

# **RETIREMENT INFORMATION**

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# **PLANNING FOR RETIREMENT**

## **TEST YOUR FINANCIAL PLANNING**

### **“THE BELLINGHAM HERALD” MARCH 9, 2009**

1. What percentage of your savings can you withdraw annually in retirement without risk of running out of money?
2. Approximately what percentage of pre-retirement income is generally needed to maintain a person's current lifestyle in retirement?
3. Working full-time for three years past one's anticipated retirement date and continuing to save 15 percent of salary could raise annual retirement income by how much?
4. At what age will most of today's workers be eligible for full Social Security retirement benefits?
5. The typical person age 50 and older with a 401(k) account with his or her current employer holds about how much in the account?
6. The number of workers age 65 and over is expected to grow by how much over the next decade?
7. What percent of homeowners age 50 to 65 plan to use home equity to finance ordinary living expenses in retirement?
8. What percent of U.S. workers are covered by traditional defined-benefit retirement plans (pensions)?



September 25, 2007

POSTAL EMPLOYEES

SUBJECT: Retirement Information

It is my pleasure to share information with you on the new retirement processes that are designed to make retirement planning easier and the retirement process simpler. As you are eligible now or will be eligible to retire soon, it is more important than ever for you to have all the latest information. For your convenience, the new process is detailed in the enclosed nine-minute DVD.

Whether your retirement is in the next few years or the distant future, it is never too early to start planning. To assist you, we have developed an on-line retirement seminar which is available 24 hours a day, 7 days a week on LiteBlue. To access the seminar segments, just click on the *My Life* tab and then the *My Benefits* selection. A workbook, designed to accompany the seminar, is available to download from the web. This seminar and workbook are also available on a DVD for home viewing. These may be checked out from your Human Resources local service office.

When you decide retirement is on the horizon, we recommend you contact the HR Shared Services Center (HRSSC) approximately three months prior to your retirement date to begin the application process. During the retirement process, you will be assigned a retirement specialist at the HRSSC to work with you. The specialist will schedule a conference call with you to review the necessary paperwork and to answer any questions you may have about your retirement.

The HRSSC is staffed from 7 a.m. until 8:30 p.m. Eastern Time, Monday through Friday to assist you. The center may be reached by calling 1-877-477-3273, selecting option 5, and then following the prompts. Remember that you will need your Employee Identification Number (EIN), which can be found on your earning statement, and your USPS Personal Identification Number (PIN) when calling the HRSSC.

Also, we are pleased to announce a new self-service option for requesting annuity estimates. Full-time career employees who are within three years of eligibility or who are already eligible for optional retirement may request their individual National Retirement Counseling System (NARECS) annuity estimates on-line through *PostalEASE*. To request an estimate, click on the *Benefits* tab, and then *NARECS*. To access *PostalEASE*, you will need your EIN and PIN.

We hope you will find these new processes both easy to use and informative. For more information, please visit the *PostalPEOPLE* website at <http://blue.usps.gov/hrisp/hce/welcome.htm>.

A handwritten signature in black ink that reads "Charmaine Murmer".

Charmaine E. Murmer  
Program Manager, Retirement



## **WHERE CAN I GET RETIREMENT INFORMATION?**

- Retirement Seminar like this one
- Personnel Staff at HRSSC
- Retirement Seminar on liteblue (<http://liteblue.usps.gov>)
- Link on liteblue to OPM website
- Annuity estimate on PostalEase (1-877-477-3273, Option 1)



## **How Can the HRSSC Help Me?**

### **Retirement/Separation Activities Handled by HRSSC:**

- General Retirement Information
- Annuity Estimates
- Individual Retirement Counseling
- Retirement Application Processing
- Civilian & Military Buybacks



## How Do I Use Liteblue To Get Retirement Information?



## <https://liteblue.usps.gov>

- **Welcome to LiteBlue.**  
The next generation in employee communications. LiteBlue is here to help you to communicate faster and stay connected. It's packed with the information you want about career development, revenue and service performance, products, recognition — you name it. There's even a place where you can give us feedback. You also have secure access to PostalEASE through LiteBlue to check, and during open season, change your benefits selections.  
Check back often, because LiteBlue will continue to evolve — to transform — and deliver results that serve you better. It's the postal way!  
Here's how you log on: You'll need your Employee ID and USPS PIN to log on to LiteBlue.
- Your Employee ID is easy to find — just look at the top of your earnings statement. It's the 8-digit number printed just above the words "Employee ID."
- Your USPS PIN number is the same one you use to access PostalEASE. If you've forgotten it, dial 877-477-3273. Follow the steps and your USPS PIN number will be mailed to your address of record.
- **Employee ID: Is this Site Secure? USPS PIN: FOR EMPLOYEE USE ONLY** This is a U.S. Government website intended for authorized use only by Postal Service employees. Unauthorized access or use of this website may subject violators to administrative action, civil, and/or criminal prosecution. This website and other applications entered through this site (such as PostalEASE, the Thrift Savings Plan and Office of Personnel Management employee benefits sites) are designed to protect your ID, passwords, and other personal data.



