Federal Retirement Benefits Checklist for Employee

Five Years before Retirement

• Attend a pre-retirement seminar at your agency, if available.

• Request a listing of all your verified civilian and military service in your Official Personnel Folder. After making sure the list is complete, ask that a copy be filed in your personnel folder to be associated with your retirement application. If the list appears to be missing any periods of service, work with your personnel office to document the service.

• Verify that you meet the requirement age and service to retire on your proposed retirement date.

• Request an estimate of your annuity.

• Verify that your personnel file includes information on your current Federal Employees Group Life Insurance (FEGLI) program coverage. You will need to have been participating in FEGLI for the five years immediately preceding your retirement to be eligible to continue coverage after retirement. For further information, see “FEGLI Five-Year Rule” following the checklist. While you’re checking on life insurance, make sure that the Designation of Beneficiary form in your personnel file is still accurate. If you do not have a Designation of Beneficiary on file, make sure the normal order of precedence is OK for you. For further information, see “Order of Precedence” following the checklist. You may have separate beneficiary designations for FEGLI, CSRS or FERS retirement, TSP and Unpaid Compensation.

• Find out if you will be eligible for a Social Security benefit. You can call the Social Security Administration at (800) 772-1213 to ask for an SSA-7004-PC (“Request for Earnings and Benefit Statement”). Social Security also has a service available at www.ssa.gov that will allow you to estimate your future entitlement. If you are retiring under CSRS or have transferred to FERS, you may be affected by the Windfall Elimination Provision. For further information, see “Windfall Elimination Provision” following the checklist.
One Year before Retirement

- Request another estimate of your annuity. Although it should be more accurate than the estimate you received four years earlier, it still will be only an estimate. OPM must finalize the amount you receive.

- Confirm that nothing has changed that would affect your planning.

- Make an appointment with your servicing personnel office to confirm that any needed action to verify or document your service and insurance coverage has been done.

- If you have unpaid deposits or re-deposits, review the topic of paying for service, including post-1956 military service.

- Review your survivor benefit options, including the eligibility requirements for survivor benefits, their cost and the necessity for your spouse to consent if you want to provide less than full benefits for him or her.

- Obtain current information about expected income from other sources. Consider your TSP withdrawal options, estimate the relative monetary advantages of different ways of withdrawing thrift plan funds, and consider the tax effects of each.

- If you’re divorced, consider the implications. Does your former spouse have any rights to a portion of your retirement, survivor benefits or TSP funds? You’ll need to submit a copy of your divorce decree with your retirement application if your former spouse was awarded a survivor annuity under CSRS or FERS.

- If you have not already done so, obtain information about federal and, if applicable, state taxation of your annuity and other income. If necessary, request that state taxes be withheld from your benefits. OPM will provide an opportunity to elect state tax withholding when your retirement claim is finished.
• If you are in the FEGLI program, verify that you will be able to continue your coverage into retirement, and ask how much the amount of insurance you want to keep as a retiree will cost you. Keep in mind that you might wish to reduce your life insurance if your kids are grown and your house is paid. You are entitled to convert your life insurance coverage to a private policy regardless of whether you’re eligible to continue it into retirement.

• Consider purchasing long-term care insurance.

• Check the balances in your flexible spending accounts (FSAs). Health care FSAs and limited expense health care FSAs will terminate the day you retire. In contrast, you can continue to use the balance in your dependent care FSA until the end of the benefit period.

• Check any designations of beneficiary you have on file to be sure that they reflect your current needs.

• Inform your supervisor of your intended retirement date.

• Contact the Social Security Administration if you’re old enough and eligible to begin receiving Social Security benefits, or if you’re already receiving benefits because you are over the full Social Security retirement age, but are getting ready to retire and collect a CSRS retirement. You can contact SSA online at www.ssa.gov or by calling (800) 772-1213.

**Six Months before Retirement**

• Clear up any financial indebtedness to your agency, such as an outstanding travel advance or advanced leave.

• Inform your supervisor of your proposed retirement date.

• Ask your benefits office for forms that may require additional study and time to complete.

• Consider accelerating your TSP contributions to take advantage of your final salary’s tax deferral.
Two Months before Retirement

- Choose your exact retirement date (if you haven’t already). For voluntary retirements, CSRS last day of employment should be the last day of a month or the 1st, 2nd or 3rd of a month to ensure a full annuity. FERS last day of employment should be the last day of the month for full annuity.

- The personnel office will provide you the necessary forms to be completed. If you are married, a copy of your marriage certificate will be required. Ask your personnel office for assistance if you have any questions.

