosis (ALS)

Medicare Coverage

Part A Hospital Insurance

- Covers most inpatient hospital expenses.
- 2014 Deductible \$1,216.00

Part B Supplementary Medical Insurance

- Covers 80% doctor bills & other outpatient medical expenses after 1st \$147 in approved charges
- 2014 Monthly Premium \$ 104.90*

(*unless higher income)

Medicare Coverage

Part C Medicare Advantage Plan

- Receive all your Medicare health care services through a provider organization

Part D Medicare Prescription Drug Plan

- Covers prescription drug costs for Medicare beneficiaries. Monthly Premiums Vary by plans- sold by private companies

Medicare Enrollment



Initial - at age 65

- **Special - if still working**
- **General - January-March**

Medicare Part D Basics

- Effective January 1, 2006
- Private Drug Plans
 - Medicare-approved companies
- Optional or Voluntary*
- **Everyone** with Medicare A and/or B is eligible.
- People with low income may get “extra help” paying for premiums, co-pays, deductibles

For More Information

1-800-MEDICARE

www.medicare.gov

Senior Linkage Line

800 333 2433

Minnesota Department of Revenue Pre-Retirement Seminar

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Income Tax and Withholding Division*

MINNESOTA • REVENUE

Disclaimer

This presentation is for educational purposes only. It is meant to accompany an oral presentation and not to be used as a standalone document.

This presentation is based on the facts and circumstances being discussed, and on the laws in effect when it is presented. It does not supersede or alter any provisions of Minnesota laws, administrative rules, court cases, or revenue notices.

If you have any questions, contact us at 651-296-3781 or 1-800-652-9094 (toll-free), individual.incometax@state.mn.us, or consult a tax professional.

What are we going to talk about?

- Income Tax Forms
- Minnesota Additions, Subtractions, and Credits
- Estimated Payments
- Property Tax Relief
- Residency

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Federal Income Tax

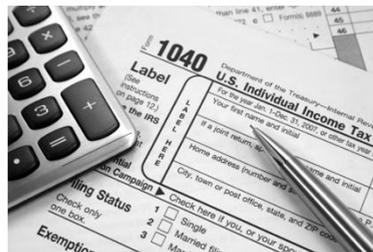
Internal Revenue Service

What is your income now?

- Wages
- Interest

What will your income be?

- Social Security
- Pensions, IRAs
- Capital gains



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Federal Income Tax

Internal Revenue Service

How the 1040 works

- Income – allowable deductions = Federal Taxable Income (FTI)
- FTI determines the tax you owe

What does this have to do with Minnesota?

- Minnesota's return (Form M1) begins with FTI

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State Income Tax

Minnesota Department of Revenue

How the M1 works

- Start with FTI
- Adjustments based on Minnesota's tax laws
- Minnesota Taxable Income

The image shows a thumbnail of the Minnesota M1 Individual Income Tax 2015 form. The form is titled "M1 MINNESOTA REVENUE Individual Income Tax 2015" and includes the form number "01511". It contains various sections for personal information, filing status, and tax calculations. The form is organized into columns with line numbers and checkboxes for different types of income and deductions.

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State Income Tax

Additions & Subtractions

Additions:

- Non-Minnesota municipal bond interest

Subtractions:

- U.S. bond interest
- Charitable contributions over \$500
- Subtraction for persons age 65 or disabled (Schedule M1R), if age and income requirements are met

State Income Tax

2015 Minnesota Income Tax Brackets

	5.35%	7.05%	7.85%	9.85%
MFJ	\$0 - \$36,650	\$36,651 - \$145,620	\$145,621 - \$258,260	\$258,261 & more
MFS	\$0 - \$18,330	\$18,331 - \$72,810	\$72,811 - \$129,130	\$129,131 & more
HOH	\$0 - \$30,870	\$30,871 - \$124,040	\$124,041 - \$206,610	\$206,611 & more
Single	\$0 - \$25,070	\$25,071 - \$82,360	\$82,361 - \$154,950	\$154,951 & more

State Income Tax

Credits

Marriage credit

- Must file a joint return
- Both spouses must have taxable earned income, taxable pension, or taxable Social Security income

Long-term care insurance premiums credit

- Up to \$100 nonrefundable credit per person

Child and dependent care credit

- Disabled spouse or dependent
- Household income limitation

State Income Tax

Estimated Tax Payments

Do I need to make estimated payments?