## "My Life" links on liteblue

- [My Money Financial Education](#)
- [Employee Benefits Research Institute](#)
- [Long Term Care Insurance](#)
- [MyMoney.gov](#)
- [OPM Employment and Benefits](#)
- [OPM Health and Life Insurance](#)
- [Social Security](#)
- [Money Management](#)
- [Commuter Program](#)
- [Credit Union](#)
- [Combined Federal Campaign](#)
- [Flexible Spending Account \(FSA\)](#)
- [OPM Voluntary Contributions](#)
- [Retirement Plan](#)
- [Payroll](#)
- [Assignments / Payroll HTR](#)
- [Federal V44](#)
- [eTravel Net to Bank](#)
- [Savings Bonds](#)
- [Employee Resources](#) USPS employees helping their fellow postal workers.
- [Employee Assistance Program](#)
- [Postal Employee Relief Fund](#)
- [Postal Life](#)
- [Sustentive Leave Request Application \(SLRA\)](#)
- [Request leave associated with an unscheduled absence due to a non-job related injury, illness or personal emergency. Be sure to write down your confirmation number.](#)
- [My Benefits](#) Benefits Management
- [Beneficiary Forms](#)
- [Employee Labor Relations Manual \(ELM\)](#)
- [Federal Employees Health Benefits \(FEHB\) Information](#)
- [FEHB PostalEASE](#)
- [Federal Insurance Programs](#)
- [Life Insurance - FEGLI](#)
- [OPM Retirement Guidelines](#)
- [Retirement Seminar Online](#)

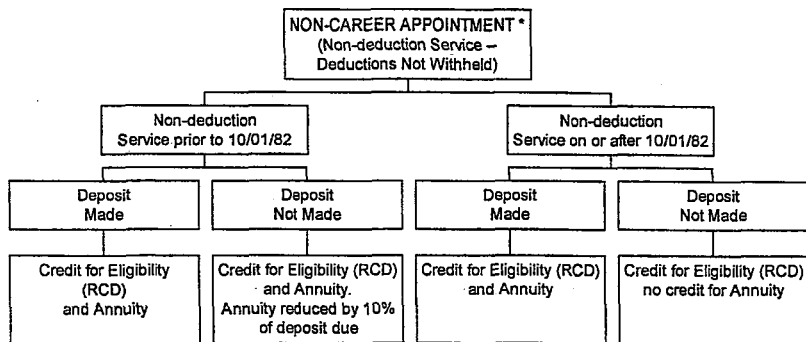


## More "My Life" links on liteblue

- [PostalPeople](#)
- Visit our site for News and Vacancy Announcements.
- [Thrift Savings Plan \(TSP\)](#)
- Account Information, fund investment elections, and publications.
- [Account Access](#)
- [Check Rates of Return](#)
- [Calculators](#)
- [TSP Forms and Publications](#)
- [TSP Information](#)
- [Contribution election via PostalEASE.](#)
- [Sign Up / Change TSP](#)
- [TSP Catch-Up Contributions](#)
- [Health Care Providers The Choice is Yours](#)
- Access your health plan provider and research other plans.
- [Search and compare health care plans](#)
- [Link to health care plans by state](#)
- [Calendars Monthly Planning Calendar](#)
- Contains pay periods, pay dates and holidays.
- FY07 Monthly Planning Schedule - pdf | excel
- FY06 Monthly Planning Schedule - pdf | excel
- [Other Calendars](#)
- [FY 07 Fiscal Year Pay Period - pdf | excel](#)
- [FY 06 Fiscal Year Pay Period - pdf | excel](#)
- [National Vacancy Announcement Schedule - pdf](#)
- [Postal Jobs Looking for internal positions? Here's where you'll find the most recent Internal Job Announcements.](#)
- [Vacancy Announcements \(EAS\)](#)
- [eJob Bidding \(craft\)](#)
- Want to bid on line? Want to see what craft jobs are available for you in your bid cluster? Just click eJob Bidding 7 days a week.
- [Go To eJob Bidding \(craft\)](#)
- [Bargaining Unit Reassignment - eReassign](#)
- Want to apply for a reassignment? Want to see what districts have openings? Click eReassign to do it all online.
- [Go to eReassign](#)