- Submit all of your retirement application forms to the personnel office. A copy of your entire retirement packet that is sent to OPM will be sent to you as well, so no need to keep a copy for your own records at this time.

- Make your health and life insurance coverage decisions.

- On your last day, turn in items such as ID cards, credit cards, computer, phone, and keys.

- If you are eligible for Social Security retirement benefits, you may apply to begin your benefits up to three months prior to your eligibility. Contact Social Security at (800) 772-1213 or online at www.ssa.gov.

After Retirement

- If you wish to withdraw from your TSP account, use TSP-77 or TSP-70 to make a withdrawal election. Wait at least 30 days after your retirement before requesting a withdrawal. You may leave your money in the TSP after you retire. You will be required to elect a required minimum distribution from your account when you are retired and over 70 1/2 years old. Be sure to keep the TSP apprised if your address changes.

- Contact Social Security at (800) 772-1213 or www.ssa.gov if you or your spouse is 65 or older. If Medicare has been your secondary insurance while you were working, it may now become your primary insurance. If you (and your spouse, if eligible) enroll in Part B within eight months of your retirement, you may avoid the late enrollment penalty for Part B.
FEHB and FEGLI Five-Year Rule

If you plan far enough ahead, you’ll be able to carry your insurance under the FEHB program after you retire. The benefits are significant. Among other advantages, the government will continue its contributions toward your premiums, and the coverage will continue for your family members. The catch is that, in most cases, you need to have been continuously enrolled in a FEHB plan for the five years immediately before your retirement.

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

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

Five-Year Test

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

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

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

Upon your death, the Office of Federal Employees' Group Life Insurance (OFEGLI) will pay life insurance benefits in a particular order set by law. This order of precedence is:

- If you assigned ownership of your life insurance by filing an Assignment, Federal Employees Group Life Insurance (RI 76-10), OFEGLI will pay benefits:
  - First, to the beneficiary(ies) designated by your assignee(s), if any;
  - Second, if there is no beneficiary, to your assignee(s).

- If you did not assign ownership and there is a valid court order on file, OFEGLI will pay benefits in accordance with that court order.

- If you did not assign ownership and there is no valid court order on file, OFEGLI will pay benefits:
  - First, to the beneficiary(ies) you designated;
  - Second, if there is no such beneficiary, to your widow or widower;
  - Third, if none of the above, to your child or children, with the share of any deceased child distributed among the descendants of that child (a court will usually have to appoint a guardian to receive payment for a minor child);
  - Fourth, if none of the above, to your parents in equal shares, or the entire amount to the surviving parent;
  - Fifth, if none of the above, to the court-appointed executor or administrator of your estate;
  - Sixth, if none of the above, to your other next of kin as determined under the laws of the state where you lived.

If you want payment to be made differently from the order listed above, and you have not assigned your life insurance and there is no valid court order on file, you must designate a beneficiary. If you are satisfied with the order listed above, you do need not act.
Windfall Elimination Provision

The Windfall Elimination Provision (WEP) is a statutory provision in United States law which affects benefits paid by the Social Security Administration under Title II of the Social Security Act. It reduces the Primary Insurance Amount (PIA) of a person's Retirement Insurance Benefits or Disability Insurance Benefits when that person is eligible or entitled to a pension based on a job which did not contribute to the Social Security Trust Fund. While in effect, it also affects the benefits of others claiming on the same social security record.

The Social Security Amendments of 1983 (Public Law 98-21) provided for the WEP as a means of eliminating the "windfall" of social security benefits received by beneficiaries who also receive a pension based on work not covered by Social Security. The windfall in question refers to the subsidization of the PIA for beneficiaries with lower incomes throughout life. Prior to the institution of the WEP, beneficiaries who paid little into social security but were paid well outside of the system were given this subsidy.

Generally, the full retirement benefit (aka: "Primary Insurance Amount," or PIA) for Social Security is determined by: multiplying the first, lowest tier of the retiree's Average Indexed Monthly Earnings (AIME) by 90%, multiplying the second tier by 32%, and the third by 15%, and then adding the three together.

These percentages ensure that low income retirees get a larger portion of their AIME than higher earners. But for persons receiving a pension where Social Security was not withheld, the formula is different.

WEP modifies the three-tier formula so the retiree gets a smaller percentage—40% instead of 90%—of his earnings at the first-tier level.

Each year the tier levels are adjusted to allow for increases in the average "Wage Index," but the percentages applied to each tier are unchanged.