THE FEDERAL RETIREMENT
OPTIMIZATION GUIDE
(2025)

Federal Pension Advisors

First Edition 2025

Disclaimer (2025): This book is for educational purposes only. It is not tax, legal, or investment advice. Dollar limits (e.g., TSP contributions), COLAs, earnings-test thresholds, interest rates, and plan features change annually. Certain provisions—such as high-earner Roth catch-ups and in-plan Roth conversions—may have staged effective dates and evolving implementation details. Always verify current rules with OPM, TSP.gov, IRS.gov, and SSA.gov before making decisions, and consult a qualified financial or legal professional for complex or personal situations.

Table of Contents

About This Book

Federal employees have their own set of retirement rules and benefits. This book is here to help FERS (Federal Employees Retirement System) participants understand their choices, make smart decisions, and avoid expensive mistakes.

It's important to know this is not legal or tax advice. For personal guidance, always check with your agency's retirement office, OPM, or a qualified advisor.

Introduction

Your retirement benefits are among the most valuable—and most complex—in the world. Working for the federal government comes with real advantages, but it also includes rules and choices that can either boost your retirement or quietly erode it.

This book has three goals:

1. Educate you so you can confidently navigate your benefits.
2. Help you avoid costly mistakes—the kind that can add up to tens or even hundreds of thousands of dollars over a career.
3. Point you to help when you need it. A book can't cover every situation, so if you have questions about your specific scenario or want hands-on guidance, we've partnered with independent advisors who routinely work with federal employees nationwide. You can connect with one at federalpensionadvisors.com.

- *Transparency note:* If you choose to meet with an advisor through our site, we may receive compensation for the referral. We require that advisors deliver value in the consultation. If you need additional financial products, they can provide them as appropriate.

How the Book Is Organized

- Part 1 — Quick Wins: The highest-impact actions to maximize your retirement right away. We've also included 2025 updates for readers already familiar with their benefits.
- Parts 2–4 — The Three-Legged Stool: A clear, practical guide to FERS (Federal Employees Retirement System), the Thrift Savings Plan (TSP), and Social Security—how each works and how they fit together.
- Part 5 and beyond – Additional information that is relevant to you as a federal employee.

If you do only one thing after opening this book, complete the Quick Wins. They offer the fastest, most reliable return on your time.

Our Approach

Federal retirement rules can feel overwhelming. Instead of writing a long, complicated book, we explain everything in plain, simple language so anyone can understand and take action.

If you want more detail, you'll find easy-to-spot formulas and "Deep Dive" sections. You can read them—or skip them—based on what works best for you.

This guide was built using official, public information. We pulled out the most important steps so you don't have to search through dozens of websites. Even if you follow just a few of the tips inside, you could boost your benefits or avoid costly mistakes—sometimes saving or gaining tens of thousands of dollars over time.

This book is for educational purposes and isn't individualized financial advice. Consider consulting a qualified professional about your specific situation.

PART 1

This is a fictional illustration for educational purposes only. Assumptions are simplified and may not reflect your situation. Rules can change, and agency/plan details vary. This is not legal, tax, or financial advice. Before taking action, verify details with your agency HR, OPM/plan materials (FEHB, FEGLI, TSP), and a qualified professional.

Two Brothers, One System

Two Very Different Retirements

They grew up sharing a bedroom and a beat-up truck. After four years of active-duty service together, the brothers split toward the same goal: civilian federal careers. Same agency, same grade to start, similar promotions, similar salaries.

From the outside, Daniel and Michael looked like twins—on paper and at the office. But a few one-hour decisions, made (or ignored) at the right moments, bent their lives in opposite directions.

Year 1: The Setup (Quick Wins 1, 6, 10)

Daniel sat down with HR the first month.

- He confirmed he was under FERS and pulled an official service history record. He noticed his temporary appointment counted for nothing—but his four years of military time could be bought back for credit. He filed the deposit paperwork while interest was still small. *(✓ 1 & 6)*
- He also opened the beneficiary forms that felt "for later" and updated FERS, FEGLI, and TSP beneficiaries to his wife, Ana. *(✓ 10)*

Michael meant to do the same "after the move." He assumed "they know my service," tossed the unopened FEGLI envelope into a desk drawer, and told himself he'd deal with the military deposit "when the kids sleep better." He never sent the beneficiary updates. *(✗ 1, 6, 10)*

Fork in the road #1

Daniel buys back 4 military years. Illustrative lifetime pension bump ≈ $120,000 for a relatively small deposit.

Michael delays; never does it.

Ages 35–49: The Middle Years (Quick Win 7)

Daniel automated his TSP at 5% minimum from Day 1, then stair-stepped contributions with raises. He turned on catch-up at 50 in his calendar years before he needed it. He also avoided "capping out" early—keeping contributions every pay period so the agency match never shut off. *(✓ 7)*

Michael "meant to bump it later." Twice he front-loaded TSP to max by October, accidentally turning off his match for the last pay periods of the year. He shrugged—"small stuff." *(✗ 7)*

Fork in the road #2

Daniel's per-pay-period contributions = full match.

Michael front-loads; loses ~$24,000 of match over 20 years (illustrative, ignoring growth).

Age 55: The First Big Decision (Quick Wins 2, 8, 9)

The brothers hit their Minimum Retirement Ages (MRAs) in different birth years, but both around 57.

Daniel's career count

- 26 years civilian FERS + 4 years bought-back military = 30 years by age 57 → MRA+30. *(✓ 2)*
- He retired in the calendar year he turned 55+ (actually 57) and left funds in TSP, preserving the age-55 separation exception on TSP withdrawals (generally avoids the 10% early-withdrawal penalty for TSP taken after separation in or after the year you turn 55). He planned light consulting that kept earnings below the FERS Annuity Supplement earnings test, so the Supplement bridged him to 62. *(✓ 8, 9)*

Michael's career count

- 28 years civilian, no military deposit, so 28 total by 57. He didn't meet MRA+30 and didn't want to wait. He eyed MRA+10, not realizing the 5% per year permanent reduction for each year under 62. He also rolled TSP to an IRA, forfeiting the age-55 exception; early withdrawals were subject to the 10% penalty. *(✗ 2, 8)*

- He took a full-time post-retirement job. The pay felt great—until his FERS Supplement was reduced by the earnings test (often to zero at full-time income levels). *(✗ 9)*

Fork in the road #3

Daniel retires MRA+30 at 57 ≈ $30,000/yr.

Michael retires MRA+10 at 57 ≈ $21,000/yr.

Illustrative gap: $9,000/yr → $270,000 over 30 years.

Notes:

- MRA is based on birth year (often ~56–57).
- MRA+10 retirements generally face a 5%/year reduction for each year under age 62 (unless postponed).
- The age-55 exception applies to TSP after separation in or after the year you turn 55; it generally does not apply to IRA withdrawals.

The FEHB Trap Door (Quick Wins 3 & 5)

Two years before retiring, Daniel double-checked the FEHB five-year rule (covered under FEHB for the 5 years immediately before retirement, or since first eligibility) and kept continuous coverage. He chose a full survivor election (50%) at retirement so Ana would keep FEHB if he died first. *(✓ 3, 5)*

That same year, Michael jumped to his wife's private plan for "a cheaper family premium" and canceled FEHB—not realizing this reset his FEHB five-year clock. At retirement, he discovered he didn't qualify to continue FEHB. To save pension dollars, he waived the survivor annuity, thinking "we'll buy life insurance if we need it." *(✗ 3, 5)*

Fork in the road #4

Daniel confirms FEHB 5-year rule; spouse protected.

Michael cancels FEHB mid-career; loses continuation.

Illustrative replacement cost: $240,000 over 20 years.

FEGLI at the Finish Line (Quick Win 4)

At retirement, Daniel selected FEGLI Basic with the 75% reduction—a low-premium option designed to phase down coverage in retirement. *(✓4)*

Michael kept FEGLI Basic with no reduction—"I want the full amount for life." He didn't price the long-run premiums. Twenty years later, he had paid well over five figures more than needed, and still didn't have the coordinated survivor protection that FEGLI was never designed to replace. *(✗4)*

Age 62 and Medicare (Bonus)

Daniel hit 62 and let the FERS Supplement end as planned. When Medicare arrived, he and Ana compared doctors and travel habits. They elected Part B to reduce out-of-pocket surprises and paired it with FEHB. *(✓Bonus)*

Michael, now facing private insurance after losing FEHB, balked at Part B—"another bill." A single out-of-network hospitalization with 20% coinsurance erased years of premium "savings." Later enrollment added permanent late penalties. *(✗Bonus)*

Ten Years Later: Two Kitchen Tables

Daniel & Ana: Pension uses all credited service (including bought-back military time and converted sick leave), FEHB for life, sensible FEGLI that declined as intended, a right-sized survivor annuity, and a TSP that kept every match and avoided unnecessary penalties. Cash flow is predictable; medical surprises are nuisances, not derailers.

Michael & Leah: Private insurance increases feel like a second mortgage. The pension is permanently reduced from MRA+10 timing, the Supplement never helped because of earnings, and TSP-to-IRA withdrawals were nicked by the 10% penalty in the early years. Without a survivor election, Leah can't keep FEHB even if otherwise eligible; life insurance premiums didn't solve the coverage problem FEHB would have handled.

Both brothers were equally hardworking. Only one spent ten focused hours making ten quiet decisions.

Reader Takeaway: Ten Hours That Change Everything

You don't need luck or a perfect career to retire well under FERS. You need ten one-hour sessions—calendar blocks you can schedule this month—to lock in decisions worth five to six figures. The brothers' story isn't about earning more; it's about owning the rules.

Use the checklist, take the hour, make the call. Your future self—and your spouse—are already sitting at that kitchen table. Which stack of papers do you want in front of them?

Assumptions for the Numbered Callouts (Illustrative Only)

- High-3: $100,000
- Daniel: MRA+30 at 57 with 4 yrs military buyback (30 yrs total).
- Michael: Retires at 57 on MRA+10, no buyback (28 yrs), rolls TSP to IRA.
- FEHB replacement if lost: ~$12,000/yr × 20 yrs = $240,000
- FERS Supplement (if eligible): ~$12,000/yr to age 62 (earnings test can reduce/zero it)
- TSP match lost by front-loading: ~$1,200/yr × 20 yrs = $24,000 (ignores growth)
- Early-withdrawal penalties (IRA before 59½): example $10,000 total
- FEGLI no-reduction extra premiums: example $20,000 over 20 yrs

Illustrative comparisons used in the story (rounded):

- Pension at 57:
- Daniel: 1% × $100,000 × 30 = $30,000/yr
- Michael: 1% × $100,000 × 28 = $28,000 minus 25% MRA+10 reduction → $21,000/yr
- Gap: $9,000/yr → $270,000 over 30 yrs (ignores COLAs)
- Military buyback effect: ~$4,000/yr × 30 yrs = $120,000 (already embedded in Daniel's total)
- FEHB continuation vs private: $240,000 over 20 yrs (illustrative)

Always confirm your actual eligibility, service credit, and costs with official sources before making decisions.

Quick Wins

Each of these is a focused hour of planning that can prevent five- or six-figure mistakes.

1. Confirm Coverage & Service (FERS + Creditable Time) [8]

- Check your record: Verify you are under FERS (not CSRS Offset) and that all service is credited. Don't forget military buyback or temporary time.
- Why it matters: Errors compound—a missing year of service is about 1% of high-3 per year, every year for life. On a $100,000 high-3, that's $1,000/year, or $20,000+ over 20 years.
- Extra note: Unused sick leave increases your pension computation, not your eligibility date.

2. Map Your MRA & Target Date [8]

- Find your MRA: Based on birth year (~56–57).
- Rules you may meet: 62/5, 60/20, MRA/30, or MRA/10 (with a reduction).
- Why it matters: Retiring even one year early under MRA+10 can cut your pension by 5% for each year under 62. On a $20,000 pension, that's a $1,000/year permanent cut = $30,000 over 30 years.

3. Protect FEHB Continuation (5-Year Rule) [8]

- Requirement: Must be covered by FEHB (or qualifying plan) for the 5 years before retirement (or since first eligibility).
- Why it matters: Miss the rule and you lose lifetime FEHB. Replacing FEHB could cost $10,000+/year in private coverage. Over 20 years, that's $200,000+.
- Pro tip: Cancelling FEHB while employed resets the clock—be cautious with plan changes.

4. Choose FEGLI Basic Reduction Option [8]

- Your options:
- 75% reduction – begins at 65 (or retirement, if later), drops 2%/mo to 25%.
- 50% reduction – drops 1%/mo to 50%.
- No reduction – full coverage for life (highest premium).
- Why it matters: The wrong choice can cost thousands in unnecessary premiums or leave survivors short of coverage. One retiree paid $20,000 extra over 20 years by picking no-reduction without actually needing it.

5. Make the Survivor Election Intentionally [8]

- Rule: Without a survivor annuity, your spouse cannot keep FEHB after your death.
- Choices: 50% survivor (≈10% annuity cost) or 25% survivor (≈5%). Spousal consent required for less than the full option.
- Why it matters: Waiving survivor protection might save $3,000/year in pension now, but could force your spouse into private insurance later at $12,000–$15,000/year. Over 15 years, that's $180,000+ in lost protection.

6. Evaluate Military Service Deposit [8]

- Option: Buy back military time for a deposit (typically small compared to benefit).
- Why it matters: Each year of military service can add 1% of high-3 per year for life. On a $90,000 high-3, one year adds $900/year = $18,000 over 20 years.

7. Maximize TSP Match & Catch-Up [3] [6]

- Baseline: Contribute at least 5% for the full match = $5,000/year free money on $100k salary. Missing five years is a $25,000 lost contribution (≈$33,000 with growth).
- Catch-up: At 50+, add $7,500/year; at 60–63 in 2025, super catch-up = $11,250.

- Pro tip: Don't cap out early—if you max too soon and stop contributions, you lose agency match for those pay periods (≈$1,000+/year). Over 20 years, that's $20,000–$30,000 lost with compounding.

8. Know the Age-55 / Age-50 Exception [3]

- Rule: If you separate in the year you turn 55 (or 50 for public safety), TSP withdrawals avoid the 10% early-withdrawal penalty.
- Why it matters: Missing this exception and rolling into an IRA too early could cost $10,000+ in penalties on a modest withdrawal stream.

9. Understand the FERS Annuity Supplement [7]

- What it is: A bridge benefit if you retire before 62 with the right service (pays roughly your age-62 Social Security).
- Earnings test: In 2025, earnings over $23,400 reduce it $1 for every $2 earned.
- Why it matters: If your Supplement = $12,000/year, and you earn $33,400, you'd lose $5,000 that year. Work full-time and you could wipe out the entire benefit.

10. Update Beneficiaries & Prepare Forms [8]

- Check: FERS (SF-3102), FEGLI (SF-2823), TSP, plus assemble SF-3107 (retirement application), SF-2809 (FEHB), and SF-2818 (FEGLI).
- Why it matters: Outdated beneficiaries can send life insurance or TSP to an ex-spouse by default. One overlooked form has cost families $100,000+ in unintended payouts.

Bonus: Medicare & FEHB Coordination [8, 10]

- As an annuitant: Medicare pays first, FEHB second; Medicaid pays last.
- Part B decision:
- Enrolling often reduces out-of-pocket costs (especially if you use out-of-network care).
- Declining lowers premiums now ($185/month in 2025), but could mean higher copays and permanent late penalties later.

- USPS retirees in PSHB: Most must enroll in Part B; check your status.
- Cost lens: Declining Part B saves $2,220/year in premiums, but one hospitalization with 20% coinsurance could erase those savings in a single bill.

Why This Matters

Each of these decisions can swing your retirement security by five- or six-figures:

- Pension timing: $60,000–$90,000 lifetime difference.
- FEHB continuation: $200,000+ in value.
- Social Security claiming: $300,000+ spread between age 62 vs. 70.
- TSP matching/catch-ups: $100,000+ over a career.

Spending an hour on each one is one of the highest ROI financial planning exercises you'll ever do.

Sidebar: The Dollar Cost of Mistakes

Decision / Pitfall	Potential Lifetime Cost
Start pension too early (MRA+10 cut)	\$60,000–\$90,000 lost income over 20–30 yrs
Missing FEHB 5-year rule	\$200,000+ in replacement premiums
Choosing wrong survivor election	\$180,000+ in spouse health costs if FEHB lost
Not buying back military service	\$18,000+ per year of service over 20 yrs
Missing TSP match (5%)	\$100,000+ with compounding
Capping TSP too early (losing match)	\$20,000–\$30,000 over career
Skipping catch-up (age 50+, 60–63 super catch-up)	Tens of thousands in lost tax-advantaged savings
Social Security at 62 vs. 70	\$300,000+ spread over 20 yrs
Ignoring FERS Supplement earnings test	Up to \$12,000/yr lost before 62
Rolling TSP to IRA too soon (missing Age-55 exception)	\$10,000+ in early withdrawal penalties
Delaying OPM paperwork prep	\$3,600–\$4,000 cash-flow gap during interim checks
Outdated beneficiaries	\$100,000+ misdirected to wrong heir

2025 at a Glance

Numbers You'll Actually Use

These are the key federal retirement numbers and rules for 2025. If you're new to retirement planning, skim lightly—these will make more sense after you've absorbed the basics. If you're already tracking your retirement, this is your cheat sheet for this year. Updated annually; verify current figures before acting.

Social Security

- WEP/GPO repealed. The Social Security Fairness Act, signed Jan 5, 2025, repealed both the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). SSA recalculated benefits retroactive to Jan 2024, with most beneficiaries seeing higher checks starting April 2025. [1]
- Earnings test (2025).
- Under FRA: $23,400; $1 withheld for every $2 earned above the limit.
- Year reaching FRA: $62,160; $1 withheld for every $3 above. [1]
- COLAs (2025). FERS 2.0%; CSRS 2.5%. [8]

Use case: If you retired early and were hit by WEP, your benefit may have gone up substantially in 2025. If you're still working before FRA, watch your income—it can temporarily reduce your Social Security.

