



**THE COUNTDOWN TO
RETIREMENT**

Civil Service Retirement System (CSRS)
Federal Employees Retirement System (FERS)



READY OR NOT
Can you afford to retire?

What are your expenses?

- **What will go down?**
 - Taxes
 - Withholdings for retirement
 - Cost of raising children
 - Mortgage / downsizing
 - Cost of commuting and expenses for work
- **What will go up?**
 - Leisure / travel
 - Volunteering costs
 - Medical / caregiving

READY OR NOT

Can you afford to retire?

What is your income?

- **CSRS or FERS retirement benefit**
 - Request a final CSRS or FERS retirement estimate
- **Social Security**
 - Your own benefit available age 62 – 70
 - Spousal benefit?
- **Investment Income**
 - TSP
 - IRAs
- **Salaries and Wages**
 - Part-time job
 - Consulting
 - Second career

READY OR NOT

ARE YOU MENTALLY PREPARED?

- **How you will spend your days?**
 - **Married?**
 - Have you **both** considered how you will spend your days?
- **Do you have plans to...**
 - Work?
 - Volunteer?
 - Hobbies?
- **How well do you manage your days off?**
- **Health issues?**
 - Parents
 - Spouse
 - Self

CONSIDER YOUR BEST DATE TO RETIRE

- **End of the month?**
 - Smooth transition from salary to annuity payment
- **End of a leave period?**
 - Accumulate last leave accrual
- **End of the year?**
 - Maximize annual leave lump sum
- **For CSRS only: 1st, 2nd, or 3rd of the month?**
 - Retirement begins the next day

THE APPLICATION

- **60 – 90 days before your planned retirement date**
 - CSRS SF 2801
 - FERS SF 3107
- **Timing is important because:**
 - Paper processing
 - HR must put together documentation of your
 - Service history
 - FEHB continuation
 - FEGLI continuation
 - Payroll has a role...
 - Final paycheck and lump sum annual leave
 - Final accounting of retirement contributions

THE APPLICATION

- **Identifying Information:**

- Make sure OPM can find you in the weeks/months/years following your separation
- Be sure you have a contact in HR and Payroll
 - HR Phone # _____
 - Email: _____
 - Payroll Office Phone # _____
 - Email: _____

THE APPLICATION

- **Marital Information**

- Who are you married to (if anyone?)
- How long have you been married?
- Are you legally married?
- Do you have a former spouse eligible for your retirement?

THE APPLICATION

- **Annuity Election**
 - Maximum or partial spousal election
 - No survivor benefit
 - Insurable Interest election
 - Former Spouse election

SF 3107 FERS APPLICATION FOR IMMEDIATE RETIREMENT

U.S. GOVERNMENT PRINTING OFFICE: 2008 O 481101

Section D - Annuity Election

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the pamphlet SF 3113, *Applying for Immediate Retirement under FERS*, and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained in the pamphlet. If you are married at retirement, the law provides an annuity with full survivor benefits for your spouse unless your spouse consents to your election not to provide maximum survivor benefits.

Your election to provide a survivor annuity for a current spouse terminates upon the death of that spouse or if the marriage ends due to divorce or annulment. You are required to make a new election (reelect) within 2 years of the terminating event if you wish to reelect a former spouse or within 2 years of a post-retirement marriage to elect a post-retirement spouse.

1. **Initials** *I choose a reduced annuity with maximum survivor annuity for my spouse named in Section C.* If you are married at retirement, you will receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits. If you receive this annuity, your annuity will be reduced by 10%. Your spouse's annuity upon your death will be 50% of your unreduced annuity.

2. **Initials** *I choose a reduced annuity with a partial survivor annuity for my spouse named in Section C.* If you choose this option, your annuity will be reduced by 5%. Upon your death, your spouse's annuity will be 25% of your unreduced annuity. You *must* have your spouse's consent to choose this option. Complete form SF 3107-2, *Spouse's Consent to Survivor Election*, and attach it to your application.