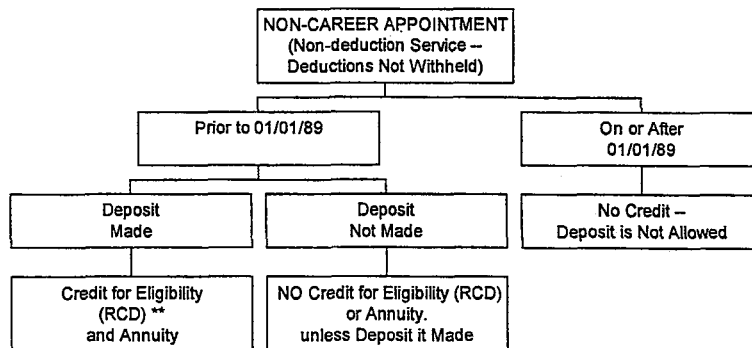
## CSRS CREDITABLE NONCAREER CIVILIAN SERVICE



\*Intermittent or WAE (When Actually Employed )Service - Credit only for days worked.



## FERS CREDITABLE NONCAREER CIVILIAN SERVICE

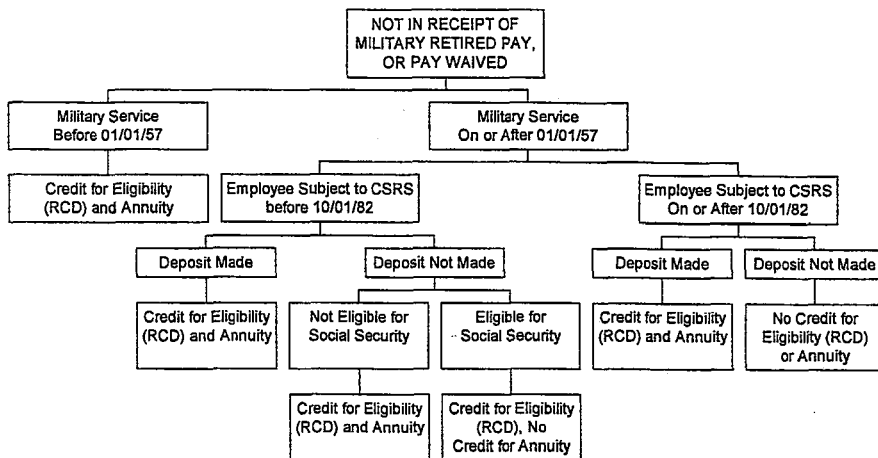


\*Intermittent or WAE (When Actually Employed )Service - Credit only for days worked.

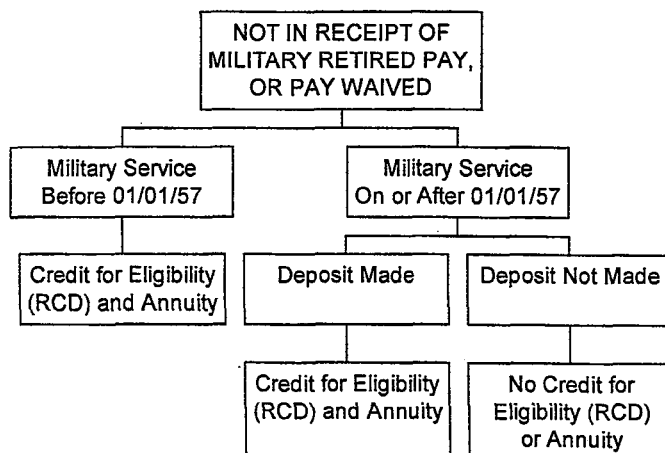




## CSRS CREDITABLE MILITARY SERVICE

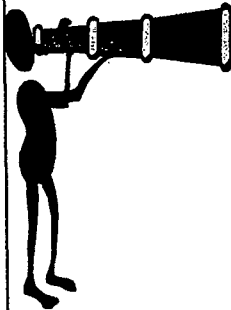


## FERS CREDITABLE MILITARY SERVICE





## Preparing for Retirement



- Verify that you have paid Military Buyback if applicable
- Verify if deposit or redeposit is required for any service.
  - Review your survivor benefit options
  - Verify that you are eligible to continue Health and Life Insurance coverage as a retiree.
  - Check any designations of beneficiary you may have on file to be sure that they reflect your current needs.
  - Contact HRSSC to request an annuity estimate
  - Contact Social Security to see if you are eligible for Social Security benefits - Request for Earnings and Benefit Statement to get a record of your earnings under Social Security and, if you will be eligible, an estimate of payment you may receive.
  - Contact HRSSC three months prior to your retirement date



## Questions

For help and information about your retirement benefits, you may call the Retirement Information Office at 1-888-767-6738 between 7:30 a.m. and 7:45 p.m. Eastern time, Monday through Friday. Customers within local calling distance of Washington, DC, must call us at (202) 606-0500. You may also contact us using email at [retire@opm.gov](mailto:retire@opm.gov) and for general retirement information, go to our web site at [www.opm.gov/retire](http://www.opm.gov/retire).