- If you expect to owe more than \$500 in **tax** after withholding and credits
- Four equal payments throughout the year

How do I make estimated payments?

- Pay by credit or debit card
- Pay with direct withdrawal
- Pay by check
- Visit our website and click the **Make a Payment** link

What happens if I don't?

- You may be subject to an underpayment penalty

Property Tax Relief

Minnesota Revenue administers two programs:

- Homestead Credit Refund for Homeowners
- Renter's Property Tax Refund

Eligibility requirements for both:

- Full or part-year residents of Minnesota
- Property is a principal place of residence
- Property is assessed property taxes

Property Tax Relief

For Homeowners:

- Owned and occupied your home on January 2, 2016
- File using Property Tax Statement from county
- File for FREE on our website

For Renters:

- File using Certificate of Rent Paid from landlord

Residency

Do I have to pay tax to Minnesota?

- If you **are** a Minnesota resident, **all of your income** is taxable to Minnesota
- If you **are not** a Minnesota resident, **some of your income** may be taxable to Minnesota

Residency

Nonresident Income

Type of Income	Taxed by Minnesota?
Wages, salaries, tips, commissions, bonuses, severance pay, annual leave, stock options	Yes, if the services were performed or the income earned in Minnesota
Interest, dividends	No*
State refunds, alimony received, unemployment compensation	No
Qualified pensions, IRA distributions, annuities, deferred compensation plans	No
Nonqualified plans (such as stock options)	Yes, if earned in Minnesota
Capital gains and losses from the sale of intangible assets (such as stock)	No
Capital gains and losses from the sale of tangible assets not used in a trade or business	Yes, for property located in Minnesota
Covenant not to compete, goodwill	Generally, yes
Gain on the sale of a partnership interest	Yes, for partnerships located in Minnesota
Business income from a sole proprietorship	Yes, to the extent the activities are conducted within Minnesota*
Rent and royalty income	Yes, for property located in Minnesota*

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Residency

Physical Presence

You are a Minnesota resident for income tax purposes if:

- You spend at least 183 days in Minnesota, **and**
- You own, rent, occupy, or maintain an “abode” in Minnesota

What is an abode?

- A residence with cooking and bathing facilities suitable for year-round use



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Residency

Domicile

What is your “Domicile?”

- The place you intend to make your home

How is Domicile determined?

- Factors and law
- No single factor determines your domicile
- “The big picture”



Residency

Domicile

Example:

Jenny lived and worked in Minnesota her entire life. When she retired, she bought a home in Florida. She lives in Florida for more than half the year. Her husband is still working and lives in Minnesota. Jenny has a Minnesota driver's license.

Is Jenny domiciled in Minnesota?

Residency

Review

What do I need to remember?

- Residency determines what income is taxable to Minnesota
- 2 tests to determine residency
 - Physical Presence
 - Domicile
- No single factor determines residency

States with No Income Tax

- Alaska
- Florida
- Nevada
- New Hampshire⁺
- South Dakota
- Tennessee⁺
- Texas
- Washington
- Wyoming

⁺ Income tax on dividends and interest only

Helpful Websites

www.revenue.state.mn.us

- Fact sheets
- E-file
- Refund status
- Make payments
- Email questions

www.retirementliving.com

- Compare tax burden by state
- Retirement community information
- Agencies for retirees

www.irs.gov

- Publications
- Instructions

Free Tax Help

You can get free tax help if:

- You are age 60 or older,
- You are disabled,
- You speak limited or no English, or
- Your income is less than \$54,000

Sites are open February 1 – April 15

- Go to our website for times and locations, or
- Call 651-297-3724 or 1-800-657-3989 (toll-free)

Free Tax Help

Interested in volunteering?

- Sign up on our website or call 651-556-6389

Why should I volunteer?

- Learn how to prepare federal and state tax returns
- Become certified by the IRS
- Give back to your community!

What's Happening at Revenue?

Direct Deposit!

- Did you know?
- Easy, safe, fast, and convenient

Interested in email updates?

- Receive our free electronic newsletters
- Get updates on tax related issues
- Subscribe on our website



Questions?

Minnesota Department of Revenue
Income Tax and Withholding Division

651-296-3781 or 1-800-652-9094 (toll-free)

www.revenue.state.mn.us

individual.incometax@state.mn.us

Enjoy Your Retirement

Thank you!