3. **Initials** *I choose an annuity payable only during my lifetime.* If you are married at retirement, you *cannot* choose this type of annuity without your spouse's consent. *No survivor annuity will be paid to your spouse after your death if he or she consents to this election and any health benefits will cease. In addition, your spouse will not be eligible to enroll in the Federal Long Term Care Insurance Program, if he/she is not enrolled at the time of your death.* If you are married and elect this, complete form SF 3107-2, *Spouse's Consent to Survivor Election*, and attach it to your application.

4. **Initials** *I choose a reduced annuity with survivor annuity for the person named below who has an insurable interest in me.* You must be healthy and willing to provide medical evidence if you choose this type of annuity. (*Disability annuitants are not eligible to choose this type of annuity.*)

Name of person with insurable interest	Relationship to you	Date of birth (mm/dd/yyyy)	Social Security Number

5. **Initials** *I choose a reduced annuity with survivor annuity for my former spouse(s) as follows:* You must attach: (1) Copies of divorce decrees for all former spouses for whom you elect to provide a survivor annuity. (2) If you are married, attach a completed SF 3107-2, *Spouse's Consent to Survivor Election*. You cannot choose this option and provide a maximum survivor annuity for your spouse (Box 1). Your election to provide a survivor annuity for a former spouse terminates upon the death of that spouse or the remarriage of your former spouse before age 55.

Name and address of former spouse	Date of marriage (mm/dd/yyyy)	Date of divorce (mm/dd/yyyy)	Survivor annuity equal to

FERS SPOUSAL SURVIVOR BENEFIT

	Survivor Benefit	Reduction to Retiree Benefit
Max	50% of the benefit	10% of the benefit
Partial	25% of the benefit	5% of the benefit

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EXAMPLE: FERS SPOUSAL SURVIVOR BENEFIT

Retirement Benefit = \$20,000

	Survivor Benefit	Retirement Benefit With Reduction
Max	50% of \$20,000 = \$10,000	\$18,000
Partial	25% of \$20,000 = \$5,000	\$19,000

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SF 2801 CSRS APPLICATION FOR IMMEDIATE RETIREMENT

Section F - Annuity Election

Make your election by initialing the box beside the type of annuity you want to receive and give any other information requested. Read the attached information on pages 2 through 5 and the explanations below and consider your election carefully. No change will be permitted after your annuity is granted except as explained on pages 7 and 8 of the attached instructions. If you are married at retirement, the law provides an annuity with full survivor benefits for your spouse unless your spouse consents to your election not to provide maximum survivor benefits. An election for your spouse ends if your marriage ends by death, divorce, or annulment.