# **WHAT TO EXPECT AFTER YOU RETIRE**

**U.S. Office of Personnel Management****- Ensuring the Federal Government has an effective civilian workforce**

This page can be found on the web at the following url:

<http://www.opm.gov/retire/post/new/index.asp>

**Retirement Information & Services**

- [Main](#)
- [Pre-Retire](#)
- [Post-Retire](#)
- [Insurance Benefits](#)
- [Related Benefits](#)
- [My Annuity](#)
- [Pubs & Forms](#)
- [Tools](#)
- [FAQs](#)
- [Contacts](#)

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- [Death & Survivor Benefits](#)
- [FERS Disability Retirees](#)
- [Email Us](#)

**New Retiree**

- [When you'll get your first payment](#)
- [Withholdings from interim payments](#)
- [What you will receive when the Office of Personnel Management finishes processing your application](#)
- [Credit for Federal civilian service if you didn't make retirement contributions](#)
- [Changing your health insurance coverage after retirement](#)
- [Changing your life insurance coverage after retirement](#)
- [Amount of cost-of-living increase you will receive](#)
- [Taxable portion of your retirement benefit](#)

**When you'll get your first payment**

In most cases, as soon as we get all your retirement records, we provide "interim" payments. These payments represent a portion of your final benefit and are usually made on the first business day of each month. We try to provide you with income until we finish processing your application.



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## **Withholdings from interim payments**

We only withhold Federal income tax. You may find that the Federal income taxes withheld from your first interim payment will be higher than the Federal tax withholdings from your subsequent interim payments and regular annuity. We will make any necessary tax withholding adjustment when we finish processing your application. Your health and life insurance coverage will continue while you are receiving interim pay. We will begin withholding health and life insurance premiums retroactive to the commencing date of your annuity, when we finish processing your application.



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## **What you will receive when the Office of Personnel Management finishes processing your application**

We will send you a personalized statement titled "Your Federal Retirement Benefits". It details, among other things, how much your monthly payment will be. It also confirms such things as health and life insurance coverage, and provides information you will need to prepare your tax returns.



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## **Credit for Federal civilian service if you didn't make retirement contributions**

Under the Federal Employees Retirement System (FERS), you will be given the opportunity to pay for temporary service prior to January 1, 1989. Under the Civil Service Retirement System (CSRS), if you had service on/after October 1, 1982, for which no contributions were made, we will give you the opportunity to pay the contributions, and will tell you what difference it makes to your monthly benefit. If you had unpaid service prior to October 1, 1982, we do not notify you before we finish processing your application because it generally is not to your advantage to make the payment.



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## **Changing your health insurance coverage after retirement**

After you retire, you will still have the opportunity to change your enrollment from one plan to another during an annual open season. You cannot change to another plan simply because you retired.



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## **Changing your life insurance coverage after retirement**

You can cancel or decrease your coverage at any time. You cannot increase your coverage.



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## Amount of cost-of-living increase you will receive

We will prorate the first cost-of-living increase based on how long you were retired before it is given. At that time, we will send you a notice explaining the increase. Federal Employees Retirement System (FERS) cost-of-living increases are not provided until age 62, except for disability and survivor benefits.



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## Taxable portion of your retirement benefit

- Use our calculator to figure the tax-free portion of your annuity payment.
- Use our calculator to figure the amount of your monthly federal income tax withholding.
- Then, use Services Online to change the federal tax withheld from your annuity payment.