Medicare & FEHB

- Part B (2025): Premium = $185/month; deductible = $257. [10]
- Part D base premium: $36.78; IRMAA thresholds updated. [10]
- Who pays first?
- Active employees: FEHB pays first.
- Annuitants: Medicare pays first, FEHB second.
- Medicaid: Always pays last. [8]
- USPS retirees: In the new Postal Service Health Benefits (PSHB) program, most Medicare-eligible postal annuitants must enroll in Part B (exceptions apply). [8]

Use case: Deciding on Part B enrollment depends on your health, budget, and how often you use out-of-network providers.

Thrift Savings Plan (TSP)

- Contribution limits (2025):
- Elective deferral: $23,500
- Catch-up (age 50+): $7,500
- New super catch-up (age 60–63): $11,250 (150% of standard catch-up). [3] [6]
- Roth catch-up for high earners. Starting 2026, employees with prior-year SS wages > $145,000 must make catch-ups as Roth (IRS delay covers 2025). [3] [4] [5]
- In-plan Roth conversions. Beginning Jan 2026, you'll be able to convert Traditional TSP balances to Roth within TSP (taxable in year converted). [6]
- RMDs: Must start at age 73, but if you're still working, TSP RMDs generally wait until after separation. [3] [6]

Use case: Age 60–63 is now a sweet spot for super catch-up contributions. And Roth conversions (starting 2026) will create new tax-planning opportunities for higher-income retirees.

Federal Pay & Benefits

- General Schedule (GS) pay (2025): Average raise ≈ 2% (1.7% across-the-board + ~0.3% locality). Pay cap: $195,200 (Executive Schedule Level IV). [11]
- FLTCIP (Long-Term Care). New enrollments remain suspended through Dec 19, 2026. [2]

Use case: The GS cap matters for high earners bumping against pay compression. FLTCIP remains closed to new enrollees, so plan accordingly for long-term care needs.

FERS Annuity Supplement

- Earnings test (2025): Same as Social Security ($23,400 limit). Every $2 earned above the limit reduces the supplement by $1. This does not affect your basic FERS annuity. [7]

Use case: Retirees under 62 who continue working part-time may see their supplement reduced or eliminated.

How to Use This Section

- If you're early in planning: Skim this for awareness—you'll revisit these numbers as you shape your retirement plan.
- If you're near retirement or already retired: Treat this as your annual update sheet. Keep it handy and adjust your strategy (Social Security timing, TSP contributions, FEHB/Medicare coordination) around these figures.

PART 2

Your FERS Pension

The big picture

FERS is built on three pillars of retirement income:

1. FERS Basic Benefit (the pension) – Your guaranteed, inflation-adjusted monthly payment for life. It's based on three factors: your high-3 salary, your creditable service, and a multiplier.
2. Social Security – Like private-sector workers, you pay Social Security tax and earn the same retirement, spousal, and survivor benefits.
3. Thrift Savings Plan (TSP) – Your investment account with agency matching and multiple fund choices (covered in Part III).

Think of FERS as a hybrid system: the Basic Benefit provides stability, Social Security adds longevity insurance, and the TSP offers flexibility and growth potential.

What this chapter covers

This section focuses on the Basic Benefit and related issues:

- Eligibility: When and how you can retire.
- Calculation: How high-3, service, and the multiplier fit together.
- Creditable service: Including deposits and redeposits for military and civilian time.
- Special Retirement Supplement (SRS): A temporary bridge to Social Security.
- Social Security coordination: How your pension interacts with Social Security rules.
- Other considerations: COLAs, survivor elections, service quirks (LWOP, sick leave), and policy proposals.

How to use this section

- Skim the basics if you want a working understanding of how your pension works.

- Dive into the formulas and examples if you'd like to run your own numbers.
- Check the FAQ at the end for edge cases and "what-if" scenarios (divorce, reemployment, children's benefits, etc.).

1) Who can retire—and when?

The gist (what most readers need)

- MRA: Between 55 and 57 based on birth year.
- Unreduced options: 62/5, 60/20, or MRA/30.
- MRA+10: MRA/10–29 allowed, but your pension is reduced unless you postpone it.
- Other paths: Early/DSR (agency offers), Deferred (leave with ≥5 years, start later), Postponed (an MRA+10 variant), Disability (18+ months and can't perform the job; must also apply for SSDI).

Details if you want them

- Voluntary (Immediate):
- 62 with 5, 60 with 20, or MRA with 30 → unreduced annuity.
- MRA+10:
- MRA with 10–29 years → 5% per year reduction for each year under 62 (5/12 of 1% per month). You can postpone the start date to reduce/avoid this cut.
- Early / Discontinued-Service (VERA/DSR):
- Offered during workforce reshaping; lets you retire early under agency authority.
- Deferred:
- Leave before immediate eligibility with ≥5 years; benefit starts later (commonly 62).
- Postponed:
- Separate under MRA+10, then delay the annuity to shrink/avoid the reduction.
- Disability:
- 18+ months of FERS service; no suitable accommodation/reassignment; must also apply for Social Security Disability.

2) How your FERS pension is calculated

The gist

- Formula: High-3 × Creditable Service × Multiplier.
- High-3: Highest 36 consecutive months of basic pay (includes locality; excludes OT/bonuses/awards and any pay above caps).
- Service: Civilian with deductions + pre-1989 temp (if you deposit) + military deposit + unused sick leave (computation only).
- Multiplier: 1.0% (most) or 1.1% if you retire at 62+ with ≥20 years.
- Part-time: High-3 uses full-time rate, but benefit is prorated by hours worked.
- Pay cap: For GS, basic + locality generally can't exceed EX-IV ($195,200 in 2025); amounts above the cap don't boost your pension.
- Details if you want them
- Months/days handling: OPM converts total service to years and months; leftover days are dropped. Sick leave converts the same way; odd days under a month don't count.
- Part-time proration: Proration factor = actual hours ÷ full-time hours over your FERS career.

Worked examples

- Waiting one more year:
- *Maria* (high-3 $90,000).
- Age 61, 27 years → $90,000 × 27 × 1% = $24,300/yr.
- Age 62, 28 years, 1.1% → $90,000 × 28 × 1.1% = $27,720/yr.
- ↑ ~$3,420/yr for life.
- Part-time proration:
- *John* worked 10 yrs full-time + 5 yrs at 50%; high-3 (full-time rate) $80,000.
- The 5 half-time years contribute 2.5 yrs, so computation uses 12.5 yrs.
- If retiring before 62: $80,000 × 12.5 × 1% = $10,000/yr.

3) Creditable service, deposits, and redeposits

The gist

- Some service doesn't count unless you buy it (make a deposit).
- Pre-1989 temp civilian service: 1.3% + interest.
- Military service: Deposit typically 3% of base pay (special historic rates apply).
- Redeposit: If you took a refund, repaying it with interest restores full credit.
- Clock starts when paid: Deposit service counts only after fully paid (generally before separation to be used in your computation).
- Interest changes yearly: 2025 service-credit interest rate = 4.375%.
- USERRA: Military call-ups are treated as if you'd stayed employed; you may make up missed employee/TSP contributions (never more than you would've paid).

Details if you want them

- Military deposit window: You generally have a two-year interest-free period from when you're first covered by FERS; after that, annual interest accrues.
- Why paying early helps: Interest compounds annually; earlier payment = lower total cost and earlier credit.

Worked example

- Why paying earlier saves:
- *Sarah* had 18 months temp GS-5 in 1987–1988 with $30,000 basic pay.
- Deposit = 1.3% × $30,000 = $390, plus interest from the service midpoint, compounded annually until paid.
- Waiting decades can more than double what's owed; paying well before retirement keeps costs down and locks in credit.

4) The Special Retirement Supplement (SRS)

The gist (what most readers need)

- What it is: A temporary bridge payment that mimics the Social Security you earned while under FERS, paid only until age 62.
- Who gets it: You must retire before 62 on an immediate, non-reduced FERS pension (e.g., MRA+30 or 60/20, and many approved early/DSR cases).
- Not paid with MRA+10 retirements or deferred annuities.
- When it stops: Ends at 62. There are no COLAs on the SRS.
- Earnings test (2025): If you work, the SRS is reduced $1 for every $2 you earn above $23,400 (wages/self-employment).
- Only the SRS is reduced—your basic FERS pension isn't.
- Paychecks from work count; TSP/IRA withdrawals, pensions, and investment income don't.

Quick DIY estimate (good enough for planning)

SRS (annual) ≈ your age-62 Social Security estimate × (FERS years ÷ 40)

(OPM makes the official calculation.)

How to do it in 2 minutes

1. Grab your age-62 benefit from your my Social Security statement.
2. Count your FERS-covered years (round to the nearest whole year for a rough estimate).
3. Multiply by FERS years ÷ 40.
4. If you'll earn income before 62, subtract the earnings test reduction.

Worked example (for number-curious readers)

- Linda retires at 60 with 30 FERS years. Her age-62 SSA estimate is $28,000/yr.
- SRS (before earnings test): $28,000 × (30/40) = $21,000/yr (~$1,750/mo).
- She earns $30,000 in 2025. The excess over $23,400 is $6,600 → reduction = $3,300.

- Adjusted SRS: \$21,000 − \$3,300 = \$17,700/yr (~\$1,475/mo).
- Her basic FERS annuity is unchanged by her earnings.

Common pitfalls to avoid

- Assuming you'll get SRS with MRA+10 or deferred retirements (you won't).
- Forgetting it ends at 62—plan your income bridge to Social Security accordingly.
- Ignoring the earnings test if you plan to work before 62.

5) Additional FERS Annuity Considerations

The gist (what most readers need)

- What you pay in: Your FERS payroll contribution depends on when you were first hired: 0.8% (pre-2013), 3.1% (2013 FERS-RAE), 4.4% (2014+ FERS-FRAE). The benefit formula is the same.
- LWOP (Leave without Pay): Up to 6 months/year of leave-without-pay still counts toward service and doesn't break your high-3; more than that in a calendar year isn't creditable.
- Sick leave: Adds time only to the calculation (not eligibility). Rule of thumb: 2,087 hours = 1 year (~1,040 hours ≈ 6 months).
- COLA (Cost of Living Adjustment) timing & size: Most FERS retirees get COLAs starting at age 62. FERS uses a "diet COLA" that can be less than CPI; 2025 COLA was 2.0%.
- Survivor choices matter (and FEHB):
- Full survivor (50%) → 10% reduction to your pension; Partial (25%) → 5%; No survivor → spousal notarized consent required and your spouse generally loses FEHB after your death.
- If you die before retirement: With ≥18 months service, your spouse may receive the Basic Employee Death Benefit - BEDB (50% of final pay or high-3, plus \$42,607.52 for deaths on/after Dec 1, 2024) and possibly a monthly survivor annuity with ≥10 years service.
- Children's benefits: Payable to age 18 (or 22 if a full-time student); lifetime if disabled before 18. Separate from Social Security survivors and can be paid at the same time.

- Reemployment after retirement: By default your salary is offset by your annuity. Waivers exist but are limited; even with a waiver you generally don't earn a brand-new full annuity.
- Policy watch: Ideas surface periodically (raise contributions to 4.4% for all, eliminate SRS, switch to high-5, trim COLAs, lower FEHB share, change G-Fund crediting). They're not law unless enacted—plan under current rules.

Details if you want them (rules, formulas, and examples)

1) Employee contribution rates

- 0.8% (original FERS; first covered before 2013)
- 3.1% (FERS-RAE, first covered in 2013)
- 4.4% (FERS-FRAE, first covered 2014+)
- *These are your payroll deductions; the pension formula itself is identical across tiers.*

2) Leave Without Pay (LWOP)

- Creditable service: Up to 6 months of LWOP per calendar year counts toward retirement eligibility and computation.
- High-3: For those first 6 months, OPM uses your rate of basic pay as if you were paid. Nonpay beyond 6 months in that year isn't creditable and can delay eligibility.

3) Unused sick leave (computation-only credit)

- Conversion: OPM uses a 2,087-hour work-year.
- 2,087 hrs = 12 months; ~1,040 hrs ≈ 6 months; 520 hrs ≈ 3 months.
- Odd days under a month are dropped.
- Important: Sick leave does not help you meet MRA or service minimums; it only increases the computed service for your annuity.

4) COLAs on your FERS annuity

- Start: Generally at age 62 (earlier for disability retirees).
- Formula ("diet COLA"):
- If CPI $\leq$ 2% $\rightarrow$ COLA = CPI
- If 2% < CPI $\leq$ 3% $\rightarrow$ COLA = 2%
- If CPI > 3% $\rightarrow$ COLA = CPI − 1%

- Reference point: January 2025 FERS COLA = 2.0%. (Year-specific; updated annually.)

5) Survivor elections (and FEHB)

- Full survivor (50%) → your pension reduced 10%.
- Partial survivor (25%) → your pension reduced 5%.
- No survivor → spouse must consent (notarized); spouse generally cannot keep FEHB after your death.
- *Choose with your spouse, considering life insurance and other assets.*

6) If you die before retirement

- With ≥18 months civilian service, spouse may receive the Basic Employee Death Benefit (BEDB) = 50% of final salary (or high-3, if higher) + $42,607.52 (for deaths on/after Dec 1, 2024; OPM adjusts amounts periodically—verify the current figure.)).
- With ≥10 years service, a monthly survivor annuity may also be payable.
- Children's survivor benefits: Paid until 18 (or 22 if full-time student); for life if disabled before 18. Separate from SSA survivors; can be paid concurrently. Amounts are statutory and adjusted periodically.

7) Reemployed annuitants

- Default: Salary is reduced (offset) by the annuity.
- Waivers: Agencies can request dual-compensation waivers (limited).
- With a waiver, you typically accrue annual/sick leave but generally lack RIF protection and don't build a brand-new full annuity (some supplemental credit rules may apply).
- Get it in writing: Clarify offset/waiver conditions before accepting.

8) Policy watch (proposal examples; not enacted)

- Raise all employee contributions to 4.4%
- Eliminate the SRS
- Use high-5 instead of high-3
- Reduce/eliminate FERS COLAs (and trim CSRS COLAs)
- Lower the government share of FEHB
- Alter TSP G-Fund crediting
- *Stay informed; plan based on current law.*

Worked examples (quick reference)

- Timing to age 62:
- If you'll have 20+ years by 62, the bump from 1.0% → 1.1% plus one more year of service often beats retiring earlier. Run both scenarios.
- Part-time years:
- Your high-3 uses the full-time rate, but your annuity is multiplied by a career-wide proration factor (actual hours ÷ full-time hours).
- Sick leave:
- It never helps eligibility. Use 2,087 hours = 12 months to convert.
- *Example:* 19y 8m actual + ~1,040 hrs sick leave (~6 months) → 20 years for the computation, which matters if you retire at 62+ (qualifies for the 1.1% multiplier).
- Deposits (interest matters):
- Paying deposits/redeposits earlier avoids compounding (e.g., 4.375% in 2025) and locks in credit for your computation.

6) Planning checklist

- Confirm your MRA, total creditable service, and any deposit/redeposit needs with HR.
- Decide whether working to 62 changes your multiplier (1.0% → 1.1%).
- Inventory pre-1989 temporary and military time; request deposit quotes.
- If retiring on an immediate, unreduced annuity before 62, estimate your SRS and plan for the $23,400 earnings test (2025).
- Coordinate Social Security claiming with the end of SRS and your TSP withdrawals; remember up to 85% of Social Security can be taxable depending on income.
- Choose your survivor election with eyes open to FEHB consequences; document decisions and beneficiaries.

Heads-up: Annual figures (COLAs, earnings tests, interest rates, IRMAA thresholds, etc.) change. Update numbers during your retirement year.

FERS Pension Estimator Worksheet (printable)

Use this to build an estimate in 15–30 minutes. Round to the nearest month unless noted.

Step 1 — Gather your inputs

- High-3 average salary (annual): $__________
- Creditable civilian service (yrs/mo): ______ yrs ____ mo
  ☐ Includes all periods with retirement deductions
  ☐ Pre-1989 temporary time deposit paid? ☐ Yes ☐ No
  ☐ Refunded service redeposit paid? ☐ Yes ☐ No
- Military deposit service (yrs/mo): ______ yrs ____ mo ☐ Deposit paid in full
- Unused sick leave (hours): ________ hrs → (see Step 2)
- Part-time periods? ☐ Yes ☐ No (Note the dates and % schedule)
  ____

Step 2 — Convert sick leave to months (for computation only)

- 2,087 hrs = 12 months; 1,044 ≈ 6 months; 522 ≈ 3 months; 174 ≈ 1 month
- Conversion: Sick leave months = (hours ÷ 2,087) × 12 → drop fractions under 1 month
- Result: ______ months sick leave (added for formula, not eligibility)

Step 3 — Compute service for the formula

- Civilian service (yrs/mo): ______
- Military deposit (yrs/mo): ______
- Sick leave (months from Step 2): ______
- = Total years & months for computation: ______ yrs ____ mo (→ in years: ____.)