1.	<i>Initials</i>	<i>I choose a reduced annuity with maximum survivor annuity (equal to 55% of my basic annuity) for my spouse named in Section E. 1a. If you are married at retirement, you will receive this type of annuity unless your spouse consents to your election not to provide maximum survivor benefits. If your marriage ends by death, divorce, or annulment, this election terminates and you must notify the Office of Personnel Management.</i>		
2.	<i>Initials</i>	<i>I choose a reduced annuity with a partial survivor annuity (equal to 55% of \$ _____ a year) for my spouse named in Section E. 1a. If you choose this option, the amount you enter must be less than your annual annuity. You must have your spouse's consent. Complete SF 2801-2, Spouse's Consent to Survivor Election, and attach it to your application. If your marriage ends by death, divorce, or annulment, this election terminates and you must notify the Office of Personnel Management.</i>		
3.	<i>Initials</i>	<i>I choose an annuity payable only during my lifetime. If you are married at retirement, you cannot choose this type of annuity without your spouse's consent. No survivor annuity will be paid to your spouse after your death if he or she consents to this election and any health benefits will cease. In addition, your spouse will not be eligible to enroll in the Federal Long Term Care Insurance Program, if he/she is not enrolled at the time of your death. If you are married and elect this type of annuity, complete SF 2801-2, Spouse's Consent to Survivor Election, and attach it to your application.</i>		
4.	<i>Initials</i>	<i>I choose a reduced annuity with survivor annuity for the person named below who has an insurable interest in me. You must be healthy and willing to provide medical evidence if you choose this type of annuity. (Disability annuitants are not eligible to choose this type of annuity.) If you are married and elect this type of annuity, complete SF 2801-2, Spouse's Consent to Survivor Election, and attach it to your application.</i>		
Name of person with insurable interest		Relationship to you	Date of birth (mm/dd/yyyy)	Social security number
5.	<i>Initials</i>	<i>I choose a reduced annuity with survivor annuity for my former spouse(s) or for my spouse and former spouse(s) shown below. You must attach: (1) Copies of divorce decrees for all former spouses for whom you elect to provide a survivor annuity. (2) If you are married, attach a completed SF 2801-2, Spouse's Consent to Survivor Election. You cannot choose this option and provide a maximum survivor annuity for your spouse (Box 1). An election for a former spouse ends if your former spouse dies or remarries before age 55, unless you were married for 30 years or longer. If one of these events occurs, this election terminates and you must notify the Office of Personnel Management.</i>		
Name and address of current spouse		Survivor annuity equal to _____ % of my annuity		

CSRS SPOUSAL SURVIVOR BENEFIT

	Survivor Benefit	Reduction to Retiree Benefit
Max	55% of the retirement benefit	2.5% of the first \$3,600 of CSRS retirement benefit; 10% of amount over \$3,600
Partial	55% of the elected dollar amount	2.5% of the elected dollar amount up to \$3,600; 10% of amount over \$3,600

EXAMPLE: CSRS SPOUSAL SURVIVOR BENEFIT

Unreduced retirement benefit = \$40,000
 Partial election = \$10,000 (elected amount)

	Survivor Benefit	Retirement Benefit With Reduction
Max	55% of \$40,000 = \$22,000	\$36,270
Partial	55% of \$10,000 = \$5,500	\$39,270

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INSURABLE INTEREST SURVIVOR BENEFIT

	Survivor Benefit	Reduction to Retirement benefit
CSRS or FERS	55% of the reduced benefit	10% if less than 5 years younger 15% if between 5 and 9 years younger 20% if between 10 and 14 years younger 25% if between 15 and 19 years younger 30% if between 20 and 24 years younger 35% if between 25 and 29 years younger 40% if 30 or more years younger

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THE APPLICATION

- **Tax Withholding**
 - Federal withholding?
 - What about state tax?

LIFE AND HEALTH INSURANCE

- **FEHB**
 - 5 year test and Immediate Retirement
- **FEGLI**
 - Basic FEGLI: 75%, 50% or no reduction
 - Option A: \$10,000 reduces to \$2,500
 - Option B: Multiples of your final salary up to 5 times
 - No Reduction
 - Full Reduction
 - Option C: Family; spouse multiples of \$5,000 up to \$25,000 and children multiples of \$2,500 up to \$12,500
 - No Reduction
 - Full Reduction

PROCESSING DELAYS

Backlog of claims

•What you can do?

- service is properly documented
- 5 years of FEHB documented
- Review everything
- Sign application and summary of federal service
- Keep copies of everything
- Meet with your specialist prior to retirement (by phone/ or n person)

•While waiting

- Use lump sum annual leave to cover expenses
- Respond quickly to any correspondence from agency or OPM

WHAT ELSE? RETIREMENT SAVINGS

Types of Savings

- TSP
- Other employer savings plans - 401(k), 403(b)
- IRAs
- Savings Accounts
- Inheritance

What can you do with it?