**U.S. Office of Personnel Management** 1900 E Street NW, Washington, DC 20415 | (202) 606-1800 |  
TTY (202) 606-2532





# WITHDRAWING YOUR TSP ACCOUNT AFTER LEAVING FEDERAL SERVICE

*June 2007*

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## Preface

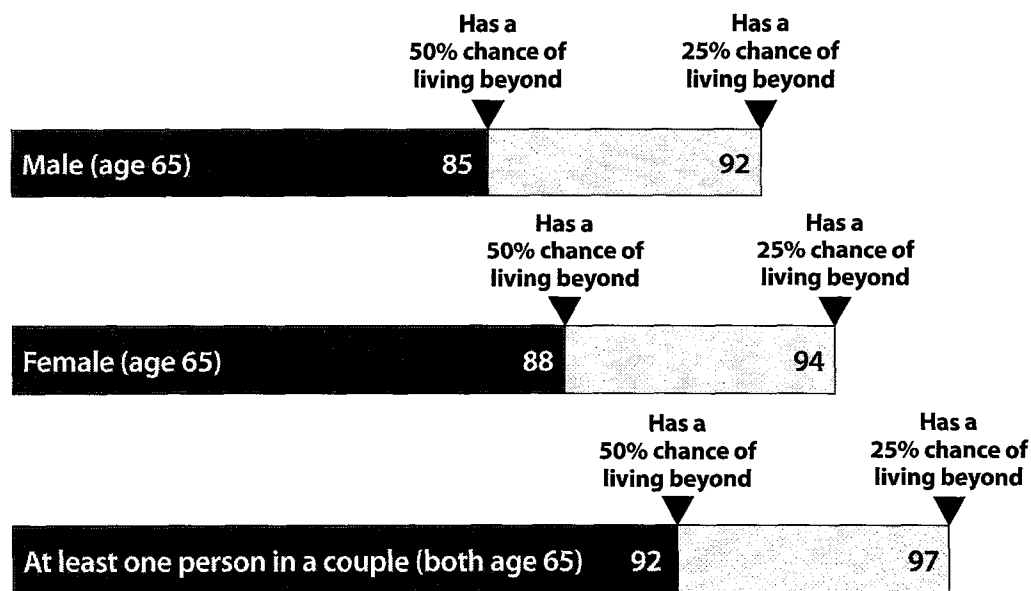
After you leave Federal service, you will need to consider your options for your Thrift Savings Plan (TSP) account. This booklet describes the options that are available to all separated participants — Federal civilian employees and members of the uniformed services. It provides information about the withdrawal process and the rules that govern withdrawals and describes the tax implications of the different withdrawal options that are available.

Whether you are separating from Federal service to embark on a new career opportunity or whether immediate retirement is your objective, before you exercise any of the available options, we recommend that you consider how your decision may impact your future retirement needs. For example, if you are not ready to retire and are considering using the money in your TSP account for purposes other than your future retirement needs, you should consider the tax implications and whether you will have enough retirement savings when you are ready to retire. Alternatively, if you are retiring, you should consider when you will actually need the money in your TSP account and whether the withdrawal choice(s) you make will provide ample income throughout your retirement years.

Americans are living longer today than at any other time in history. Improved nutrition, breakthroughs in the fight against life-threatening diseases, and healthier, more active lifestyles are all contributing to our nation's unprecedented longevity — and life expectancy is likely to continue to increase. When people use life expectancy estimates to determine how much money they will need for their retirement, they usually think of "life expectancy" as an estimate of how long they are likely to live. However, it is actually a measure of how long people live *on average*. This means that half of us may outlive our retirement savings.

## Life Expectancy for a 65-Year-Old Person

The chart below shows that an individual who has lived to age 65 has a substantial life expectancy. Also, when the individual is part of a couple, the likelihood of at least one member of the couple living beyond age 90 is substantial. So when considering your retirement needs, think beyond the average. This is particularly important if you have a family history of longevity, are in good health, and maintain a healthy lifestyle.



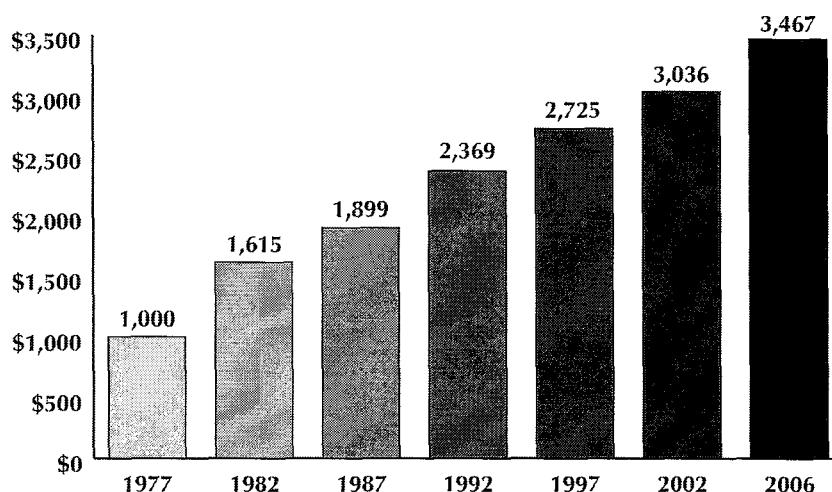
Source of chart: Metropolitan Life Insurance Company (MetLife), based on Annuity 2000 Mortality Tables from the Society of Actuaries

## Questions to Ask before Withdrawing Your Account

Given the likelihood that you may need your retirement savings into your 90s, there are some questions you should ask yourself before deciding to withdraw your TSP account.

- How much will things really cost during my retirement?
- Will I have enough income to cover my expenses after I retire?
- Will my retirement savings last for my whole life?

