PLANNING FOR RETIREMENT
FERS

PARTICIPANT GUIDE

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TECHNICAL ASPECTS OF RETIREMENT

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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
1995/08/03 1995/01/08 06-26	$52,408	X	.572222 = $29,989
1995/01/07 1994/01/09 11-29	$50,105	X	.997222 = $49,966
1994/01/08 1993/01/10 11-29	$48,702	X	.997222 = $48,567
1993/01/09 1992/08/04 05-06	$46,508	X	.433333 = $20,153
			$148,675

DIVIDED BY 3 = $49,558

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.

COMPUTATION OF ANNUITY
FERS

Name: Dee Liteful

High-3 Years of Salary Average: **$49,558**

Service Credit: 30 Years and 5 months (0 hours of sick leave)

	If Age 62
.304167	**.334583**

Basic Annuity = High-3 Salary Average X Length of Service as a Factor

$49,558 X .304167 = $15,073

$$

Reductions in Annuity
(Deposit)

Deposit due for 02/03/1987 to 07/02/1987

Dee must buy this time in order to count it.
She decides not to because it would cost money she doesn't have.
Her Service Credit for Eligibility and Computation purposes is affected by removing that time.

Now she has only 30 Years Credit which is still okay if she meets her MRA.

$49,558 X .300000 = $14,867

$$

Annuity with Survivor's Benefit

1) **10% reduction of $14,867 is $1,486 leaving $13,381 ($1,115 mo.) for Dee**
Dee's spouse gets 50% of $14,867 = $7,433 ($619 mo.) when Dee dies

2) **10% reduction of $7,433 is $743 leaving $14,124 ($1,177 mo.) for Dee**
Dee's spouse gets 50% of $7,433 = $3,716 ($309 mo.) when Dee dies

3) **Dee provides no Survivor Benefit**
Dee receives $14,867 ($1,238 per month) until she dies
If she is carrying FEHB Family coverage, It stops when she dies.

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	0	174	348	522	696	870
1	6	180	354	628	701	875
2	12	186	369	533	707	881
3	17	191	365	539	713	887
4	23	197	371	545	719	893
5	29	203	377	561	725	899
6	35	209	383	557	730	904
7	41	214	388	562	736	910
8	46	220	394	568	742	916
9	52	226	400	574	748	922
10	58	232	406	580	754	928
11	64	238	412	586	759	933
12	70	243	417	591	765	939
13	75	249	423	597	771	945
14	81	255	429	603	777	961
15	87	261	435	609	783	957
16	93	267	441	615	788	962
17	99	272	446	620	794	968
18	104	278	452	626	800	974
19	110	284	458	632	806	980
20	116	290	464	638	812	986
21	122	296	470	643	817	991
22	128	301	475	649	823	997
23	133	307	481	655	829	1003
24	139	313	487	661	835	1009
25	145	319	493	667	841	1015
26	151	325	499	672	846	1020
27	157	330	504	678	852	1026
28	162	336	510	684	858	1032
29	168	342	516	690	864	1038

SICK LEAVE CHART (CONTINUED)

	MONTHS					
	Six	Seven	Eight	Nine	Ten	Eleven
Days						
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 $AVING$ 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	**FERS**
No Government Contribution	Government contributes 1% automatically
No Government Match	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	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**	Tax Deferred Tax **SHELTERED**

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

THRIFT $AVING$ 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

	C FUND	*F FUND*	*G FUND*	*S FUND*	*I FUND*
1988	11.84%	3.63%	8.81%		
1989	31.03%	13.89%	8.81%		
1990	***-03.15%***	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%	***-2.96%***	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%	***-0.85%***	5.99%		
2000	***-09.14%***	11.67%	6.42%		
2001	***-11.94%***	8.61%	5.39%		
2002	***-22.05%***	10.27%	5.00%	***-18.14%***	***-15.98%***
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	***-36.99%***	5.45%	3.75%	***-38.32%***	***-42.43%***
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%	***- 3.38%***	***-11.81%***
2012	16.07%	4.29%	1.47%	18.57%	18.62%
2013	32.45%	***-1.68%***	1.89%	38.35%	22.13%
2014	13.78%	6.73%	2.31%	7.80%	***-5.27%***

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	$2,000 each year
	$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 $AVING$ 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 Allottments 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 $AVING$ 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 <u>ONLY</u> 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.

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

THRIFT $AVING$ 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 Reature

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 where 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

All of the Above, if Payable,

PLUS

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

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

Reduction of **10% of $30,000 = $3,000**

$30,000 minus $3,000 = $27,000

Your Annuity = ($30,000 minus $3,000) = **$27,000 per Year**

Survivor Annuity = 50% of $30,000 = **$15,000 Upon Your Death**

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

AGE GROUP	BIWEEKLY
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

AGE GROUP	BIWEEKLY PER $1,000 OF COVERAGE		
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

AGE GROUP	BIWEEKLY PER MULTIPLE		
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	CHOICE 2	CHOICE 3
75% Reduction	50% Reduction	No Reduction
Reduces at age 65, or Retirement, if Later	Reduces at age 65, or Retirement, if Later	Never Reduces
Reduces by 2% per Month until it Reaches 25% of Face Value	Reduces by 1% per Month until it Reaches 50% of Face Value	
Cost is $.3250/$1000 per Month until Age 65. Then it is free.	Cost is $.9650/$1000 per Month until Age 65. Then it will Cost $.60 per $1000 per Month until Death.	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**

AGE	FACTOR
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.

CSRS or CSRS-OFFSET or FERS
Public Law 95-366
September 15, 1978

"**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.