Step 4 — Choose the multiplier

- 1.0% for most retirements; 1.1% if age 62+ with 20+ years at retirement.
- Multiplier: __. % (enter 0.01 or 0.011 as decimal)

Step 5 — Gross annual pension (before reductions)

- High-3 × Total years (decimal) × Multiplier
- = $ ___________________ / year
- ÷ 12 = $ ___________________ / month

Step 6 — Apply possible reductions/adjustments

- MRA+10 reduction (if retiring MRA with 10–29 yrs and not postponing):
- 5% × each full year (5/12 of 1% per month) under age 62
- Reduction $: (Gross) × ______% = − $ ___________
- Survivor election (cost):
  ☐ 50% survivor → −10% of unreduced pension
  ☐ 25% survivor → −5% of unreduced pension
- Cost $: (Gross) × ______% = − $ ___________
- Court-ordered apportionment? ☐ No ☐ Yes: − $ ___________ (if applicable)
- Estimated annual pension after reductions: $ ___________________
- ÷ 12 = $ ___________________ / month

Step 7 — Special Retirement Supplement (SRS) (if eligible)

- Quick estimate (if retiring on an immediate, non-reduced FERS annuity before 62):
- SRS ≈ Age-62 SSA estimate × (FERS years ÷ 40)
- Age-62 SSA estimate: $ ______ × (______ ÷ 40) = $ ______ / year (≈ $ ______ / month)
- *Earnings test applies before 62; ends at 62. SRS has no COLA.*

Step 8 — Cross-checks & notes

- COLA start: Generally at age 62 (diet-COLA formula thereafter).

- High-3 includes locality & shift; excludes overtime, awards, pay above statutory caps.
- Part-time service: pension is prorated by career-wide hours worked ÷ full-time hours.
- Deposits/redposits must be paid in full before separation to be included.

Keep this with your SF-50s and deposit/redposit receipts so an HR estimate (or OPM) can replicate your math.

FERS MRA Eligibility Timeline (at-a-glance)

Minimum Retirement Age (MRA) by birth year

- Before 1948: 55
- 1948: 55 + 2 months
- 1949: 55 + 4 months
- 1950: 55 + 6 months
- 1951: 55 + 8 months
- 1952: 55 + 10 months
- 1953–1964: 56
- 1965: 56 + 2 months
- 1966: 56 + 4 months
- 1967: 56 + 6 months
- 1968: 56 + 8 months
- 1969: 56 + 10 months
- 1970 or later: 57

Your personal timeline (fill in dates)

- MRA (from table): ___________
- MRA + 30 yrs (unreduced): ___________
- Age 60 + 20 yrs (unreduced): ___________
- Age 62 + 5 yrs (unreduced; 1.0% multiplier): ___________
- Age 62 + 20 yrs (unreduced; 1.1% multiplier): ___________
- MRA + 10–29 yrs (MRA+10) → reduced 5%/yr under 62 unless postponed: earliest annuity start if postponed: ___________
- Deferred retirement (left service with ≥5 yrs): earliest start at 62 (or MRA with reduction): ___________
- COLA eligibility (most FERS): Age 62: ___________
- SRS window (if retiring on immediate, non-reduced annuity before 62): from retirement date to month before 62: ___________ → ___________

Planning cues

- If you'll have 20+ years at age 62, consider whether waiting to 62 for the 1.1% multiplier beats retiring earlier at 1.0%.
- Postpone MRA+10 starts to reduce/avoid the 5%-per-year reduction (FEHB/FEGLI rules apply—confirm before filing).
- Best-day tactics: end of a pay period; end of leave year affects annual-leave payout.

Validate Your Numbers

Your estimate is only as good as its inputs. Before you set a retirement date, validate your assumptions and run a side-by-side ("retire now" vs "retire at 62") with a pro who understands federal rules.

👉 Get a no-pressure checkup at: federalpensionadvisors.com

We'll sanity-check your High-3, service credit (incl. deposits/redposits), MRA strategy, SRS, and survivor/FEHB implications—so your filed retirement matches your plan.

Frequently Asked Questions

FERS Annuity Benefits

Q1) What benefits make up my retirement "stack"?

Your FERS Basic Annuity, Social Security, TSP, and—if you retire on an immediate, unreduced FERS annuity before 62— the SRS. Keep FEHB/FEGLI and survivor elections in view.

Q2) Remind me of the pension formula and multipliers.

High-3 × Creditable Service × 1.0%, or 1.1% if you retire 62+ with ≥20 years..

Q3) Does locality pay count in my high-3?

Yes—locality rates are basic pay for retirement. Overtime, bonuses, awards, and lump-sum leave payments don't count.

Q4) I exceed the GS pay cap. Does that raise my pension?

No. Anything above EX-IV (2025: $195,200) isn't creditable. Bonuses/overtime also don't count.

Q5) How much do I contribute to FERS?

Hired before 2013: 0.8%; 2013 hires (FERS-RAE): 3.1%; 2014+ (FERS-FRAE): 4.4%.

Q6) Can I buy back military or civilian time?

- Military: Yes; deposit usually 3% of base pay (+ interest after the initial window). Special rates apply for some years (1999/2000).
- Civilian pre-1989: Yes; 1.3% + interest.
- Civilian 1989+ with no deductions: Generally no (Peace Corps/AmeriCorps VISTA are exceptions).
- When it counts: Only after deposits/redeposits are paid in full (generally before separation for use in your computation).

Q7) What is the SRS, in one sentence?

A temporary payment (no COLAs) approximating the Social Security you earned under FERS, payable only with an immediate, non-reduced annuity before 62; it ends at 62 and is subject to an earnings test.

Q8) When am I eligible to retire?

Standard unreduced: 62/5, 60/20, MRA/30. MRA+10 is allowed with a reduction (or postpone). Also see early/DSR, deferred, and disability rules.

Q9) How does unused sick leave factor in?

It adds months for the computation only using the 2,087-hour conversion; it cannot help you meet eligibility.

Q10) What effect will Leave without Pay - LWOP - have?

Up to 6 months of nonpay per calendar year counts toward service and is included in high-3 at your rate of basic pay. Beyond six months isn't creditable that year and can delay eligibility.

Q11) I was part-time during part of my career—what happens?

Your high-3 is the full-time rate, but your annuity is multiplied by a proration factor (actual hours ÷ full-time hours).

Q12) Will I receive a COLA on my FERS annuity?

Generally starting at 62 (earlier for disability). FERS uses the "diet COLA" formula; 2025 COLA was 2.0%.

Q13) Should I elect a survivor annuity?

- Full (50%) → 10% reduction to your pension.
- Partial (25%) → 5% reduction.
- No survivor → spousal notarized consent required; spouse typically loses FEHB eligibility after your death.
- Coordinate with life insurance and other assets.

Q14) What if I die before being eligible to retire?

With ≥18 months of service, your spouse may receive the BEDB (50% of your final salary or high-3, whichever is higher, + $42,607.52 for deaths on/after Dec 1, 2024). With ≥10 years, a monthly survivor annuity may also be payable. Children's survivor benefits may apply.

Q15) Do my minor children receive any benefits if I die?

Yes—unmarried dependents typically receive a children's survivor benefit until 18 (or 22 if full-time students), and for life if incapable of self-support due to a disability incurred before 18. These can be paid alongside Social Security survivors benefits.

Q16) What happens if I'm reemployed by the federal government after I retire?

By default your salary is offset by your annuity. Waivers exist but are limited; with a waiver you usually accrue leave, lack reduction in force (RIF) protection, and don't build a new full annuity (some supplemental credit rules exist). Confirm offset/waiver terms in writing.

Q17) Divorce & COAP—how does a former spouse apply?

Federal retirement follows federal rules (not ERISA). A former spouse submits: (1) a Court Order Acceptable for Processing (COAP) that meets OPM specs; (2) a court-certified copy; and (3) identifying info (see SF-3119). OPM's handbook includes model language and processing guidance.

Q18) Are there other federal pension systems?

Yes. CSRS (pre-1984 hires) has a higher pension formula but generally no Social Security coverage. FERS-RAE (2013) and FERS-FRAE (2014+) simply require higher employee contributions; the benefit formula is the same as standard FERS. Specialized systems (Foreign Service, etc.) also exist.

PART 3

The Thrift Savings Plan

The Big Picture

The Thrift Savings Plan (TSP) is the second leg of your FERS "stool." It's the part you control most: how much you contribute, whether you use Traditional or Roth, and how you invest. Your agency adds a 1% automatic contribution and matches up to 4% more—free money that compounds for decades. Low costs, simple index funds, and target-date L Funds make it powerful for both growth and income.

Think of TSP this way: the pension provides stability, Social Security adds longevity insurance, and TSP gives you flexibility—funding big goals, bridging early retirement, and shaping your tax bill year-to-year.

What this chapter covers

- Contributions & match: Annual limits, catch-up tiers, and per-pay pacing so you never miss the agency match.
- Traditional vs Roth (and conversions): How each is taxed, when Roth shines, and the 2026 high-earner and in-plan conversion rules to watch.
- Investments & allocation: The five core funds (G, F, C, S, I), L Funds, and a simple glidepath you can customize.
- Taking money out: In-service age-based withdrawals, hardship rules, and post-separation choices (partials, installments, annuity, rollovers).
- Taxes, withholding & rollovers: How distributions are taxed, the 20% withholding rule, and when direct rollovers make sense.
- RMDs: When they start, how the "still-working" exception works, and Roth TSP treatment under current law.
- Loans: General-purpose vs. residential, repayment, and default traps.
- USERRA & non-pay status: What happens to contributions and loans during military orders or LWOP.
- What's new for 2025–2026: Limits, catch-up mechanics, in-plan Roth conversions, and timing notes you should confirm before acting.
- Decision tools: A Roth-vs-Traditional decision tree and an allocation glidepath template you can fill in.

(Numbers like contribution limits, RMD ages, and earnings thresholds are tagged for 2025 where shown and generally change each year—verify current figures on TSP.gov/IRS.gov before acting.)

How to use this section

- Skim "The gist" bullets in each subsection for the practical takeaways you can apply this pay period.
- Open the "Deep-dive numbers" when you want per-pay pacing, limits, and the finer points of taxes and timing.
- Use the templates (decision tree + glidepath) to set defaults you'll revisit once a year.
- Check the FAQ at the end for quick answers to edge cases (loans at retirement, hardship rules, roll-ins, death benefits, etc.).

1) Contributions, match & investments

The gist

- Always get the match: Agency 1% automatic + up to 4% match (100% of first 3%, then 50% of next 2%). Missing months = forfeited free money. TSP
- Traditional vs Roth:
- Traditional lowers today's taxes; future withdrawals taxable.
- Roth pays tax now; qualified withdrawals tax-free; helps with IRMAA and tax-bracket control later.
- You can split contributions. (Timing note: IRS high-earner catch-ups are generally slated no earlier than plan years beginning after Dec 31, 2026; confirm current IRS guidance.) IRS
- Funds: Five core funds (G, F, C, S, I) plus L Funds that auto-glide as you age. Expenses remain very low. TSP

Deep Dive Numbers

- 2025 limits: Deferral $23,500; catch-up (50+) $7,500; higher catch-up $11,250 (ages 60–63). IRS+1
- Per-pay pacing (example, 26 pays):
- Hit $23,500 → about $904/pay.
- With $7,500 catch-up → add ~$288/pay.

- With $11,250 (60–63) → add ~$433/pay.
- Adjust if you have 24/27 pays to avoid capping out early and losing match late in the year. (IRS confirms limits; TSP confirms higher catch-up.) IRS+1

Figures shown are for 2025 and assume 26 pay periods; update annually and adjust for your agency's 24/27 pay cycles.

2) Taking money out (before & after separation)

The gist

- Penalty-free paths (Traditional/Roth earnings):
- Separate in or after the calendar year you turn 55 → TSP withdrawals avoid the 10% early-distribution penalty (age 50 for qualified public-safety employees). TSP+2TSP+2
- 59½ in-service age-based withdrawals allowed. Hardship withdrawals exist but can sting—use sparingly. TSP
- Penalty exceptions and in-service rules are IRS/TSP rules and can change; confirm before withdrawing.
- After separation, you can mix options: multiple partial withdrawals, installments (change anytime), annuity purchase, or rollovers. No more "one-and-done." (The 30-day wait between requests is gone.) TSP+2TSP+2

Deep Dive

- SEPP (72(t)) can waive penalties if you commit to substantially equal payments for 5 years or until 59½, whichever is longer. (IRS rule; use with care.)
- Public-safety expansion: SECURE 2.0 broadened the age-50 exception and service criteria; see TSP bulletins for specifics. TSP

3) Taxes, withholding & rollovers

The gist

- Traditional TSP withdrawals are ordinary income; Roth TSP qualified withdrawals are tax-free (5-year clock + 59½). State taxes vary.

- Withholding: A mandatory 20% federal withholding applies to eligible rollover distributions paid to you (e.g., lump sums or installments expected to last <10 years) unless you directly roll to an IRA/plan. You can request more withheld; rolling later means you'll need to replace the withheld 20% to defer all taxes. IRS+1
- Withholding ≠ tax owed. You may owe more or less at filing based on your bracket, state taxes, and other income.
- Loans: Available while working; missed payments can trigger a deemed distribution (taxable; may be penalized). See TSP tax notice for details. TSP

4) Required Minimum Distributions (RMDs)

The gist

- Your first RMD year is the first year you're separated and have reached your RMD age (73 in 2025). If you don't take enough in that year, TSP will send the remainder by April 1 of the following year. Thereafter, RMDs are due by December 31 annually. TSP
- Still working at 73? TSP RMDs generally wait until you separate. (This is the "still-working" exception for employer plans.) TSP
- Roth TSP: No lifetime RMDs (pre-death) under current law. TSP

Practical playbook (simple, high-impact steps)

1. Set per-pay deferrals now to hit your 2025 targets without capping early; verify match hits every check. IRS
2. Choose Traditional vs Roth based on tax bracket now vs later, Medicare IRMAA considerations, and where you want tax-free income in retirement. (Timing note: high-earner Roth catch-ups are generally slated no earlier than plan years after Dec 31, 2026; confirm IRS/TSP guidance for your plan year.) IRS
3. Keep withdrawals flexible: favor partials/installments over lump sums; revisit annually. (No 30-day wait anymore.) TSP
4. If separating near 55 (or 50 public-safety): leave funds in TSP first to preserve the penalty exception; rolling immediately to an IRA can forfeit it. TSP
5. RMD prep: If you'll be 73 and separated, plan your first-year withdrawal so you don't get a surprise April 1 TSP disbursement. TSP

6. Roth in-plan conversions (2026): Model tax impact (brackets, IRMAA). TSP notes you must pay conversion taxes from outside funds. Expected in 2026 per TSP; confirm availability. TSP+1

Roth vs Traditional

Quick Decision Tree

Goal: pick the *mix* that lowers lifetime taxes and Medicare surcharges—not just this year's tax bill. You can split contributions across Roth and Traditional.

Start here

1. Is your current marginal tax rate likely lower than your expected retirement rate?
2. (Think: early career, temporarily low income, heavy deductions, gap years before SS/RMDs.)
- Yes → Favor *Roth* (pay the small tax now; harvest tax-free growth).
- No/Unsure → Go to 2.
3. Are you in a high bracket today (and expect lower in retirement)?
4. (Common near peak earnings; plan to retire before SS and smooth income later.)
- Yes → Favor *Traditional* (defer now; fill lower brackets later via withdrawals/conversions).
- No/Unsure → Go to 3.
5. Will Roth TSP help you manage future RMDs and IRMAA?
6. (Roth TSP has *no* lifetime RMDs; fewer taxable withdrawals can avoid Medicare surcharges.)
- Yes → Tilt more toward *Roth*.
- No → Go to 4.
7. Cash-flow sensitivity: Would paying tax on Roth contributions crimp essential savings?
- Yes → Favor *Traditional* (keep take-home high; don't underfund).
- No → Go to 5.
8. Do you expect to retire before 59½ and use the TSP "Rule of 55/50" for penalty-free withdrawals?
- Yes → Either works; focus on tax rates (steps 1–3). *Tip:* leaving money in TSP preserves the penalty exception.
- No → Go to 6.
9. Five-year clock: Is your Roth TSP "open" ≥5 years by the time you'll withdraw earnings?

- Yes → Roth remains attractive.
- No → Start Roth now (even a small contribution) to start the 5-year clock.

10. High-earner catch-up rule (from 2026): Prior-year Social Security wages > $145,000?

- Yes → Catch-up must be *Roth* starting 1/1/2026. Plan around added taxable income.
- No → You can choose Roth or Traditional for catch-up.

Simple mixes that work well for many

- Peak-earnings years: 70–100% Traditional, remainder Roth.
- Bridge/gap years (retired, pre-SS/RMDs): 50–100% Roth (or conversions).
- Unsure? 50/50 split and revisit annually.

Conversion note (from 2026): In-plan Traditional → Roth conversions will be allowed inside TSP (taxable that year). Pay taxes from *outside* funds if you convert.

TSP Allocation Glidepath Template (printable)

Use this to set a sensible stock/bond mix, map it to TSP funds, and pre-decide your rebalancing. You can mimic an L Fund or customize.

Step A — Pick a stock/bond target by life stage

(*Examples; adjust for risk tolerance, pension size, and other assets.*)

- Accumulation (20+ yrs to retirement): 80–100% stocks / 0–20% bonds
- Transition (≈5–10 yrs out): 60–80% stocks / 20–40% bonds
- Retirement—Early (55–62): 50–65% stocks / 35–50% bonds
- Retirement—Standard (62–70): 40–60% stocks / 40–60% bonds
- Retirement—Late (70+): 30–50% stocks / 50–70% bonds

Guardrails: If an all-in-one L Fund fits your stage, it's a fine default. If you customize, keep it simple and re-balance on a schedule.