Because of inflation, the goods and services you buy today will probably cost you more in the future. Once you are living on a fixed income, increases in the cost of living can make meeting even the most basic expenses challenging. If you review the chart below, you will quickly see the impact that inflation has had over a recent 30-year period.\* According to the chart, a person who retired in 1977 now needs almost three-and-one-half times the income he or she had at the onset of retirement — just to keep up with inflation.



\* Based on the change in the Consumer Price Index for All Urban Consumers (CPI-U) through 2006 (published by the Bureau of Labor Statistics, U.S. Department of Labor). The rate of inflation for retirees may vary from the overall rate of inflation measured by the CPI-U. The effect of price increases also varies, based on individual circumstances.

Experts often recommend that you try to put aside enough money to have replacement income of approximately 70 to 85 percent in order to maintain your pre-retirement standard of living. However, even after saving that amount, many retirees withdraw seven percent or more from their savings annually for income and thereby risk spending their savings too quickly. To avoid running out of money in retirement, the rule of thumb is generally to withdraw no more than four percent of your retirement savings during your first year of retirement and adjust that amount annually for inflation.

## Tailoring Your Withdrawal Decisions to Your Personal Needs

There are also other factors to take into consideration when making your withdrawal decisions. For example: What additional sources of income will you have outside of your TSP account? Will you be paying off a mortgage during your retirement? Will you continue working full or part time after separating from service? Will you be relocating to an area where your expenses will be significantly higher or lower than they were where you lived before retirement?

Everyone's withdrawal choices will be based on different circumstances. The important thing is to make sure your decisions are well-informed and carefully thought through. To help you make various mathematical estimates, there are several useful calculators on the TSP Web site ([www.tsp.gov](http://www.tsp.gov)).

# I. Leaving Your Money in the TSP

When you separate from service, you can leave your entire account balance in the TSP if it is \$200 or more.\* You will no longer be able to make employee contributions. However, you can transfer money into your account from IRAs and eligible employer plans (See the Glossary of Terms, page 18). Your account will continue to accrue earnings and you can continue to change the way your money is invested in the TSP investment funds by making interfund transfers. You can make an interfund transfer at any time.

## Transferring Money Into the TSP

So long as you have an open TSP account, you can transfer funds **into** your TSP account from an IRA or an eligible employer plan.

The transfer will be considered an employee contribution and will be distributed among the TSP investment funds according to your most recent contribution allocation request on file. If you want to change your allocations, you can do so on the TSP Web site or the ThriftLine, or by completing Form TSP-50 (TSP-U-50), Investment Allocation.\*\*

Money that is transferred into the TSP is subject to all the rules that apply to all TSP employee contributions, such as those regarding spouses' rights.

Use Form TSP-60 (TSP-U-60), Request for a Transfer Into the TSP; the form provides more detailed information about the process. This form is available from the TSP Web site or from the TSP.

- To ensure that you receive withdrawal-related checks and correspondence from the TSP, we recommend that you check your address on your latest participant statement to ensure that it is correct. Your statements are available from the Account Access section of the TSP Web site ([www.tsp.gov](http://www.tsp.gov)). Or, if you are still employed, you can check the address on record with the TSP through your agency personnel office or your service TSP representative. Your agency or service must make any necessary address changes while you are still employed. Once you have left service, you need to report address changes directly to the TSP. You can do so by updating your address in the Account Access section of the TSP Web site, by sending the TSP a completed Form TSP-9 (TSP-U-9), Change of Address for Separated Participant, or by calling a TSP Participant Service Representative.

## Limitations on Leaving Your Money in the TSP

**Withdrawal Deadlines.** You are required to withdraw your account balance in a single payment, begin receiving monthly payments, or begin receiving annuity payments by April 1 of the **later of**:

- the year following the year you become age 70½, or
- the year following the year you separate from Federal service or the uniformed services.

If you do not withdraw (or begin withdrawing) your account by the required withdrawal deadline, your account balance will be forfeited to the TSP. You can reclaim your account; however, you will not receive earnings on your account from the time the account was forfeited.

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\* If, after your agency or service reports that you have left service, your vested account balance is less than \$200, your balance will be automatically paid directly to you in a single payment (i.e., cashout). You will not be eligible to make any other withdrawal election. Nor will you be allowed to remain in the TSP. The TSP will not withhold any amount for Federal income tax on your cashout if all your withdrawals from the TSP throughout the year of your cashout add up to less than \$200. If your account balance is less than \$5.00 when you leave service, the TSP will automatically forfeit the balance to the Plan. Your quarterly participant statement will indicate that the balance has been forfeited.

\*\* Forms for civilian TSP participants have the prefix "TSP-" before the form number. Forms for members of the uniformed services have the prefix "TSP-U-".

At the same time, you will also be subject to IRS required minimum distribution rules. These rules require you to receive a certain portion of your account each year based on your life expectancy. (For more information, see page 15, "IRS Rules that Affect Separated Participants Who Are 70½ or Older.")