- Use It
 - Spending
- Lose It
 - Taxes – CPA / CFP
- Promote It
 - Legacy planning – Estate Attorney

USE IT

Leave it in TSP

- Low expenses
- G Fund
- Simplicity
- Monthly withdrawal options

Transfer to IRA

- Multiple partial withdrawals
- Many investment choices
- Legacy planning options

LOSE IT

- 0 – 59 ½ - Be careful! *10% tax penalty*

Exception: Separation in the year you reach 55

Exception: Monthly payments based on life expectancy or life annuity

- 59 ½ - 70 ½ - No rules!
- 70 ½ + Complicated Rules!

TSP WEB SITE: PLANNING & TOOLS: RETIREMENT INCOME CALCULATOR
TSP: RETIREMENT INCOME CALCULATOR

Overview | **TSP Monthly Payments** | Single Life Annuity | Joint Life with Spouse Annuity | Joint Life with Other Survivor Annuity

Change Options | Printer-Friendly Report

View: Chart Table

Monthly Income by Age in Retirement

Age	Fixed Dollar		Life Expectancy	
	Payment	Year-End Balance	Payment	Year-End Balance
55	\$2,500.00	\$494,755.90	\$1,407.66	\$508,224.49
56	\$2,500.00	\$489,243.54	\$1,475.68	\$516,031.06
57	\$2,500.00	\$483,449.11	\$1,541.31	\$523,427.81
58	\$2,500.00	\$477,358.23	\$1,615.52	\$530,287.98
59	\$2,500.00	\$470,955.73	\$1,693.13	\$536,542.20
60	\$2,500.00	\$464,225.68	\$1,774.28	\$542,115.82
61	\$2,500.00	\$457,151.31	\$1,851.49	\$547,022.60
62	\$2,500.00	\$449,715.00	\$1,939.80	\$551,091.57
63	\$2,500.00	\$441,898.22	\$2,023.10	\$554,341.61
64	\$2,500.00	\$433,681.54	\$2,119.04	\$556,674.99
65	\$2,500.00	\$425,044.48	\$2,208.63	\$557,817.99
66	\$2,500.00	\$415,985.51	\$2,301.23	\$557,982.82
67	\$2,500.00	\$406,422.05	\$2,396.83	\$556,977.31
68	\$2,500.00	\$396,390.34	\$2,495.42	\$554,704.76

MONTHLY PAYMENTS

BALANCE: \$500,000 GROWTH: 5%

Dollar Amount

- \$3,000 / month
Run Out at age 78
- \$2,000 / month
Balance at age 100: \$209,484.99

Life Expectancy

Monthly	Age	Balance
\$1,407.66	55	\$508,224.49
\$2,208.64	65	\$557,817.99
\$2,069.36	75	\$572,237.19
\$3,095.55	85	\$539,728.21
\$3,612.99	95	\$347,388.27
\$3,166.00	100	\$212,558.69

HOW ABOUT AN ANNUITY?

Features

- \$500,000 purchase
- Begin at 55
- Single Life
- 2% Interest Rate Index
- Level Payment
- No Cash Refund

Payments

Monthly	Age	Balance
\$1,980	55	\$0
\$1,980	65	\$0
\$1,980	75	\$0
\$1,980	85	\$0
\$1,980	95	\$0
\$1,980	100	\$0

SOCIAL SECURITY

- Eligible at 62
 - Reduced by 20 - 30%
- Delayed credits
 - 24% - 32% increase at 70
- Tilted towards the low wage earner
- Average benefit 2013: \$1,221.22
- Maximum monthly benefit 2013:
 - Age 66: \$2,533 (Born 1947)
 - Age 62: \$1,923 (Born 1951)
 - Age 70: \$3,350 (Born 1943)



WWW.SOCIALSECURITY.GOV

POPULAR SERVICES

- *new* Get your Social Security Statement online
- Get or replace a Social Security card
- Apply online for retirement, disability or Medicare benefits
- Estimate your retirement benefits
- Research popular baby names
- Locate a Social Security office

THANK YOU!

