

# Federal Employee Retirement Snapshot

## For Federal Employees Under Age 40

This is an informational summary only. It is not a financial plan. For a complete review, consult with your retirement advisor.

### 1. Pension Estimate (FERS)

- Typical Range (if career federal): 25–35% of salary (at age 62 with 30 years of service).
- At Current Stage: Too early for an exact estimate, but early service years count toward your high-3 average.
- Survivor Benefit Option: If elected later, reduces pension by 5–10%.

**Why this matters now:** Every year of service increases future pension. Early career decisions (buybacks, service breaks) can change retirement income dramatically.

### 2. Thrift Savings Plan (TSP)

**Average Balance for Feds <40:** ~\$80,000.

**Typical Allocation:** 70–90% C/S Funds (stocks), 10–30% G/F Fund. Many default into L 2050/2060 Funds, which are ~90% equities. Most federal employees either stay too aggressive or put too much into the G Fund for “safety.” Both can be costly mistakes long-term. Your advisor can help determine the right allocation based on your personal risk tolerance and retirement goals.

### 3. Cost of Living Adjustment (COLA)

- FERS pensions do not receive COLA until age 62.
- Inflation erodes future purchasing power.

**Why this matters now:** Building a larger TSP balance can offset inflation before COLAs kick in.

### 4. Insurance & Survivor Benefits

- FEGLI Basic Coverage: Equals salary (rounded up to next \$1,000) + \$2,000.
- Option B (Additional Coverage): Typically 1–5x salary.

**Why this matters now:** Insurance costs rise every five years. Many federal employees consider private coverage before age 40 while rates are low.

### 5. The 'Gap Number' (Future Projection)

- Estimated Retirement Income (pension + TSP + Social Security): ~60–75% of salary.
- Estimated Retirement Expenses: ~80–100% of salary.
- Potential Shortfall: 10–25% of income.

**Why this matters now:** The earlier you identify the 'gap,' the easier it is to close it through savings, insurance, or investment strategy.

### 6. Questions to Consider With Your Advisor

- Am I contributing enough to TSP today to replace my income in retirement?
- Should I supplement FEGLI with private insurance while rates are low?
- What happens to my pension if I leave federal service before retirement age?
- How much will inflation affect my retirement income if COLA starts late?

## Checklist: Key Actions in Your 30s

- Contribute at least 10–15% of your salary to TSP (plus catch full employer match).
- Review FEGLI coverage and consider private insurance while rates are low.
- Understand how breaks in service or early withdrawals could affect your pension.
- Set a target 'Gap Number' now to stay ahead of retirement expenses.
- Schedule a federal benefits review every 2–3 years.