The TSP will notify you before your required withdrawal date and mail you important tax information about your TSP withdrawal, as well as information about the IRS minimum distribution requirements.

**Contributions, loans, in-service withdrawals, and court orders.** You cannot make additional contributions to your account after you separate (other than transfers into your account from IRAs or eligible employer plans), and you cannot borrow from your account or make an in-service withdrawal. If you have an outstanding loan at the time you separate, it must be repaid or a taxable distribution will be declared. Until the loan is closed, you will not be able to make a withdrawal. In addition, you must resolve any court orders against your account before you can make a withdrawal.

## II. Withdrawing Your TSP Account

### Your Withdrawal Options

After leaving Federal service, you may make a **partial withdrawal** or a **full withdrawal** from your account.

#### *Partial Withdrawal*

If you want to make a one-time-only withdrawal of part of your TSP account and leave the rest in the TSP until a later date, use Form TSP-77 (TSP-U-77), Request for Partial Withdrawal When Separated. You can make a partial withdrawal of \$1,000 or more from your account.

You are eligible to make a partial withdrawal so long as you did not make an age-based in-service withdrawal (at age 59½ or older) from your TSP account while you were employed by the Federal Government or the uniformed services.

#### *Full Withdrawal*

When you are ready to withdraw all of your money from your TSP account, there are a number of ways you can do so.

**A single payment.** You can withdraw your entire TSP account balance in a single payment.

**A series of monthly payments.** You can withdraw your entire account in a series of substantially equal monthly payments. You can choose:

- **Monthly payments computed by the TSP based on IRS life expectancy tables.** (See "IRS Life Expectancy Tables" on page 18.) Your initial payment amount will be based on your age and your account balance at the time of the first payment. Each year, on the anniversary of the date of your first monthly payment, the TSP will recalculate the amount of your monthly payments. The recalculation will be based on your age and your account balance at the end of the preceding year.
- **A specific dollar amount.** You will receive payments in the amount that you request until your entire account balance has been paid to you. The amount of each monthly payment must be \$25 or more.

You can use the monthly payment calculators on the TSP Web site to estimate how many monthly payments you can receive from your account when you choose a specific dollar amount, or to estimate how much you can receive each month if you choose monthly payments based on life expectancy. (Remember that investment gains or losses could cause your account balance to increase or decrease, which could expand or reduce either the amount of your monthly payments or their duration.)

While you are receiving monthly payments, you can **change the proportions of your account balance** that are invested in the various TSP investment funds by making an interfund transfer. When considering an interfund transfer, keep in mind that the L Income Fund was designed to produce current income for participants who are receiving monthly payments. You should also consider your individual circumstances to see if another TSP fund or combination of funds might be more appropriate.

**A life annuity.** You can withdraw your entire account as a life annuity. An annuity is a monthly benefit paid to you for life. The TSP will purchase an annuity for you from the TSP's annuity provider for a minimum amount of \$3,500. For detailed information about TSP annuities and their features, see Section III of this booklet. Section III also contains a comparison between receiving monthly payments and receiving annuity payments.

**A mixed withdrawal.** You can withdraw your entire account balance through a combination of any two, or all three, of the available full withdrawal options (single payment, monthly payments, or a life annuity). The rules for each of the options that you choose will be the same as those described above. Thus, if you use only a portion of your account balance to purchase an annuity, the portion of your balance that you use to purchase the annuity must equal at least \$3,500.

### ***Special Note About Tax-Exempt Balances***

If you have a uniformed services TSP account, your account may include tax-exempt contributions as a result of the combat zone tax exclusion. These contributions (but not the earnings on them) are also exempt from Federal income taxes when they are distributed from a uniformed services TSP account. The TSP will make all withdrawals from a uniformed services account on a **pro rata** basis from both taxable and tax-exempt sources.

If you elect to use your account to purchase an annuity, the annuity vendor will calculate the taxable and tax-exempt portion of each payment based on the proportion of taxable and tax-exempt balances used to purchase the annuity. (See the TSP tax notice "Important Tax Information About Payments From Your TSP Account" for more details.)

## **Requesting Your Withdrawal**

**What you should do.** Read this withdrawal booklet and the TSP tax notice "Important Tax Information About Payments From Your TSP Account." When you are ready to withdraw, use the TSP Web site or the paper form that applies to the type of withdrawal you would like—for example, Form TSP-70 (TSP-U-70), Request for Full Withdrawal, to withdraw your entire account balance or Form TSP-77 (TSP-U-77), Request for Partial Withdrawal When Separated, to request a portion of your account. You may fill out your withdrawal form on line in Account Access. However, for security reasons, you will have to print out the form and mail it to the TSP for processing. Using the TSP Web site to complete your form will help expedite your request because we can review it on line for common errors.