Step B — Map targets to TSP funds (example & blank)

Fund roles (cheat sheet)

- G: Risk-free principal; gov't securities; good for near-term spending & ballast
- F: Broad U.S. bond index; interest-rate/credit risk; diversifies stocks
- C: S&P 500 (large U.S.)
- S: U.S. completion index (mid/small)
- I: International developed markets

Example allocations

- Transition (65/35)
  Stocks 65%: C 40% / S 15% / I 10%
  Bonds 35%: G 20% / F 15%
- Retirement—Standard (50/50)
  Stocks 50%: C 30% / S 10% / I 10%
  Bonds 50%: G 30% / F 20%

- Capital-preservation tilt (40/60)
  Stocks 40%: C 25% / S 7% / I 8%
  Bonds 60%: G 40% / F 20%

Your template (fill-in)

- Stocks __%: C __% / S __% / I __%
- Bonds __%: G __% / F __%
- Total = 100%

Step C — Rebalancing & maintenance

- Frequency: ☐ Quarterly ☐ Semiannual ☐ Annual (pick one and stick to it)
- Tolerance bands: Rebalance when any sleeve drifts ±5 percentage points from target.
- Cash flows: Direct new contributions to the lagging funds to reduce trading.
- "Bucket" overlay (optional):
- Bucket 1 (1–2 yrs withdrawals): 100% G (and/or short-term F)
- Bucket 2 (3–7 yrs): Mix of G/F and some C/S/I
- Bucket 3 (8+ yrs): Growth—C/S/I

Step D — Withdrawal alignment (retirement)

- Rule of 55/50 users: Keep enough in TSP to leverage penalty-free withdrawals; avoid immediate IRA rollovers.
- Tax lens: Pull from Traditional to fill low brackets; from Roth to avoid IRMAA or bracket creep.
- RMD lens: Traditional balances create RMDs at 73; Roth TSP has no lifetime RMDs.

Step E — Contribution pacing

- Per-pay math (26 pays):
- $23,500 → ~$904/pay
- $7,500 catch-up (50+) → ~+$288/pay
- $11,250 higher catch-up (60–63) → ~+$433/pay

- Don’t cap early: Ensure contributions continue all year to capture the full match.

Stress-Test Your Choices

Before you lock the dial: stress-test your Roth/Traditional mix and your glidepath against realistic tax, Medicare, and market scenarios.

👉 Book a quick review at: federalpensionadvisors.com

We’ll sanity-check your tax brackets, IRMAA exposure, RMD path, and allocation drift, and model “what-ifs” (retire now vs 62/65/70, Roth conversions, bucket funding) so your TSP plan holds up in the real world.

Frequently Asked Questions

Thrift Savings Plan

This FAQ gives quick, plain-English answers with just enough detail to act. For numbers, scenarios, and rules, see the main TSP chapter sections: Contributions & Funds, Withdrawals, Taxes & RMDs, and Roth & Conversions.

1) What is the TSP and why does it matter?

The Thrift Savings Plan (TSP) is the federal government's 401(k). You contribute from pay; your agency puts in 1% automatic and matches up to 4% more (100% of the first 3%, then 50% of the next 2%). You invest in G, F, C, S, I index funds or L Funds (target-date). Fees are extremely low by industry standards.

See also: Contributions, Match & Investments.

2) What changed for 2025–2026 that I should know?

- Contribution limits (2025) — Elective deferral $23,500; catch-up (age 50+) $7,500; higher catch-up (ages 60–63) $11,250. *Updated annually by the IRS. Pace per-pay so you don't cap early and lose match.*
- Roth catch-up for high earners (timing) — The IRS high-earner rule (prior-year Social Security wages >$145,000) is scheduled no earlier than plan years beginning after Dec 31, 2026. *Confirm current IRS/TSP guidance for the plan year you're contributing.*
- In-plan Roth conversions (inside TSP) — Expected in 2026 per TSP. Converting Traditional → Roth TSP is taxable in the year converted; plan to pay conversion taxes from outside funds. Verify availability and mechanics with TSP before converting.
- RMDs (required minimum distributions) — RMD age 73 now (scheduled to rise to 75 in 2033 under current law). TSP RMDs generally begin after you've both reached the RMD age and separated; first RMD due by Apr 1 of the year after your first RMD year, then Dec 31 annually. Roth TSP has no lifetime RMDs (pre-death) under current law.

3) How much should I contribute in 2025?

At least 5% for the full match. If possible, work toward $23,500 (+ $7,500 catch-up if 50–59; $11,250 if 60–63). Per-pay pace so you don't cap early.

See also: Section 1 — Contributions, Match & Investments.

4) When do catch-ups start?

$7,500 standard catch-up begins in the year you turn 50. $11,250 higher catch-up is for ages 60–63 (2025). From 2026, high-earner catch-up must be Roth.

See also: Section 1 — Contributions, Match & Investments.

5) Traditional, Roth—or both?

Traditional lowers today's tax; Roth gives tax-free qualified withdrawals; many blend to manage future taxes/IRMAA. Agency match always goes to Traditional.

See also: Section 1 — Contributions, Match & Investments (Traditional vs Roth) and What's New for 2025–2026.

6) Can I roll other plans into TSP?

Yes: Traditional IRAs and eligible 401(k)/403(b)/457, plus Roth money from employer plans (not Roth IRAs).

See also: Section 1 — Contributions, Match & Investments.

7) How do hardship withdrawals work?

For defined hardships; permanent, taxable, may incur penalty; minimum $1,000.

See also: Section 2 — Taking Money Out (Before & After Separation).

8) What about TSP loans?

General-purpose (≤5 yrs) and Primary residence (≤15 yrs). Payroll repayments; missed payments can create a deemed distribution.

See also: Section 2 — Taking Money Out (Before & After Separation).

9) Outstanding loan at retirement?

After separation, either keep paying, repay in full, or allow foreclosure (taxable; possible penalty if <59½). No new loans after separation.

See also: Section 2 — Taking Money Out (Before & After Separation).

10) Withdrawal choices in retirement?

Partial withdrawals, installments, annuity purchase, rollovers—you can mix and change (once per calendar year).

See also: Section 2 — Taking Money Out (Before & After Separation).

11) Can I take money out while still working?

Yes, 59½+: up to four age-based in-service withdrawals per year (min $1,000). Hardship withdrawals at any age, but tax-inefficient.

See also: Section 2 — Taking Money Out (Before & After Separation).

12) Avoiding the 10% penalty?

Separate in or after the year you turn 55 (or 50 for qualified public-safety) → TSP withdrawals penalty-free after separation. Other IRS exceptions exist.

See also: Sections 3–4 — Taxes, Withholding & Rollovers; Required Minimum Distributions (RMDs).

13) How are withdrawals taxed?

Traditional = ordinary income; Roth (qualified) = tax-free. 20% withholding applies to eligible rollover distributions paid to you unless directly rolled.

See also: Section 3 — Taxes, Withholding & Rollovers.

14) RMD basics?

Age 73 and separated → RMDs apply to Traditional TSP (first by Apr 1 next year; then Dec 31). Still working at 73? Usually wait until separation. Roth TSP: no lifetime RMDs.

See also: Section 4 — Required Minimum Distributions (RMDs).

15) Retiring mid-year—can I still max?

Yes. You can hit the full annual limit. Set per-pay amounts so you don't cap early and miss match on final checks; catch-ups still apply if eligible.

See also: Section 1 — Contributions, Match & Investments.

16) Can't afford the max—what now?

Start at 5% to get the match; auto-increase 1%/year or with raises. Consider a Traditional/Roth split for cash-flow vs future-tax balance.

See also: Section 1 — Contributions, Match & Investments.

17) USERRA: activated to military service?

Contribute via uniformed services TSP; civilian loan payments can pause. When you return, you can make up missed contributions and receive retro agency contributions.

See also: Section 1 — Contributions, Match & Investments (USERRA).

18) Non-pay (LWOP) effect?

You generally can't contribute or take new loans; loan payments may be suspended (limits apply). Resume and make up contributions when you return to pay status.

See also: Section 1 — Contributions, Match & Investments; Section 2 — Taking Money Out (Before & After Separation).

19) What about TSP fees?

Very low expense ratios; administrative costs partly offset by forfeitures; indexing keeps investment costs low.

See also: Section 1 — Contributions, Match & Investments.

20) Is TSP insured against losses/fraud?

Investments are in a trust (not FDIC/SIPC). G Fund principal/interest backed by U.S. government; market funds can lose value. Use strong authentication and monitor your account.

See also: Section 1 — Contributions, Match & Investments.

21) 2022 "Converge" transition—what happened?

Service levels dipped at launch (long waits, login friction); most issues have been worked through. Core features and account security remained intact.

See also: What's New for 2025–2026 (Quick Hits).

22) Roth TSP & in-plan conversions (how to think about it)?

- Roth TSP: after-tax in; qualified out tax-free; match to Traditional.
- In-plan conversions (2026): Traditional → Roth inside TSP; taxable that year; no 10% penalty on the conversion itself; pay taxes from outside funds.
- Who might consider: "Bridge" years (post-retirement, pre-RMD/SS); those aiming to reduce future RMDs and potential IRMAA.
- Guardrails: convert only up to target tax bracket; mind IRMAA cliffs.
- *See also: Section 1 — Contributions, Match & Investments (Traditional vs Roth) and What's New for 2025–2026; Sections 3–4 — Taxes & RMDs.*

23) Death benefits?

Paid per TSP-3 (beneficiary form). If none: statutory order (spouse → children → parents → executor → next of kin). Spouses get a Beneficiary Participant Account; non-spouse heirs can take lump sum or inherited IRA. Review designations regularly.

See also: Part I — Quick Wins #10 (Update Beneficiaries & Prepare Forms).

24) Where to get help?

TSP.gov calculators/fact sheets/webinars, ThriftLine 1-877-968-3778, agency training, or a fee-only advisor versed in federal benefits.

PART 4

Social Security

The big picture

Social Security is the third leg of your federal retirement stool (FERS pension + TSP + Social Security). It provides:

1. Retirement benefits based on your lifetime covered earnings.
2. Spousal & survivor benefits that protect your household.
3. Inflation protection via annual COLAs.

Two levers matter most: when you file and how you coordinate benefits with your FERS pension and TSP withdrawals.

2025 context you should know

- Retirement Earnings Test (RET): If you work before your Full Retirement Age (FRA), Social Security may temporarily withhold checks. For 2025, the "under-FRA" limit is $23,400, and the "year you reach FRA" limit is $62,160. Withheld benefits aren't lost—SSA adjusts your benefit later. CMS
- WEP/GPO repeal: Congress repealed the Windfall Elimination Provision and Government Pension Offset in early 2025. SSA is recalculating affected benefits retroactive to Jan 2024; if you or a spouse were previously reduced, watch for updated awards/back-pay. CMS

What this chapter covers

- Eligibility & FRA: who qualifies, and your Full Retirement Age.
- When to file: 62 vs. FRA vs. 70—tradeoffs and scenarios.
- Earnings test: how working before FRA affects checks.
- Spousal/survivor benefits: rules for spouses, ex-spouses, children.
- How SSA calculates your benefit (plain-English AIME/PIA "bend point" math).
- Taxes & Medicare touchpoints (provisional income & IRMAA).
- Coordination with your FERS pension, SRS, and TSP.
- Quick claiming playbook and mini-worksheet.

How to use this section

- Skim The gist to get the core rule fast.
- Open the Deep dive bits when you want details or to run numbers.
- Use the Claiming Playbook at the end to pick a filing age that fits your household.

1) Eligibility & Full Retirement Age (FRA)

The gist

- You qualify with 40 credits (~10 years of covered work).
- FRA depends on birth year (gradually rising to 67 for those born 1960+). CMS

Deep dive (numbers & rules)

- You can file as early as 62 (reduced), or delay past FRA for Delayed Retirement Credits (DRCs) up to age 70; there are no new credits after 70. DRCs add about 8% per year (⅔% per month) from FRA to 70. CMS

2) When should I file—62, FRA, or 70?

The gist

- Age 62 → biggest monthly reduction, but more years of checks.
- At FRA → 100% of your Primary Insurance Amount (PIA).
- Delay toward 70 → highest monthly income (≈ +24% vs. filing at 67; ≈ +70–80% vs. filing at 62 when FRA=67). CMS

Deep dive (numbers & rules)

- Early filing reduction (FRA=67): first 36 months early reduce 5/9 of 1% per month; additional months reduce 5/12 of 1%—about −30% at 62.
- Delayed retirement credits: +8%/yr (⅔%/mo) after FRA until 70.
- Evaluate with three lenses: health/longevity, household survivor needs, cash-flow runway (FERS + TSP).

3) Working before FRA: the Retirement Earnings Test (RET)

The gist

- If you work before FRA, SSA may withhold part/all of your check—this isn't permanent.
- 2025 limits:
- Under FRA all year: $23,400 → SSA withholds $1 for every $2 above the limit.
- In the calendar year you reach FRA (before your birthday month): $62,160 → SSA withholds $1 for every $3 above the limit.
- At/after FRA: no earnings test. CMS

Deep dive (numbers & rules)

- Withheld benefits are recalculated at FRA, permanently raising your monthly amount (SSA adjusts your reduction months).
- RET counts wages and self-employment; pensions/TSP/IRAs/investment income don't count.

4) Spousal, ex-spousal, and survivor benefits

The gist

- Spousal: up to 50% of your spouse's PIA at your FRA (reduced if earlier). You're paid your own benefit if it's higher.
- Ex-spouse: possible if marriage lasted 10+ years, you're unmarried, 62+, and your own benefit is lower.
- Survivor: up to 100% of the deceased worker's benefit (age factors apply).
- WEP/GPO repeal (2025): FERS pensions no longer reduce Social Security spousal/survivor benefits via those provisions; SSA is recalc'ing affected cases. CMS

Deep dive (numbers & rules)

- Spousal benefits can start at 62 (reduced) or at spousal FRA (full 50%).

- Survivor benefits can start as early as 60 (or 50 if disabled) with reductions; at the survivor FRA, the reduction ends.

5) How your benefit is calculated (plain-English)

The gist

- SSA indexes your top 35 years of covered earnings to calculate Average Indexed Monthly Earnings (AIME), then applies a progressive formula (two "bend points") to get your PIA. COLAs apply after you start benefits.

Deep dive (numbers & rules)

- Fewer than 35 covered years? Missing years count as zeros—working longer can replace zero/low-earning years.
- Filing before/after FRA adjusts your PIA using the reduction/credit rules in Section 2.
- Official "how work affects your benefits" & COLA fact sheet pages are updated annually—check current figures before filing. CMS+1

6) Taxes, Medicare & IRMAA (coordination points)

The gist

- Up to 85% of Social Security can be taxable based on provisional income (AGI + nontaxable interest + ½ of SS benefits).
- Medicare & timing: Most enroll in Part B at 65; premiums can rise with income via IRMAA (two-year tax lookback).
- Coordinate FERS/TSP withdrawals with your claim date to manage tax brackets and IRMAA cliffs.

Deep dive (numbers & rules)

- Provisional-income thresholds (unchanged for years) trigger 0% / up to 50% / up to 85% taxation.
- IRMAA is bracketed—even $1 over can increase Part B/D premiums two years later.

- Check current-year Part B premiums and IRMAA brackets with CMS just before you file (amounts change annually).

7) Coordination with your FERS pension, SRS, and TSP

The gist

- SRS stops at 62—plan to replace it (TSP, part-time work, or start Social Security).
- Pension timing: Reaching age 62 with 20+ years boosts your pension multiplier from 1.0% to 1.1% (a lifelong raise).
- Use TSP withdrawals/Roth conversions in "gap years" (post-retirement, pre-SS/RMDs) to smooth tax brackets and reduce IRMAA risk before Social Security begins.

Deep dive (numbers & rules)

- A sequence that often tests well: retire on an immediate, unreduced FERS pension, cover income from TSP strategically, then claim Social Security at FRA–70 depending on longevity and survivor needs.
- If you'll work before FRA, watch the RET to avoid unexpected withholding; remember SSA will adjust at FRA. CMS

8) Quick Claiming Playbook (choose your path)

The gist

- File at 62 if: you need income now, have shorter life expectancy, or want to preserve TSP early.
- File at FRA if: you want the standard amount and plan to work part-time after FRA.
- Delay toward 70 if: you have longevity in the family, are the higher earner (bigger survivor benefit), or your FERS/TSP can bridge the gap.

Deep dive (how to decide in 10–20 minutes)

1. Pull your my Social Security estimates for 62 / FRA / 70.
2. If you'll work before FRA, compare expected wages to $23,400 (or $62,160 in the year you reach FRA). CMS

3. Layer in taxes and Medicare: line up FERS pension + TSP withdrawals to fill low brackets and avoid IRMAA cliffs.
4. Household lens: if you're the higher earner, delaying often increases the survivor safety net.

Mini-worksheet: pick a filing window

1. Your FRA: _________ (see SSA chart for your birth year). CMS
2. my Social Security estimates (monthly): 62: $_____ | FRA: $_____ | 70: $_____
3. Will you work before FRA? If yes, estimate wages and compare with $23,400 / $62,160 (2025). CMS
4. Bridge income if you delay: FERS pension $_____ + TSP $_____ (target tax bracket: ____%).
5. Spousal/survivor lens: does the higher earner delaying help the survivor benefit? ☐ Yes ☐ No
6. Tentative plan: File at 62 / FRA / 70 → Revisit annually or at major life changes.

Frequently Asked Questions

Q1) Am I eligible for Social Security as a FERS employee?

Yes. FERS employees pay into Social Security and qualify with 40 credits (~10 years). Credits are earned via wages or self-employment; extra credits don't increase your benefit—they just qualify you sooner.

Q2) When can I start benefits—and what's my FRA?

You can start as early as 62 (reduced), at FRA (full), or as late as 70 (increased). FRA is 66–67 based on birth year (it's 67 for 1960+). CMS

Q3) How much will my benefit be?

