

# Federal Employee Retirement Snapshot

## (For Federal Employees Around 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)

- Pension Estimate: With 10–15 years of service, projected pension may replace 20–30% of income at retirement.
- High-3 salary years are beginning to matter more for final pension.

**Why this matters now:** Mid-career is the best time to project long-term pension outcomes.

### 2. Thrift Savings Plan (TSP)

**Average Balance:** ~\$90,000–\$100,000.

**Typical Allocation:** 60–75% equities, 20–30% G/F, small I Fund exposure. L 2040 Fund averages ~80% stock / 20% bond. Many federal employees start reducing stock exposure too soon or rely too heavily on the G Fund. Your advisor can guide whether adjustments should be made for continued growth.

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

- COLA still starts at 62 for FERS.
- Inflation begins to matter as retirement nears.

### 4. Insurance & Survivor Benefits

- FEGLI costs begin increasing more noticeably after age 40.
- Many evaluate private life insurance vs. FEGLI for cost control.

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

- Typical Income Replacement: 60–70% of salary.
- Typical Expenses: 85–95%.
- Gap: 15–25%.

**Why this matters now:** Planning gap strategies early avoids last-minute shortfalls.

### 6. Questions to Consider With Your Advisor

- Am I on track with my pension and TSP to retire on time?
- What changes should I make to my TSP allocations as I age?
- What survivor benefit option makes the most sense for my family?
- How will healthcare costs affect my retirement readiness?

## Checklist: Key Actions in Your Around Age 40

- Increase TSP contributions toward 15%+ if not already there.
- Reevaluate FEGLI vs. private coverage for cost effectiveness.
- Project pension income using high-3 earnings.
- Check alignment of TSP allocation with 20+ year horizon.