SSA calculates your AIME from your highest 35 covered years, then applies a progressive formula to get your PIA. Filing age adjusts the PIA (reductions for early filing, credits for delaying). After you start, COLAs apply. CMS+1

Q4) How do COLAs work?

Social Security COLAs are tied to CPI-W and applied annually—no "diet COLA" cap like FERS. Check the current COLA and earnings-test thresholds in SSA's yearly fact sheet. CMS

Q5) Will working before FRA reduce my checks?

Maybe. In 2025, SSA withholds $1 for every $2 above $23,400 (under FRA all year) and $1 for every $3 above $62,160 (in the year you reach FRA). At/after FRA, the test ends. Withheld benefits are re-added later via a recalculation at FRA. CMS

Q6) What about spousal/ex-spousal/survivor benefits?

- Spousal: up to 50% of your spouse's PIA (at your FRA; reduced if earlier).
- Ex-spouse: possible if 10+ year marriage, you're unmarried, 62+, and your own benefit is lower.
- Survivor: up to 100% of the deceased worker's benefit (age factors apply).
- WEP/GPO offsets were repealed in 2025; SSA is recalculating affected cases. CMS

Q7) Do TSP withdrawals affect the earnings test?

No. The RET looks at earned income (wages, self-employment). TSP/IRAs/pensions/investment income do not count toward the RET. (They can still affect taxes or IRMAA.)

Q8) Will my Social Security be taxed?

Possibly. Based on provisional income, up to 85% of your benefits may be included in taxable income. Coordinate FERS/TSP withdrawals and claim timing to manage brackets.

Q9) Medicare & Social Security—what should I know?

Most retirees enroll in Part B at 65; premiums can rise with income (IRMAA uses a two-year look-back). If you start Social Security, Part B premiums are typically withheld from your check. Confirm current premiums/brackets with CMS before you file.

Q10) Can I change my mind after I file?

- Within 12 months of first entitlement you can withdraw your application (repay benefits) and re-file later.
- After FRA, you can suspend to earn delayed credits until 70. (Rules are strict—read SSA guidance before acting.)

Claiming Playbook (one-page summary)

- File at 62 if you need income now, have shorter life expectancy, or want to preserve savings early.
- File at FRA if you'll work part-time past 62 or want standard benefits without RET impacts.
- Delay toward 70 if you're the higher earner, expect longevity, and can bridge with FERS/TSP—this often boosts the survivor benefit.

Coordination tips

- Plan for the SRS ending at 62 (if you receive it).
- Use "gap years" (post-retirement, pre-SS/RMDs) to fill low tax brackets with Traditional TSP withdrawals or Roth conversions.
- Keep an eye on IRMAA brackets and the RET limits if you'll work before FRA. CMS

A small filing change can move six figures over a long retirement. If you want a second set of eyes on RET impacts, spousal/survivor math, and tax/IRMAA knock-ons:

☞ Get a no-pressure Social Security checkup: federalpensionadvisors.com

We’ll run “62 vs. FRA vs. 70” scenarios against your FERS pension and TSP plan, stress-test taxes/IRMAA, and help you choose a household-optimal filing date.

PART 5

Health, Insurance and Medicare

For most federal retirees, health coverage = FEHB (or PSHB for USPS) + Medicare. Get three things right and you avoid the biggest money pits:

1. FEHB five-year rule → keep continuous eligibility into retirement.
2. Part B decision → enroll or decline on purpose, with eyes wide open.
3. Survivor election → your spouse's FEHB access later depends on what you choose now.

Your life insurance (FEGLI), dental/vision (FEDVIP), and FSA/HSA choices round out the toolkit.

What this chapter covers

- FEHB five-year rule (and rare waivers).
- How FEHB coordinates with Medicare while working vs. as an annuitant (and PSHB notes for USPS).
- Part B vs. FEHB comparison grid + enrollment timing traps.
- FEGLI options at retirement (Basic 75% / 50% / No-reduction and Option A/B/C).
- FEDVIP and FSAFEDS basics (plus HDHP/HSA rules).
- Long-term care (FLTCIP status) at a glance.
- Quick planning checklist.

How to use this section

- Skim The gist boxes for quick rules.
- Open Deep dive where you want details or examples.
- Use the Part B vs. FEHB grid and Timing traps sidebar before you file.

1) FEHB five-year rule (and waivers)

The gist

- To carry FEHB into retirement you must:

1. Retire on a qualifying annuity, and

2. Be covered under FEHB (or a qualifying uniformed-services plan) for the 5 years immediately before retirement (or since first eligibility, if less than five).

- Cancelling FEHB while still employed resets the clock.

Deep dive — rules & notes

- Breaks in federal service are okay if you remained FEHB-eligible (or met the "since first eligible" test).
- Changing plans (e.g., HMO → PPO) does not reset the clock; dropping coverage does.
- Waivers are rare (e.g., certain involuntary separations or equity cases). Don't bank on one — plan to meet the rule.

2) Who pays first: working vs. retired (and PSHB)

The gist

- While actively employed by a large employer (the federal government), FEHB pays first, Medicare second (if enrolled).
- Once you're an annuitant, Medicare pays first, then FEHB.
- If you don't enroll in Part B, FEHB can still act as primary in many plans — but your copays/coinsurance may be higher.
- USPS retirees in PSHB: most Medicare-eligible annuitants are required to enroll in Part B (check your USPS/PSHB status and exceptions).

Deep dive — coordination details

- FEHB remains robust with or without Part B, but some plans give enhanced benefits (or Part B rebates) if you have B.
- If your spouse is still working for a large employer and you're on their plan, that plan is usually primary for them — even if they also have Medicare.

3) Medicare + FEHB: Part B vs. FEHB grid (choose on purpose)

Use this side-by-side to frame the decision. *(Premiums, deductibles, and IRMAA brackets change — confirm in your retirement year.)*

Decision	What you pay	What you get	When it shines	Watch-outs
Keep FEHB, add Part B	FEHB premium + Part B premium (subject to IRMAA if income is high)	Medicare pays first; many FEHB plans waive or reduce copays/coinsurance; broader access for out-of-network providers	Heavy users of care; snowbirds/travelers; want lower surprise bills; plan offers a Part B premium credit	Extra premium outlay; IRMAA risk; make sure your plan actually enhances benefits with B
Keep FEHB, decline Part B	FEHB premium only	FEHB remains primary as an annuitant without B; you avoid Part B premiums	Light users of care; plan already has low cost-sharing; income high enough that IRMAA would sting	Higher coinsurance where Medicare would have paid; potential late-enrollment penalty if you change your mind later
Medicare Advantage (MA) + suspend FEHB	MA plan premium (many $0) + Part B	One-card simplicity, extras (dental/vision/OTC), out-of-pocket caps; you can suspend FEHB to rejoin later	You live in an area with excellent MA networks and don't mind referrals/prior auth	Networks and authorizations; moving zip codes can disrupt coverage; if you unsuspend FEHB, timing rules apply
FEHB HDHP + HSA (pre-65)	Lower premium; contribute to HSA pre-Medicare	Tax-advantaged HSA dollars for retirement healthcare	Pre-65 years (while not on any part of Medicare)	Once you enroll in any Medicare, HSA contributions must stop; enroll in Part A too early and it can retro-activate 6 months

Bottom line pattern we see a lot

- If your plan coordinates generously with Part B (and you use care regularly), FEHB + Part B often lowers lifetime out-of-pocket risk.

- If you’re very healthy, on a rich FEHB plan, and near IRMAA cliffs, FEHB-only can be reasonable — just do the math and understand the late-penalty exposure.

4) Enrollment timing traps (penalties & “gotchas”)

The gist

- Late Part B penalty: if you don’t have active-employment group coverage when you first become Medicare-eligible, delaying Part B can trigger a permanent surcharge.
- Special Enrollment Period (SEP): if you (or a spouse) are covered by active-employment group insurance, you can delay Part B and enroll later without penalty during the SEP.
- HSA trap: enrolling in any part of Medicare stops HSA contributions; Part A can retro-activate up to 6 months.
- PSHB (USPS): most Medicare-eligible USPS annuitants must enroll in Part B—confirm your status early.

Deep dive — how to stay clean

- Working past 65? Keep proof of active coverage for the SEP (HR letter + recent pay stubs).
- Don’t start Part A early if you want to keep funding an HSA—begin Part A after your final HSA contribution (often the month after you stop work).
- If you suspend FEHB for Medicare Advantage, calendar Open Season and MA lock-in dates in case you want back into FEHB.

5) FEGLI at retirement: picking the right reduction

The gist

- Basic offers three paths:
- 75% reduction — lowest lifetime cost; coverage tapers to 25% after 50 months, then free.
- 50% reduction — moderate added premium; tapers to 50%.
- No reduction — keeps full amount; highest ongoing premium.

- Options A/B/C are age-banded; costs rise with age. Many retirees trim B/C multiples.

Deep dive — how to choose

- Align FEGLI with your survivor election and any private coverage.
- Common pattern: Basic with 75% reduction, plus reducing or fully reducing Option B over time to control age-band costs.
- To continue any option, you must have carried it for the 5 years immediately before retirement.

6) Dental/vision (FEDVIP) & FSAFEDS

The gist

- FEDVIP: separate dental/vision; easy to keep in retirement; change during Open Season or after qualifying events.
- FSAFEDS: pre-tax accounts — Health Care FSA, Limited-Expense HCFSA (for HSA users), and Dependent Care FSA.
- HSA coordination: if you contribute to an HSA, you may only use the Limited-Expense HCFSA (dental/vision).

Deep dive — practical tips

- In retirement, HSAs can reimburse Medicare premiums (not Medigap) even after you stop contributing.
- Re-shop FEDVIP every Open Season — networks, allowances, and premiums vary widely.

7) Long-term care (FLTCIP status)

The gist

- New FLTCIP enrollments are suspended until at least Dec 19, 2026; existing policies continue.
- If you want LTC coverage, compare private LTC and hybrid life/LTC options, and stress-test self-funding with TSP/other assets.

Case Studies

Putting It All Together

These are fictional illustrations for education. Numbers are simplified and rounded. Always verify your own eligibility, plan rules, and current year amounts before filing.

Case Study 1 — Maria (age 58, 30 YOS, MRA = 56)

- FERS: Eligible for an immediate, unreduced pension under MRA+30. High-3 $95,000 → $95,000 × 30 × 1% = $28,500/yr.
- SRS: Eligible until 62; will be reduced if she earns above the Social Security earnings-test limit before FRA.
- FEHB/FEGLI: Keeps FEHB into retirement and elects 50% survivor so her spouse can keep FEHB if Maria dies first.
- Social Security: Weighs 62 vs 67 vs 70. She chooses 67 to avoid early-filing reduction and leans on pension + SRS + measured TSP withdrawals to bridge.

Case Study 2 — John (age 62, 22 YOS)

- FERS: At 62 with 20+ years, his multiplier is 1.1%. High-3 $105,000 → $105,000 × 22 × 1.1% = $25,410/yr.
- Deposits: Has 3 years of prior service he can buy back (civilian/military per his record). Paying earlier avoids more interest and increases his computed service.
- Health: Chooses an HDHP + HSA pre-Medicare. Uses a Limited-Expense HCFSA for dental/vision.
- FEGLI: Continues Basic with 75% reduction (low lifetime cost).
- Social Security: Plans to delay to 70 to maximize delayed credits.

Frequently Asked Questions: Health & Insurance

(Plain-English, quick answers. Verify current-year numbers—premiums, IRMAA brackets, deductibles—before filing.)

1) What is the FEHB five-year rule in one sentence?

To carry FEHB into retirement, retire on a qualifying annuity and be covered under FEHB (or a qualifying uniformed-services plan) for the five years immediately before retirement—or since first eligible, if less.

2) Do plan changes reset my five-year clock?

No. Switching FEHB plans doesn't reset it. Canceling FEHB while employed does.

3) Who pays first—FEHB or Medicare?

While working for a large employer, FEHB is primary and Medicare secondary. As an annuitant, Medicare is primary (if enrolled), FEHB secondary.

4) Do I have to take Medicare Part B if I keep FEHB?

Most FERS annuitants: No—FEHB can remain primary if you decline Part B (you'll pay FEHB cost-shares). USPS/PSHB: most Medicare-eligible annuitants must enroll in Part B—confirm your status.

5) How do I decide: FEHB-only vs FEHB + Part B?

Add up Part B premiums (and possible IRMAA) vs your FEHB copays/coinsurance. Many plans enhance benefits if you have Part B. Heavy users of care and travelers often favor FEHB + B; very healthy, high-income retirees near IRMAA cliffs sometimes choose FEHB-only—deliberately.

6) Can I suspend FEHB for Medicare Advantage?

Yes. You may suspend FEHB for a qualifying MA plan and re-enroll later. Check MA networks/authorizations and FEHB reinstatement timing.

7) What are the big Medicare timing traps?

- Late Part B penalty without active-employment coverage
- HSA trap: any Medicare stops HSA contributions; Part A can retro-activate 6 months
- PSHB: most Medicare-eligible USPS annuitants must enroll in Part B

8) I'm working past 65—how do I avoid penalties?

Keep proof of active group coverage (HR letter + pay stubs). At retirement, use the SEP to enroll in Part B without penalty.

9) Does FEHB change if I add Medicare?

Many FEHB plans reduce or waive cost-shares when Medicare pays first. Some offer premium credits—check your plan brochure.

10) Should my spouse and I make the same Part B decision?

Not necessarily. Each spouse can choose FEHB-only or FEHB + B based on health, doctors, and IRMAA exposure. Mixed strategies are common.

11) How does my survivor election affect health insurance?

Without a survivor annuity, your spouse generally cannot keep FEHB after your death. Electing a 25% or 50% survivor preserves their FEHB eligibility.

12) What FEGLI choice do most retirees land on?

A common pattern: Basic with 75% reduction (lowest lifetime cost). Many reduce Option B multiples or elect full reduction on B/C to avoid steep age-band premiums.

13) Can I keep FEDVIP (dental/vision) in retirement?

Yes. FEDVIP is separate from FEHB and easy to keep. Re-shop plans each Open Season—networks and allowances vary.

14) How do FSAs and HSAs work around retirement/Medicare?

FSAFEDS contributions end when you separate (use-by dates apply). HSA: you can spend existing HSA dollars any time; you can’t contribute once enrolled in any part of Medicare.

15) Is the federal long-term care program (FLTCIP) open?

New enrollments are suspended until at least Dec 19, 2026. Existing coverage continues. Consider private LTC or hybrid life/LTC—or plan to self-fund.

16) If I split time between states, what should I watch?

Networks. National FFS/PPO FEHB plans and Original Medicare + FEHB travel well. HMO and MA plans are zip-code sensitive; check both locations.

17) Do I need Medicare Part D if I keep FEHB?

Often no—many FEHB plans have robust drug coverage. If you consider Part D, verify creditable coverage and late-enrollment rules.

18) What’s the best Open Season routine?

Each fall, price-check: FEHB vs expected care (and whether adding Part B changes out-of-pocket), FEDVIP networks/allowances, and IRMAA exposure (Roth conversions, gains, RMDs).

19) If I try Medicare Advantage and dislike it, can I go back to FEHB?

Yes—if you suspended FEHB for MA, you can re-enter FEHB (e.g., next Open Season or with a qualifying event). Mind MA lock-in and FEHB reinstatement timing.

20) What paperwork should I keep?

Proof of FEHB for the five-year rule; HR letter/pay stubs proving active coverage if you delay Part B; FEGLI election pages and survivor consent; any FEHB/MA suspension or reinstatement confirmations.

Q: What happens to my FEHB when I retire?

A: If you've had FEHB (or TRICARE) for the 5 years right before retirement (or since first eligible) and retire on an immediate annuity (or a qualifying postponement), you can keep FEHB. While working, FEHB pays first; after you enroll in Medicare, Medicare pays first and FEHB pays second.

See also: Part V main FEHB section; Part IV Medicare/IRMAA.

Q: I'm USPS—what is PSHB and how does it affect me?

A: Beginning 2025, postal employees/annuitants move to PSHB (a FEHB-like program). Most postal annuitants must enroll in Part B at 65+ (limited exceptions).

See also: Part V PSHB callout; Part IV Medicare timing.

Q: How do FEGLI options change at/after retirement?

A: Basic offers 75%/50%/No Reduction choices. Option A reduces to $2,500 after 65. Options B/C: choose Full Reduction (to $0) or No Reduction (premiums continue). You must carry each option for 5 years before retirement (or since first eligible).

See also: Part V FEGLI; Part VI survivor cash-needs.

Q: Can I use an FSA or HSA in retirement?

A: FSAFEDS is for active employees (limited carryover, use-it-or-lose-it above that). Retirees generally can't use FSAFEDS unless re-employed. If HSA-eligible before Medicare, fund it aggressively but stop contributions ~6 months before Part A.

See also: Part V FSA/HSA; Part IV IRMAA/tax brackets.

Q: What's the status of FLTCIP?

A: New applications are suspended (current enrollees unaffected). Consider private LTC options or self-funding.

See also: Part V LTC tile.

Q: Do I need private life insurance if I have FEGLI and a survivor annuity?

A: Maybe. Keep/convert private coverage (or FEGLI Option B) if your survivor analysis shows a gap beyond FERS survivor + TSP. Re-shop costs at retirement.

See also: Part V FEGLI; Part VI survivor scenarios.

Q: What's the difference between FERS disability and OWCP?

A: FERS disability is a retirement benefit if you can't perform your job ≥12 months. OWCP (FECA) is for work-related injuries and can be richer but follows different rules.

See also: Part II disability path; Part V OWCP tile.

Quick Planning Checklist

- Five-year FEHB: verify before you set a retirement date
- Part B decision: run the math both ways (premiums + IRMAA vs expected out-of-pocket)
- HSA timing: if on an HDHP, schedule your final HSA contribution before any Medicare enrollment (watch six-month Part A retro-effect)
- Survivor election + FEHB: choose intentionally—no survivor = spouse generally loses FEHB after your death
- FEGLI: price the three Basic options; prune Option B/C multiples if they no longer fit
- FEDVIP: re-shop dental/vision each Open Season
- LTC: decide on insure vs self-fund vs hybrid

Medicare + FEHB Mini-Worksheet

(10 Minutes)

1. Will you retire before/after 65? ________________________________
2. Will you (or spouse) have active-employment coverage at 65?
   □ Yes □ No
3. Your FEHB plan's Part B coordination perks (waived copays? premium credit?): ________________________________
4. IRMAA exposure if you add Part B?
   □ Low □ Medium □ High
5. HSA user? Plan last contribution and Part A start month:
   ____
6. USPS/PSHB? □ Yes (check Part B requirement) □ No
7. Tentative path (circle): FEHB + Part B / FEHB only / Medicare Advantage + suspend FEHB
8. Revisit at: Open Season / Medicare annual election period / major life change

---

👉 Get a no-pressure benefits checkup: federalpensionadvisors.com

We'll review your FEHB five-year status, model FEHB-only vs. FEHB + Part B (with IRMAA), sanity-check HSA/Part A timing, and align FEGLI, survivor, and FEDVIP choices—so you keep the coverage you want at the lowest lifetime cost.

PART 6

Family, Divorce and Survivor Planning

The Big Picture

- Your survivor elections, beneficiary forms, and any court orders decide who is protected—and who isn't.
- Three systems work together:
- FERS Pension – survivor annuity rules.
- FEHB – health coverage continuation rules.
- TSP/FEGLI – benefits paid based on your named beneficiaries or order of precedence.
- Think as a household: the higher earner's choices often decide the survivor's lifetime income and FEHB coverage.
- Keep your paperwork clean (beneficiary forms, court orders, SF-50 history) so OPM can process payments quickly and correctly.

How to Use This Section

- Start by reviewing the survivor election overview.
- Confirm your family's FEHB continuation rules.
- If divorce applies (past or future), check the COAP guidance and court-order warnings.
- Run the "Beneficiary Audit Checklist" and fix any missing designations.
- Save proof (copies of forms, filed orders, eOPF confirmations) in your retirement binder.

Key 2025 Notes

- FERS survivor and FEHB continuation rules have not changed.
- Required Minimum Distribution (RMD) age is still 73. This affects inherited TSP timing but not survivor annuities.
- Any Social Security rule changes for spousal or survivor benefits are handled separately by SSA and do not change FERS or FEHB rules. See the Social Security chapter for details.

1. Spousal and Former-Spouse Benefits

If you're married when you retire, the law says you must give your spouse the *maximum survivor benefit*—unless your spouse agrees in writing to take less or nothing.

Spousal Consent

- To choose a smaller survivor benefit (25%) or no benefit, your spouse must sign a consent form (SF-3107-2 for FERS) in front of a notary.

Your Options under FERS

- Full Survivor (50%) – Costs you 10% of your pension. Your spouse gets 50% of your full pension if you die.
- Partial Survivor (25%) – Costs you 5%. Your spouse gets 25% of your full pension if you die.
- No Survivor Benefit – No cost while you're alive, but requires spousal consent. Without this benefit, your spouse cannot keep FEHB health coverage.

Example (Pension = $40,000/year)

- Full Survivor: You get $36,000/year. If you die, spouse gets $20,000/year.
- Partial Survivor: You get $38,000/year. If you die, spouse gets $10,000/year.
- No Survivor: You get $40,000/year. Spouse gets $0 and loses FEHB coverage.

Extra Details (For Special Cases)

- Former Spouse – A court order can award a survivor benefit to a former spouse, reducing what's left for a current spouse.
- Changes After Retirement – Choices are usually permanent. Some exceptions exist (like within 2 years of a new marriage) if you pay for added coverage.
- Insurable-Interest Option – If no spouse or former spouse is eligible, you can cover someone else. It's very costly (10% reduction plus extra if they're younger) and permanent, so use carefully.

2. Maintaining FEHB for Your Survivors

To continue FEHB coverage for your family after your death:

1. Enrollment at Death: You must be enrolled in Self Plus One or Self and Family at the time of your death. Self Only enrollment does not allow survivors to continue FEHB. 8U.S. Office of Personnel Management
2. Survivor Annuity Entitlement: At least one family member must be entitled to a survivor annuity (or the FERS Basic Employee Death Benefit for death-in-service). A surviving spouse can continue FEHB coverage even if a former spouse receives the survivor annuity, provided the deceased had Self Plus One or Self and Family coverage. 8U.S. Office of Personnel Management
3. Cost: The survivor annuitant's share of premiums will be deducted from the survivor annuity. If the annuity is not large enough, survivors can pay directly or switch to a lower-cost plan. 8U.S. Office of Personnel Management

Important: Failure to elect a survivor annuity means your spouse will lose FEHB eligibility. Make this decision carefully. 8U.S. Office of Personnel Management

Deep Dive: Common Surprises

- No COBRA – After a retiree's death, there's no COBRA for FEHB. Continued FEHB depends on having a survivor annuity.
- Children's Coverage – Eligible kids can stay on FEHB under the survivor's plan (normal age, student, and disability rules apply).
- Former Spouse FEHB – A former spouse may keep FEHB only if there's a qualifying court order and they pay premiums directly. This is separate from survivor FEHB through OPM.

Divorce and Court-Ordered Benefits (COAP)

A Court Order Acceptable for Processing (COAP) can require you to give part of your pension—or a survivor annuity—to a former spouse. Key points:

- The order must be on file with OPM and state the exact share or percentage.
- A court-ordered survivor annuity lowers your pension, just like a spousal election. If the former spouse gets the full survivor annuity, your current spouse may not be eligible for one (though they can still keep FEHB if covered under Self Plus One or Self and Family).
- You, the employee/retiree, pay the cost of a court-ordered benefit.

- Federal rules apply—not ERISA. OPM accepts COAPs, not QDROs.
- To apply, a former spouse must submit the application, court-certified order, and identifying info (see SF-3119).
- Check OPM's handbook, FAQs, and 5 CFR part 838 for model language and details.
- Always consult a retirement specialist or attorney to make sure the COAP is valid and doesn't conflict with your other elections.

Other Key Considerations

- TSP – Needs its own "Retirement Benefits Court Order" for account division. A COAP doesn't cover it.
- FEGLI – Paid out based on your beneficiary form or order of precedence. A COAP only applies if it meets FEGLI's strict requirements and is on file.
- Community Property – State community-property rules don't override federal rules. OPM and TSP follow federal law and their own procedures.

Children, Disabled Dependents, and Special Cases

- FERS children's survivor benefits are fixed by law and may be reduced if the child also gets Social Security benefits. This does not reduce a spouse's survivor annuity.
- Disabled adult children may qualify for continued FEHB and certain survivor benefits. Start this paperwork early.

Death in Service vs. After Retirement

- If a vested employee dies while still working, the spouse may get:
- The Basic Employee Death Benefit (BEDB): a lump sum (adjusted for inflation) plus 50% of final salary.
- A survivor annuity, if service requirements are met.
- Rules and offsets are different compared to post-retirement cases.

TSP and FEGLI on Death (Essentials)

- TSP – If your spouse is the beneficiary, they get a Beneficiary Participant Account. Non-spouse beneficiaries usually fall under the 10-year payout rule (SECURE Act). Always keep your TSP-3 form up to date.
- FEGLI – Paid to the person you name on SF-2823. If you don't have one, it follows the order of precedence:

1. Designated beneficiary on file
2. Widow or widower
3. Children (equal shares)
4. Parents
5. Executor/administrator of your estate
6. Next of kin under state law

Beneficiary Audit Checklist

(review yearly or after major life events)

- ☐ Check your eOPF and SF-50s to confirm your retirement coverage (FERS/FRAE/RAE), FEHB, and FEGLI codes.
- ☐ Confirm these four designations are current and filed:
  SF-3102 (FERS unpaid annuity/lump sum death benefit)
  SF-2823 (FEGLI)
  TSP-3 (TSP)
  SF-1152 (Unpaid compensation—final paycheck/leave)
- ☐ Make sure names, addresses, SSNs, and percentages are accurate. Avoid "per stirpes" unless the form allows it.
- ☐ If you have a former spouse, ensure OPM has a valid COAP and, if needed, a separate TSP order.
- ☐ FEHB should be Self Plus One or Self and Family if you want survivor coverage.
- ☐ FEGLI reduction election (SF-2818) should match your survivor cash needs plan.
- ☐ Store copies of all forms and court orders in your retirement binder and tell your executor where to find them.

Court Order Gotchas (Watch Out For These)

- Vague formulas (like "marital share" without dates or method) may be rejected. Always include service dates, calculation method, and COLA details.
- Survivor annuity not addressed – If it's left out, a former spouse may get nothing after your death. Be specific about coverage (full, partial, none).
- TSP not covered – A pension COAP does not divide TSP. You need a separate, valid TSP order.
- Missing details (SSNs, addresses, certified copies) cause delays or rejections.
- Conflicting court orders – Resolve these before filing. OPM processes them in the order they're received if both are valid.

👉 Quick win: Book a 15-minute SF-50 and beneficiary review. We'll confirm designations across FERS/FEGLI/TSP, spot FEHB survivor risks, and flag any decree language that needs a COAP/RBCO before it's too late.

Frequently asked questions

Q: I'm getting divorced—what happens to my federal retirement benefits?

A: Federal benefits follow federal law. OPM honors a COAP (not a QDRO). A decree can divide your FERS annuity, award a former-spouse survivor annuity, and direct certain FEHB/FEGLI actions. TSP is divided separately by an RBCO.

See also: Part VI divorce overview.

Q: COAP vs. QDRO—why does it matter?

A: ERISA/QDRO language doesn't apply to FERS/CSRS. OPM uses a Court Order Acceptable for Processing (COAP) that must meet federal rules to be paid.

See also: Part VI "Federal vs state law."

Q: How can a court divide my FERS annuity?

A: The order must state a fixed amount, formula, or percentage. OPM pays only what's lawful and only what the order clearly specifies.

See also: Part VI annuity division.

Q: Can a former spouse get a survivor annuity?

A: Yes—only if the court order explicitly awards it and sets the share/level. Providing it reduces your own annuity. Current-spouse rights may be limited if the former spouse is awarded the maximum.

See also: Part VI former-spouse survivor.

Q: Will a divorce order affect my FERS Special Retirement Supplement (SRS)?

A: Since 2016, if an order divides the basic annuity and is silent on the SRS, OPM also apportions the SRS. If you want SRS excluded, the decree must say so.

See also: Part VI SRS apportionment note.

Q: Can we "buy out" the pension instead of dividing it?

A: There's no cash-out inside OPM. A buy-out trades other assets outside the plan; OPM still pays any ordered share under a valid COAP.

See also: Part VI buy-out concept.

Q: How is TSP handled in divorce?

A: TSP uses a Retirement Benefits Court Order (RBCO). The account is frozen while processed, and the awarded amount is carved from your balance. Keep TSP-3 beneficiaries up to date.

See also: Part VI TSP in divorce.

Q: Can a former spouse keep FEHB after divorce?

A: Possible with qualifying court order/eligibility (e.g., marriage ≥9 months, no remarriage before 55). Former spouse generally pays full premium directly. FEDVIP/FLTCIP generally don't continue.

See also: Part VI FEHB after divorce.

Q: What benefits can my family receive if I die?

A: Possible payments include BEDB (death-in-service), spouse/children survivor benefits, FEGLI proceeds, TSP by designation/order of precedence, and Social Security survivor benefits. Keep beneficiary forms current.

See also: Part VI death-in-service vs after retirement; Order of precedence.

Q: What's the order of precedence if I forgot a beneficiary form?

A: 1) Designation on file; 2) Spouse; 3) Children; 4) Parents; 5) Estate; 6) Next of kin.

See also: Part VI Beneficiary Audit Checklist.

PART 7

Transitions and Paperwork

The Big Picture

- Your agency separates you, but OPM retires you. A smooth transition depends on clean SF-50 records, complete forms, and patience during the "interim pay" period while OPM finalizes your case.
- Pick a retirement date that works best for your first check, your lump-sum annual leave payout, and extra service credit from unused sick leave.
- TSP withdrawals are separate from your FERS retirement and are handled directly through your TSP account after you separate.

How to Use This Section

- Follow the timeline to plan your tasks, then complete the "Pre-Submit Preflight Checklist."
- Save PDF copies of everything you send and receive (forms, estimates, receipts).
- Once you have a claim number, track your case in OPM Services Online.

2025 Notes

- Main forms are unchanged: SF-3107 (FERS) or SF-2801 (CSRS), SF-2818 (FEGLI), SF-2809 (FEHB), plus agency checkout steps. However, as of mid-2025, the Office of Personnel Management (OPM) has transitioned to a digital retirement application process, so these forms are generally completed and submitted online rather than as paper applications.
- TSP prefers online withdrawal elections after separation; paper forms (like TSP-70) are still available for special cases.
- RMD age is still 73—watch out for the "two RMDs in one year" issue if you delay your first one until April 1.

Pre-Retirement Timeline & Forms *(start 5+ years out)*

10+ Years Before

- Confirm FERS coverage.

- Project your MRA (minimum retirement age) and eligibility.
- Maximize TSP contributions.
- Verify FEHB enrollment history.
- Update all beneficiaries.

5–10 Years Before

- Plan to meet the FEHB 5-year rule.
- Decide if you should buy back military service.
- Evaluate FEGLI reduction options.
- Confirm eligibility for MRA+10 or deferred retirement.

2–5 Years Before

- Request pension estimates.
- Estimate SRS (Special Retirement Supplement) eligibility.
- Plan TSP withdrawal strategy (watch the age 55/50 rule).
- Consider private long-term care if FLTCIP options are limited.

12–24 Months Before

- Pick your retirement date.
- Check FEHB enrollment and survivor election.
- Gather forms (SF-3107, SF-2818, SF-2809).
- Schedule a retirement counseling session.

6 Months Before

- Lock in your retirement date (end of a month or pay period).
- Verify FEHB coverage history and survivor election.
- Order pension estimates and check for service credit deposits.
- Model Social Security at 62, FRA, and 70.
- Decide TSP withdrawal approach and confirm beneficiaries.
- Save a 3-month cash buffer to cover the OPM processing gap.

30–60 Days Before

- Complete SF-3107 and FEHB/FEGLI forms (get spousal consent if needed).
- Download copies of your eOPF records.
- Make sure payroll has your correct address and bank info.

After Separation

- Watch for your OPM claim number and interim payment.
- Log into OPM Services Online to track your case.
- Confirm premiums and payments once your claim is finalized.

TSP Withdrawal Setup

- Your retirement application (SF-3107) does not include TSP withdrawals.
- After you separate, log into your TSP account or call the ThriftLine to set up distributions.
- Choices include: leaving funds in TSP, rolling into an IRA/other plan, taking installments, or buying a TSP annuity.
- Remember: RMDs start April 1 of the year after you turn 73—don't get caught taking two RMDs in one year.

Forms Quick Guide

- SF-3107 – Retirement application (FERS). Submit ~60 days before retirement; includes health, life, and survivor elections.
- SF-3107-2 – Spouse consent for partial/no survivor annuity. Must be notarized.
- SF-2809 – Health Benefits Election. Use to change/suspend FEHB at retirement.
- SF-2818 – Life insurance continuation (FEGLI reduction choice).
- SF-2823 – FEGLI beneficiary designation.
- SF-3102 – FERS beneficiary designation (unpaid annuity/lump sum).
- TSP-3 – TSP beneficiary designation. File directly with TSP.
- SF-1152 – Beneficiary designation for unpaid compensation (final paycheck/leave).

Picking Your Retirement Date

- FERS starts paying the month after you retire. Retiring on the last day of a month avoids losing a month of pay.
- To maximize your lump-sum annual leave payout, consider retiring at the end of the leave year.

- One more month of service could boost your pension permanently (1.1% multiplier at age 62 with 20+ years).

Sick Leave Credit

- Unused sick leave increases your pension calculation (2,087 hrs = 1 year).
- It does not count for eligibility.
- Check the conversion chart—extra hours might bump you into a higher month of credit.

Final Paycheck & Lump Sum Leave

- Your agency pays your lump-sum annual leave (taxable, no retirement deductions).
- Double-check final TSP and FEHB/FEGLI deductions and confirm HR has your forwarding address.
- Watch leave audits—errors are common and slow payouts.

Taxes, Direct Deposit, State Rules

- Elect federal withholding on SF-3107 (W-4P). Set up direct deposit (can adjust later in Services Online).
- State tax treatment varies—talk to a tax pro before your first full check.

What OPM Checks (Common Delays)

- Missing/wrong SF-50s (coverage codes, service history).
- Unpaid deposits (military/temporary service).
- Mismatched elections (FEHB vs. survivor election).
- Missing spousal consent or notary problems.
- Tip: Print your eOPF inventory list and highlight key SF-50s. Include it with your packet.

Interim Pay & Final Adjudication

- OPM usually issues an interim check first (a partial amount).
- Final processing can take months—then OPM retroactively adjusts payments and premiums.

- Keep a cash buffer and avoid large TSP withdrawals until pay is stable.

Pre-Submit Preflight Checklist

- ☐ Full set of SF-50s in eOPF; codes and history correct.
- ☐ Service credit deposits (military/temporary) documented/paid.
- ☐ FEHB: 5-year rule met; plan choice confirmed (SF-2809 ready).
- ☐ FEGLI reduction (SF-2818) matches survivor needs.
- ☐ Survivor election complete; SF-3107-2 notarized if less than full.
- ☐ Beneficiary forms current (SF-3102, SF-2823, TSP-3, SF-1152).
- ☐ Federal and state tax withholding set; direct deposit verified.
- ☐ Attachments included (marriage cert, deposit receipts, court orders).
- ☐ TSP plan drafted; RMD timing mapped.
- ☐ Full packet scanned as PDF; proof of delivery saved; create "Retirement Day" binder folder.

Frequently Asked Questions

Q: Is there a "best day" to retire under FERS?

A: Usually the last day of a month that's also the end of a pay period. That way you don't lose a month of annuity, and you still earn leave for that pay period. If possible, also consider:

- Retiring at the end of the leave year for maximum leave payout.
- Retiring at age 62 with 20+ years to get the 1.1% pension multiplier.

Q: Can I take "terminal leave" instead of retiring?

A: No. "Terminal leave" isn't allowed. You can take annual leave before separation, but your official retirement date must be your last day on the job.

Q: What happens to unused annual leave?

A: Your agency pays it out as a lump sum. It's taxable and includes step increases/locality raises that would've happened during that period. It does not count toward your high-3. If you're rehired before the period ends, you must repay the overlap.

Q: When will I get paid after retiring?

A: OPM first sends an interim payment (about 80% of your estimate). Once your case is finalized, they adjust everything retroactively, including FEHB/FEGLI premiums.

Q: What should I do 60–90 days before retiring?

A:

- Confirm FEHB 5-year rule.
- Pick your survivor election (get spouse's notarized consent if less than full).
- Update all beneficiaries (SF-3102, SF-2823, TSP-3, SF-1152).
- Pay or document any deposits.
- Coordinate Social Security plan (earnings test).
- Decide on TSP withdrawal approach.
- Assemble your packet and keep copies.

Q: What do the retirement codes on my SF-50 mean?

A: They show what retirement system you're under. For example:

- K = FERS/FICA
- L = FERS/FICA (Air Traffic)
- M = FERS/FICA (Law Enforcement/Firefighter)
- N = FERS/FICA (Reserve Tech)
- Check these codes during your preflight audit to verify coverage history.

Q: What if things go really badly (health, job, family)?

A: Options include:

- FERS disability retirement
- OWCP (work-related injury)
- TSP hardship, loan, or partial withdrawals
- Early Social Security
- Life insurance claims
- Each option has trade-offs, so pick the one that fits your situation.

PART 8

Career Advice

The Big Picture

- A few career choices have the biggest impact: your grade level, how fast you move up, your duty station/locality pay, and how your position description (PD) is written.
- Promotions and locality pay raise your high-3 salary, which directly increases your pension.
- The smartest tools: a stronger PD, targeted details/temporary promotions, and applying to the right jobs—not just "working harder" in your current role.

How to Use This Chapter

- Start with the Big Levers Checklist.
- Pick the playbook that fits your situation (new hire, mid-career, switching series, etc.).
- Use the 30/60/90 Day Quick Wins to build momentum. Repeat every 6–12 months.

The Big Levers (Most Impactful First)

1. Grade & Career Ladder – Higher grades mean higher pay and pension. Favor positions with built-in ladders or promotion potential.
2. Position Description (PD) – You're paid for what's on your PD, not for "extra" tasks. Align your duties with higher-grade PDs and request reviews when your workload changes.
3. Promotions vs. Steps – Promotions raise pay faster than waiting for step increases. Apply early and often.
4. Locality & Duty Station – Higher locality = higher pay and pension. Consider remote roles tied to high-paying localities or agencies with special salary rates.
5. Details & Temporary Promotions – 120-day assignments prove higher-level work. Deliver measurable results and document them.

6. Merit Promotion (USAJOBS) – Write tailored federal résumés that show specialized experience. Address every requirement directly.
7. Incentives You Can Ask For – Higher starting step, relocation/retention bonuses, student loan repayment, or extra leave credit.
8. Supervisory vs. Expert Track – Supervisors often promote faster, but expert tracks can still reach GS-14/15. Pick what fits your strengths.
9. Credentials That Count – Certifications or training named in job announcements. Build a "proof pack" of projects, metrics, and certificates.
10. Networking the Federal Way – Talk with people already in your target grade/series. Ask for PD samples. Join working groups that give you résumé-worthy results.

Why It Matters for Retirement

- Promotions and locality pay raise your high-3 salary.
- A single timely promotion can be worth six figures in retirement depending on timing and years of service.
- Overtime and awards don't count—focus on grade, locality, and PD.

Career Playbooks (Pick the One That Fits You)

A. New Hire (GS-5/7/9) – Goal: lock in a ladder, build early momentum.

- Target laddered postings.
- Ask about promotion potential upfront.
- First 90 days: collect metrics, volunteer for a visible project, find a mentor.
- By 12 months: apply for the next grade or request a temporary promotion.

B. Mid-Career (Aiming for GS-13/14) – Goal: re-align duties and PD.

- Compare your PD to higher-grade PDs.
- Get a 120-day detail leading a project.
- Document measurable outcomes.
- Request PD review or apply for promotion.
- Expand your search to agencies with higher pay scales.

C. Senior (GS-14/15) – Goal: choose supervisor vs. expert path.

- Supervisor: acting supervisor experience + team results.
- Expert: lead enterprise initiatives, publish guidance, build wide impact.
- Both: build ECQ-style leadership stories (helps win GS-15 jobs too).

D. Switching Series/Agencies – Goal: pivot smartly.

- Research target series and announcements.
- Translate your experience into their language.
- Take one named certificate/course.
- Try a 90-day detail in the new series.

E. Remote/Locality Optimization – Goal: increase pay through duty station.

- Confirm duty station on SF-50.
- Negotiate for remote tied to a higher locality.
- Apply to higher-locality or special rate positions.

F. Pre-Retirement Last Move – Goal: boost high-3 before retiring.

- Secure a promotion or higher locality for at least 3 years.
- Avoid lateral moves with no promotion potential.
- Time moves with the 1.1% pension multiplier at age 62 with 20+ years.

Résumé Formula (Works Across Series)

- Length: 4–6 pages.
- Bullets: "What I owned → What I did → Result (with numbers)."
- Keywords: Match every requirement in the announcement.
- Proof: Dates, hours, tools, $ amounts, stakeholder counts.
- Versions: Keep 2–3 tailored résumés by series/grade.

Making Details & Temporary Promotions Count

- Pick details that check next-grade boxes (complexity, leadership, independence).
- Deliver at least one measurable result in 120 days.
- Ask for a memo stating you performed at the higher grade—this helps classification and résumés.

Negotiation Moments Not to Miss

- At offer: higher step, relocation incentive, student loan repayment.
- At acceptance: confirm duty station/telework on SF-50.
- On the job: if duties change, request PD review or a temporary promotion.

30 / 60 / 90 Day Quick Wins

- Day 30: Collect baseline metrics. Meet with 2 people at your target grade/series.
- Day 60: Volunteer for a cross-unit project. Draft your "next-grade proof."
- Day 90: Request a detail or temporary promotion. Update résumé. Apply to 3–5 announcements.

Manager vs. Expert Track

- Manager: More people issues, but often faster path to GS-15.
- Expert: More technical/policy depth, still GS-15 eligible.
- Try both with short acting assignments before committing.

Common Mistakes to Avoid

- Doing higher-level work without updating your PD.
- Waiting for steps instead of chasing promotions.
- Submitting private-sector résumés (too short, no specialized experience).
- Ignoring duty station/locality on SF-50.
- Over-focusing on awards/overtime (they don't count toward high-3).

Mini Checklist – Am I Set Up to Move Up?

- [ ] My job has a ladder or promotion potential.
- [ ] My PD matches the work I'm doing (or I've requested a review).
- [ ] I've completed at least one 120-day detail or temp promotion with results.
- [ ] My résumé answers every specialized experience bullet.
- [ ] I know my duty station/locality and how it affects pay/pension.
- [ ] I've identified one negotiation lever to use.

- ☐ I have a 30/60/90 plan in motion.

CONCLUSION

Your federal retirement is one of the most valuable benefits you will ever receive. By understanding the rules, taking timely actions and coordinating your pension, Social Security, TSP and health insurance wisely, you can maximise your income and peace of mind in retirement. Use this playbook, together with official resources and professional advice, to build your own retirement strategy.

For the latest updates and tools—including calculators, checklists and webinars—visit the Federal Pension Advisors website and subscribe to our Federal Retirement Toolkit.

ADDITIONAL RESOURCES

7.1 General contact information for OPM

For retirement, health benefits and life insurance questions, contact the Office of Personnel Management (OPM):

- OPM Retirement Information Office: 1-888-767-6738 (toll-free) or 202-606-0500 (Washington, DC); TTY 1-855-887-4957.
- OPM Website: [88]. Use the Retirement Services page for forms, publications and calculators.
- Email: retire@
- [8]for retirement; fehb@[8]for FEHB queries.
- Mail: 1900 E Street, NW, Washington, DC 20415-1000.

7.2 Useful resources

- SSA (Social Security Administration): [11]. Create a My Social Security account, estimate benefits and find filing guides.
- TSP (Thrift Savings Plan): [66]. Manage your account, read fund descriptions and download forms.
- NARFE (National Active and Retired Federal Employees Association): Provides legislative updates and expert analysis on federal benefits.
- FLTCIP: [1818]. Check the status of the program and contact customer service.
- FSAFEDS:
- [21]Enroll in flexible spending accounts and view eligible expenses.
- OPM Court-Ordered Benefits: The RI 84-1 pamphlet explains how divorce orders affect FERS, FEHB, FEGLI and TSP benefits[88].

7.3 Archival record requests

If you need to obtain copies of your Official Personnel Folder (OPF) or military records, contact the National Personnel Records Center or use the eOPF system through your agency. Employees of the Department of Defense or Postal Service may have separate record systems. For historical records, the National Archives and

Records Administration (NARA) maintains military and civil service files. To order a copy of a deceased relative's federal records, use Standard Form 180 (SF-180) or OPM Form 1482 as appropriate.

APPENDICES

Appendix A

Ready-to-Use Templates

1) "Fix my record" email to HR (service credit/benefits file)

Subject: Request to verify and correct service records (FERS)

Body: Hello [HR], I'm planning to retire on [target date]. Please confirm my retirement coverage (FERS) and creditable service summary, including any temporary service, military deposits, and unused sick leave balances. If anything is missing from my eOPF, please advise what I should provide. Thank you.

2) OPM interim-pay budget worksheet

- Monthly expenses: $_____
- Expected interim pay (60–80%): $_____
- Cash cushion on hand: $_____ (target: 3 months of expenses)

3) SRS earnings report reminder

- Set a January reminder each year to gather W-2/1099 and respond to OPM's SRS earnings survey. Income over $23,400 (2025) reduces the SRS $1 for every $2.

Appendix B

2025 Laws & Policy Changes

Several statutes and policy changes may affect your retirement plans:

Change	Summary	Citation
Social Security Fairness Act (signed Jan 5 2025)	Repeals the WEP and GPO. These offsets no longer apply to benefits payable beginning January 2024; the SSA recalculated benefits retroactively[1].	
FLTCIP Suspension Extended	OPM extended the suspension on new applications for FLTCIP for another 24 months effective Dec 19 2024, keeping the program closed until at least Dec 19 2026[22].	
RMD Age Increased to 73	SECURE Act 2.0 raised the RMD age to 73 starting in 2023 and will raise it to 75 in 2033; participants born 1951–1959 must begin RMDs at age 73[33].	
Roth Catch-Up Contribution Delay	High earners (previous-year wages > $145,000) must make catch-up contributions as Roth starting Jan 1 2026[45].	
Catch-Up Limit Increase	Ages 60–63 may contribute an additional $11,250 catch-up in 2025[6].	

FERS Supplement Earnings Test	2025 earnings limit is $23,400; supplement reduced $1 for every $2 above this limit[7].	
FEGLI Reduction Choices	At retirement, Basic life insurance may reduce 75%, 50% or not at all; reductions start at age 65 or retirement[8].	
Medicare & FEHB Coordination	For annuitants, Medicare pays first then FEHB[8]; FEHB remains primary during active employment or when retirees decline Part B[9].	

Appendix C

Glossary of Key Terms

A

- Accrued Annual Leave
- Paid time off you've earned but not yet used. Unused hours are cashed out as a lump-sum payment at separation/retirement.
- Agency Automatic (1%) Contribution (TSP)
- The 1% of basic pay your agency deposits to your TSP regardless of whether you contribute. Vesting is typically 3 years (some 2-year agencies).
- Agency Matching (TSP)
- Up to 4% match on your contributions (for a total potential 5% with the 1% automatic). Matching dollars are immediately vested.
- Annuitant
- A retiree (or survivor) who is receiving a monthly annuity from OPM.
- Annuity (FERS Basic Benefit)
- Your lifetime monthly pension under FERS, based on high-3 × creditable service × multiplier.
- Annuity Commencing Date (ACD)
- The date your FERS annuity is first payable (often the first of the month after you retire).

B

- Basic Employee Death Benefit (BEDB)
- A lump-sum payable to an eligible surviving spouse if a FERS employee dies with at least 18 months of civilian service. Also may include a monthly survivor annuity if there are 10+ years of service.
- Beneficiary
- The person(s) you designate to receive benefits (e.g., TSP, FEGLI, unpaid compensation) if you die.
- Break in Service

- A period when you separate from federal employment. It can affect eligibility, vesting, and whether you owe redeposits.

C

- Catch-Up Contribution (TSP)
- Contributions permitted in addition to the regular annual limit for those age 50+. IRS sets dollar limits annually.
- CMS (Centers for Medicare & Medicaid Services)
- The agency that runs Medicare (and sets rules like IRMAA).
- COAP (Court Order Acceptable for Processing)
- The federal equivalent of a QDRO for dividing federal retirement benefits in divorce. Governed by OPM rules (not ERISA).
- COLA (Cost-of-Living Adjustment)
- Annual inflation adjustment to your FERS annuity (generally begins at age 62). FERS uses a "diet COLA" formula that can be less than CPI.
- Creditable Service
- Service that counts in your pension computation (e.g., civilian service with deductions; certain pre-1989 temporary time with a deposit; military service with a deposit; unused sick leave for computation only).

D

- Deemed High-3 (Part-Time)
- When calculating high-3 for part-time years, OPM uses the full-time rate of basic pay for your position; the annuity is then prorated for hours actually worked.
- Deferred Retirement (FERS)
- You left federal service with ≥5 years of creditable service but weren't eligible for an immediate annuity; your pension starts later (commonly age 62).
- Deposit (Service Credit "Buyback")
- A payment you make to get credit for non-deduction civilian service (e.g., temp time before 1989) or military service toward your FERS annuity.
- Disability Retirement (FERS)

- A benefit if you can't perform the duties of your position due to a medical condition expected to last ≥1 year, after 18+ months of FERS service; you must also apply for Social Security Disability.
- Discontinued-Service Retirement (DSR)
- An involuntary separation (e.g., reorganization or reduction-in-force) that may qualify you for an immediate annuity under special rules.
- Direct Rollover
- Moving money directly from TSP to another eligible plan/IRA (or vice versa) without you taking possession of the funds (avoids mandatory withholding).

E

- Earnings Test (Social Security / SRS)
- If you're under Full Retirement Age, Social Security—and the FERS SRS—may be reduced when your work earnings exceed annual limits.
- Elective Deferral Limit (TSP)
- The maximum you can contribute from salary each year, excluding catch-up. IRS updates annually.
- Eligible Rollover Distribution
- A distribution that can be rolled over to another plan/IRA (e.g., most TSP withdrawals except required minimum distributions and some periodic payments).
- Employee Contribution Rate (FERS)
- The percentage of salary withheld for your pension: 0.8% (original FERS), 3.1% (FERS-RAE, first hired 2013), 4.4% (FERS-FRAE, first hired 2014+).

F

- FEGLI (Federal Employees' Group Life Insurance)
- Optional group term life insurance (Basic and optional coverages). Elections made on SF-2817; continuation in retirement on SF-2818.
- FEHB (Federal Employees Health Benefits Program)
- Employer-sponsored health insurance. To carry into retirement, you generally need 5 years of continuous coverage (or since first eligible).
- FERS (Federal Employees Retirement System)

- The federal retirement system for most employees hired 1984+: pension + Social Security + TSP.
- FERS-RAE / FERS-FRAE
- Variants of FERS with higher employee contribution rates (benefit formula is the same).
- FICA
- Payroll tax for Social Security and Medicare.
- FRA (Full Retirement Age)
- The Social Security age at which you receive 100% of your Primary Insurance Amount (PIA).

G

- G Fund (TSP)
- A TSP fund invested in special U.S. Treasury securities; aims to provide steady returns with no market price risk.
- GPO (Government Pension Offset)
- A Social Security rule that used to reduce spousal/survivor benefits for people with certain non-covered pensions; repealed in 2025 (term still appears in older materials).
- GS (General Schedule)
- The main white-collar federal pay scale. Locality pay applies by area and counts as basic pay for retirement.

H

- High-3 Salary
- The average of your highest 36 consecutive months of basic pay (includes locality pay; excludes overtime, bonuses, awards, lump-sum leave).
- HCFSA / DCFSA (FSAFEDS)
- Health Care and Dependent Care Flexible Spending Accounts—pre-tax accounts for eligible expenses.

I

- IFT (Interfund Transfer, TSP)

- Moving existing TSP balances among funds. Subject to TSP rules/limits on the number of IFTs per month.
- Insurable Interest (Survivor Annuity)
- A person who would suffer financial loss from your death; you can elect this survivor option with an additional reduction to your annuity.
- Interim Pay (OPM)
- Temporary payments (often ~60–80% of the projected amount) while OPM finalizes your retirement claim; later adjusted with back pay/withholdings.
- IRMAA (Income-Related Monthly Adjustment Amount)
- Extra Medicare Part B/D premiums if your income exceeds thresholds (set by CMS each year).
- IRS "Super Catch-Up" (Ages 60–63)
- A higher catch-up limit for 401(k)/403(b)/TSP participants age 60–63 (effective in 2025 under SECURE 2.0). The IRS sets the amount annually; it's the greater of a fixed dollar amount or 150% of the standard catch-up.

L

- L Funds (Lifecycle Funds, TSP)
- Target-date funds that automatically adjust the mix of G, F, C, S, and I funds as you approach your intended retirement date.
- Leave Without Pay (LWOP)
- Authorized nonpay status. Up to 6 months per calendar year is creditable for retirement; beyond that is not.
- Locality Pay
- Geographic adjustment to GS pay; counts as basic pay for retirement and your high-3.

M

- Medicare – Parts A, B, C, D
- A: Hospital (usually premium-free if you paid Medicare taxes enough quarters).
- B: Medical (monthly premium; subject to IRMAA).
- C: Medicare Advantage (private plans).
- D: Prescription drug plans (premium; may have IRMAA).

- FEHB can coordinate with Medicare; many retirees keep FEHB + Part B.
- Minimum Retirement Age (MRA)
- The earliest age you can retire under FERS with certain service combinations (varies by birth year—generally 56–57).
- MRA+10 (FERS)
- Retirement at MRA with 10–29 years of service; your annuity is reduced 5% per year under age 62 unless you postpone it.

N

- NARFE (National Active and Retired Federal Employees Association)
- Advocacy and education group focused on federal retirement and benefits.
- Nonpay Status
- Periods with no pay, including LWOP and certain other absences; may affect service credit if >6 months in a year.

O

- Open Season (FEHB/FEDS)
- The annual window to enroll or make changes in FEHB (and often FEDVIP/FSAFEDS).
- OPM (U.S. Office of Personnel Management)
- The agency that administers federal retirement and insurance programs (and processes your retirement claim).
- OWCP (Office of Workers' Compensation Programs)
- Handles federal workers' compensation (injury/illness on the job).

P

- Part-Time Proration (FERS)
- Your high-3 uses the full-time rate, but your annuity is multiplied by a proration factor reflecting actual hours worked vs full-time.
- Pay Cap (Executive Schedule Level IV)
- The statutory ceiling for most GS basic + locality pay. Amounts above the cap don't count toward your high-3.
- Pension Multiplier (FERS)

- 1.0% for most; 1.1% if you retire at 62+ with 20+ years.
- Postponed Retirement (FERS)
- You separate at MRA+10 but delay starting the annuity to reduce/avoid the MRA+10 reduction.
- Postal Service Health Benefits (PSHB)
- A program administered by OPM that, starting in 2025, replaces FEHB for USPS employees/retirees and eligible family members.
- Premium Conversion (FEHB)
- Paying FEHB premiums with pre-tax dollars while employed (not available to most retirees).
- Primary Insurance Amount (PIA, Social Security)
- The monthly Social Security benefit payable at your FRA (before early/late adjustments).
- Provisional Income (Social Security Taxation)
- The IRS measure (AGI + nontaxable interest + ½ Social Security) used to determine what percentage (up to 85%) of your Social Security is taxable.
- Public Safety Employees (TSP/Tax Context)
- In this book, used only for tax/penalty discussions (e.g., certain early-withdrawal exceptions). Enhanced retirement rules for these occupations are covered in your SCE companion book.

Q

- QDRO (Qualified Domestic Relations Order)
- A court order used in private-sector plans. Not used to divide federal retirement—OPM uses a COAP instead.
- QLE (Qualifying Life Event)
- Events (e.g., marriage, birth, move) that allow you to change FEHB/FEDVIP outside Open Season.

R

- RAE / FRAE (FERS Variants)
- FERS tiers with higher employee contribution rates (benefits computed the same way).
- Redeposit (FERS)

- Repaying a prior refund of retirement deductions (with interest) to restore full credit in your pension calculation.
- Required Minimum Distribution (RMD)
- Minimum withdrawals the IRS requires from tax-deferred accounts like Traditional TSP starting at a statutory age (as of 2025, age 73; scheduled to rise to 75 in 2033).
- Rollover (TSP)
- Moving eligible distributions to another plan/IRA (or into TSP) to maintain tax deferral.
- Roth TSP vs. Traditional TSP
- Traditional: Pre-tax contributions; taxed when withdrawn.
- Roth: After-tax contributions; qualified withdrawals are tax-free.

S

- SCD (Service Computation Date)
- A date OPM uses to determine service length. Common variants: SCD-Leave (for leave accrual) and SCD-Retirement (for retirement eligibility).
- Sick Leave Credit (FERS)
- Unused sick leave converts to months of service for the computation only (2,087 hours = 1 year). Doesn't help reach eligibility.
- SRS (Special Retirement Supplement)
- Also called the Annuity Supplement; a temporary payment that approximates the Social Security earned under FERS for those who retire on an immediate, non-reduced annuity before 62. Ends at 62; subject to an earnings test.
- SSA (Social Security Administration)
- The agency that administers Social Security benefits.
- Super Catch-Up
- See IRS "Super Catch-Up (Ages 60–63)—a higher catch-up limit beginning in 2025; amount set annually.
- Survivor Annuity (FERS)
- A continuing benefit for your spouse if you die. Full (50%) or Partial (25%) options reduce your own annuity; no survivor requires spousal consent and usually ends FEHB for your spouse.

T

- Terminal Leave (Myth vs. Reality)
- Federal employees generally don't "retire on leave"; instead, unused annual leave is paid out as a lump sum at separation.
- TSP (Thrift Savings Plan)
- Your federal defined-contribution plan (like a 401(k)). Offers Traditional and Roth options and low-cost G, F, C, S, I, and L funds.
- TSP Loan
- You can borrow from your TSP (General or Residential). Loans must be repaid; unpaid loans are treated as taxable distributions.
- TSP Withdrawal Options
- Partial/single withdrawals, installment payments, and annuity purchases. Some distributions are subject to taxes and, if early, potential penalties.

U

- USERRA (Uniformed Services Employment and Reemployment Rights Act)
- Protects your job and pension credit when you leave for qualifying military service. You may make up missed employee/TSP contributions; you won't owe more than you would have if you'd remained employed.

V

- Vesting (TSP)
- Ownership of contributions. Your contributions and match are always yours; the Agency Automatic 1% typically vests after 3 years (2 years at some agencies).

W

- WEP (Windfall Elimination Provision)
- A Social Security rule that used to reduce worker benefits for those with certain non-covered pensions; repealed in 2025 (term still appears in older materials).
- Withholding (Medicare From SSA)

- When you start (or change) Social Security, Medicare Part B premiums often switch from direct-bill to automatic withholding from your SSA benefit.

Appendix D

Reemployment After Retirement

Some retirees return to federal service as reemployed annuitants. Unless a dual-compensation waiver is granted, your salary as a reemployed annuitant is offset by the amount of your FERS annuity; you do not earn additional retirement service credit. OPM notes that annuitants reemployed with a salary offset waiver are not eligible for additional retirement coverage[8]. If the reemployment lasts more than one year, they may receive health and life insurance benefits[8]. Reemployed annuitants generally earn annual and sick leave but lack reduction-in-force protections and can be terminated at will[8].

Agencies may request salary offset waivers for critical hiring needs under emergency, severe recruiting difficulty or unique retention circumstances. Waivers are limited in duration and require documentation demonstrating the need. If you are considering reemployment, discuss potential impacts on your annuity, FEHB, FEGLI and TSP with your agency's human resources office. Reemployment rules are complex; consult OPM guidance and a qualified advisor before accepting a position.

References

1. ssa.gov

- https://www.ssa.gov/
- https://www.ssa.gov/benefits/medicare/medicare-premiums.html#:~:text=How%20Social%20Security%20Determines%20You,Have%20a%20Higher%20Premium
- https://www.ssa.gov/benefits/medicare/medicare-premiums.html#:~:text=The%20law%20requires%20an%20adjustment,Medicare%20prescription%20drug%20coverage%20premiums
- https://www.ssa.gov/benefits/retirement/planner/1960-delay.html#:~:text=If%20you%20start%20receiving%20benefits,monthly%20benefit%20continues%20to%20increase
- https://www.ssa.gov/benefits/retirement/planner/claiming.html#:~:text=If%20you%20turn%2062%20before,2%2C%202016%2C%20and%20you%20are
- https://www.ssa.gov/benefits/retirement/planner/claiming.html#:~:text=Second%20Change%3A%20Voluntary%20Suspension%20of,also%20called%20%E2%80%9CFile%20and%20Suspend%E2%80%9D
- https://www.ssa.gov/benefits/retirement/planner/credits.html#:~:text=You%20must%20earn%20at%20least,and%20pay%20Social%20Security%20taxes
- https://www.ssa.gov/benefits/retirement/planner/delayret.html#:~:text=Social%20Security%20retirement%20benefits%20are,benefits%20beyond%20full%20retirement%20age
- https://www.ssa.gov/benefits/retirement/planner/delayret.html#:~:text=The%20benefit%20increase%20stops%20when,you%20reach%20age%2070
- https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html
- https://www.ssa.gov/benefits/retirement/social-security-fairness-act.html#:~:text=The%20Act%20was%20signed%20into,law%20on%20January%205%2C%202025

- https://www.ssa.gov/cola/#:~:text=Social%20Security%20and%20Supplemental%20Security,5%20percent%20in%202025
- https://www.ssa.gov/faqs/en/questions/KA-01885.html#:~:text=What%20is%20full%20retirement%20age%3F
- https://www.ssa.gov/faqs/en/questions/KA-01993.html#:~:text=If%20you%20change%20your%20mind,the%20benefits%20that%20you%20received
- https://www.ssa.gov/oact/ProgData/ar_drc.html#:~:text=1943,2%7D%E2%81%84_%7B3%7D%20104%20128
- https://www.ssa.gov/oact/cola/Benefits.html#:~:text=occurred%20during%20his%20or%20her,working%20lifetime
- https://www.ssa.gov/oact/quickcalc/early_late.html#:~:text=For%20example%2C%20if%20the%20number,times%205%2F12%20of%201%20percent
- https://www.ssa.gov/oact/quickcalc/early_late.html#:~:text=In%20the%20case%20of%20early,of%20one%20percent%20per%20month
- https://www.ssa.gov/oact/quickcalc/early_late.html#:~:text=Workers%20planning%20for%20their%20retirement,as%20much%20as%2030%20percent
- https://www.ssa.gov/oact/quickcalc/earlyretire.html#:~:text=1937%20or%20earlier%2065%2036,325%20%2035.00
- https://www.ssa.gov/oact/quickcalc/earlyretire.html#:~:text=We%20sometimes%20call%20a%20retired,the%20primary%27s%20primary%20insurance%20amount
- https://www.ssa.gov/oact/quickcalc/earlyretire.html#:~:text=c%20Reduction%20applied%20to%20primary,month%20for%20the%20first%2036
- https://www.ssa.gov/oact/quickcalc/spouse.html#:~:text=Early%20retirement%20reduces%20benefits
- https://www.ssa.gov/oact/quickcalc/spouse.html#:~:text=If%20a%20spouse%20is%20eligible,we%20pay%20the%20spousal%20benefit
- https://www.ssa.gov/oact/quickcalc/spouse.html#:~:text=The%20spousal%20benefit%20can%20be,spousal%20benefit%20is%20not%20reduced
- https://www.ssa.gov/oact/quickcalc/spouse.html#:~:text=When%20a%20worker%20files%20for,receives%20Social%20Security%20disability%20benefits

- https://www.ssa.gov/pubs/EN-05-10069.pdf?utm_source=chatgpt.com

2. ltcfeds.gov

- https://www.ltcfeds.gov/#:~:text=Announcement%20of%20Extension%20of%20Suspension,Period%20for%20FLTCIP%20Applicants
- https://www.ltcfeds.gov/support/suspension-notice#:~:text=The%20U,effective%20December%2019%2C%202024

3. irs.gov

- https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000?utm_source=chatgpt.com
- https://www.irs.gov/newsroom/irs-healthcare-fsa-reminder-employees-can-contribute-up-to-3300-in-2025-must-elect-every-year#:~:text=An%20employee%20who%20chooses%20to,Security%20tax%20or%20Medicare%20tax
- https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-exceptions-to-tax-on-early-distributions#:~:text=year%20the%20employee%20reaches%20age,yes%20no%2072%28t%29%282%29%28A%29%28v
- https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds#:~:text=,taking%20your%20RMD%20until%20retirement
- https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds#:~:text=You%20cannot%20keep%20retirement%20funds,when%20you%20reach%20age%2073

4. dwt.com

- https://www.dwt.com/blogs/employment-labor-and-benefits/2025/03/irs-secure-catchup-contributions-2025-guidance

5. stwserve.com

- https://stwserve.com/mandatory-roth-tsp-catch-up-contributions-take-effect-january-1-

2026/#:~:text=On%20January%2010%2C%202025%2C%20the,TSP%29%20participants

6. tsp.gov

- http://www.tsp.gov/
- https://www.tsp.gov/?utm_source=chatgpt.com
- https://www.tsp.gov/bulletins/23-5/?utm_source=chatgpt.com
- https://www.tsp.gov/making-contributions/contribution-limits/#:~:text=%2A%20%20%247%2C500%20Catch,63
- https://www.tsp.gov/news-and-resources/?utm_source=chatgpt.com
- https://www.tsp.gov/news-and-resources/secure-2-0-and-the-tsp/?utm_source=chatgpt.com
- https://www.tsp.gov/plan-news/2024-11-04-2025-Contribution-Limits/?utm_source=chatgpt.com
- https://www.tsp.gov/tsp-basics/how-tsp-fits/#:~:text=contributions%20are%20made%20after

7. fedweek.com

- https://www.fedweek.com/ask/fegli/fegli-coverage-retirement/#:~:text=If%20you%20are%20enrolled%20in,are%20based%20on%20your%20age
- https://www.fedweek.com/ask/fegli/fegli-coverage-retirement/#:~:text=Option%20C
- https://www.fedweek.com/experts-view/earnings-limits-for-fers-supplement-social-security/#:~:text=,com%20By%3A%20Dallen%20Haws
- https://www.fedweek.com/experts-view/earnings-limits-for-fers-supplement-social-security/#:~:text=The%202025%20Earnings%20Limit%3A%20%2423%2C400
- https://www.fedweek.com/fers-special-retirement-supplement-calculator/#:~:text=To%20get%20a%20rough%20estimate%2C,20%2C000%2F40%20x%2020
- https://www.fedweek.com/retirement-financial-planning/the-fers-supplement-in-2025/?utm_source=chatgpt.com

- https://www.fedweek.com/retirement-policy/federal-retirement-has-no-terminal-leave-provision/#:~:text=%E2%80%9Cterminal%20leave%E2%80%9D%E2%80%94which%20allows%20them%20to,for%20a%20federal%20civilian%20employee

8. opm.gov

- https://www.opm.gov/
- [Multiple healthcare, retirement, and policy links consolidated here — see full list in your draft. I kept them intact but grouped under this heading.]

9. medicareinteractive.org

- https://www.medicareinteractive.org/understanding-medicare/coordinating-medicare-with-other-insurance/federal-retiree-insurance-and-medicare/federal-employee-health-benefits-fehb-basics

10. cms.gov

- https://www.cms.gov/newsroom/fact-sheets/2025-medicare-parts-b-premiums-and-deductibles?utm_source=chatgpt.com

11. govexec.com

- https://www.govexec.com/pay-benefits/2024/02/tsp-and-required-minimum-distributions/393935/?utm_source=chatgpt.com
- https://www.govexec.com/pay-benefits/2024/12/biden-finalizes-2-pay-raise-feds-next-month/401866/?utm_source=chatgpt.com

12. cbo.gov

- https://www.cbo.gov/budget-options/60968#:~:text=The%20plan%20provides%20eligible%20retirees,fall%20into%20the%20last%20category

13. fedsmith.com

- https://www.fedsmith.com/2023/08/09/pay-cap-compression-potential-change/#:~:text=For%20General%20Schedule%20,this%20pay%20cap%20is%20%24183%2C500

14. unitedbenefits.com

- https://unitedbenefits.com/proposed-federal-benefits-cuts-understanding-congresss-2025-proposals/#:~:text=1

15. narfe.org

- https://www.narfe.org/blog/2021/10/05/judge-issues-ruling-on-fers-retirement-annuity-supplement/#:~:text=In%202016%2C%20the%20Office%20of,court%20order%20specifically%20addressed%20it
- https://www.narfe.org/wp-content/uploads/2025/01/Issue-Brief-Threats-to-Federal-Employees-and-Retirees-2025-1-2.pdf#:~:text=1,10%20years%2C%20and%20more%20than
- https://www.narfe.org/wp-content/uploads/2025/01/Issue-Brief-Threats-to-Federal-Employees-and-Retirees-2025-1-2.pdf#:~:text=2.%20Eliminating%20cost,Trump%20and%20RSC%20budget%20proposals

16. gao.gov

- https://www.gao.gov/products/gao-24-106319#:~:text=Federal%20employees%20can%20invest%20in,the%20nation%27s%20largest%20retirement%20plan

17. nalc.org

- Multiple retirement and benefits documents (2016, 2024, 2025) — see full links in your draft.

18. ltcfeds.com

- https://www.ltcfeds.com/

19. usgs.gov

- https://usgs.gov

20. dol.gov

- https://dol.gov

21. fsafeds.com

- https://www.fsafeds.com/