**What your agency or service must do.** *Your agency or service must notify the TSP that you have separated and provide the date of your separation.* The agency or service ordinarily provides this information to the TSP at the time it pays the last paycheck to a separated employee or service member. In most

cases, this will be between 2 and 4 weeks after the actual date of separation. *The TSP cannot process your withdrawal until your agency or service reports this information.*

**What the TSP will do.** When information about your separation is received, the TSP will send you current account and withdrawal information and a tax notice — unless the TSP has already received a withdrawal election from you. If you do not receive this material within 60 days after separating, contact your former agency or service to make sure it has reported your separation to the TSP. If the TSP received a withdrawal election from you, but your agency or service has not reported your separation, the TSP will hold your withdrawal request for 30 days pending receipt of the separation information. If we have still not heard from your agency or service after 30 days, we will reject your request and notify you.

## The Timing of Your Withdrawal

The TSP record keeper disburses withdrawals each business day. You can check the Web site or call the ThriftLine to find out the status of your withdrawal request, including whether payment has been made. The TSP will also notify you in writing when your payment has been disbursed.

You should allow several weeks between the time that you submit your completed request and the time that payment is sent. Your withdrawal could take longer if your agency or service delays in reporting your separation, if you have an outstanding TSP loan, or if you submit forms that are not properly completed. If you are using the Web to complete your withdrawal form, you will not be allowed to begin the withdrawal on line unless your TSP record indicates that you are separated and that you have no outstanding loans.

While your withdrawal request is being processed, the money you have invested in any of the TSP's stock or bond funds is subject to market risk. If you want to eliminate your exposure to market risk, you can request an interfund transfer to invest your account in the Government Securities Investment (G) Fund.

## Transferring Your Withdrawal

Your TSP account is a portable retirement benefit. This means that when you make a full or partial withdrawal of your account after you leave service, you can have the TSP transfer part or all of your single payment or certain monthly payments to an IRA or an eligible employer plan (for example, the 401(k) plan of a new employer). Check with your new employer to see if its plan can accept your transfer. Amounts transferred will retain their tax-deferred status until you withdraw your money.

If you choose to have the TSP transfer **all or a portion of your single payment or partial withdrawal**, you can direct the transfer to **only one** IRA account or eligible employer plan. The amount not transferred will be paid directly to you unless you have chosen to have that amount sent electronically to your checking or savings account by direct deposit.

If you choose to have the TSP transfer your **monthly payments** to an IRA or an eligible employer plan, the TSP can only transfer monthly payments that are expected to last less than 10 years and are not based on the IRS life expectancy table. Thus, if you choose a **dollar amount** for your monthly payments, the TSP will determine whether your payments are expected to last less than 10 years. We will do this by dividing the part of your account balance that you chose to be paid in monthly payments by the dollar amount that you chose for your monthly payment. If the result is less than 120, your payments will be eligible to be transferred.

If you later **make a change** to your monthly dollar amount, the TSP will again determine whether your remaining payments are expected to last less than 10 years and whether they are eligible to be transferred.

**Note:** If you transfer both a single payment and monthly payments, both types of payments must be sent to the same account at the same financial institution.

To request a transfer, you must indicate on your withdrawal form the percentage of your payment(s) that you want transferred to your IRA or eligible employer plan. In addition, you and your IRA or plan must provide the information requested on your TSP withdrawal form. **Do not use forms of the plan or financial institution; the TSP cannot accept them.**

If your plan or financial institution needs the TSP to certify that the money you are transferring is eligible for transfer, you can provide it with a copy of the Fact Sheet "Important Information Regarding Transfers From the Thrift Savings Plan to Eligible Retirement Plans." It is available from the Forms & Publications section of the TSP Web site or from the TSP.

If you indicate on your withdrawal request that you want the TSP to transfer your payment(s), but you do not provide complete transfer information, your withdrawal request will not be processed.

**Rolling Over Your Withdrawal.** Amounts that are not transferred will be paid directly to you (or to your checking or savings account, if you so elect), and the appropriate amount will be withheld for Federal income tax. Taxable payments that are eligible to be transferred, but are sent directly to you, can still be "rolled over" to an IRA or an eligible employer plan within 60 days of the date you receive the funds from the TSP.

**Transferring tax-exempt TSP balances.** Tax-exempt balances resulting from contributions from pay subject to the combat zone tax exclusion may also be transferred or rolled over into an IRA or transferred to an eligible employer plan, if the IRA or plan certifies that it will accept them. However, even though the withdrawal from your account will be based on the proportion of taxable and tax-exempt balances in the account, if you choose to transfer a portion of the withdrawal, your taxable money only will be transferred to your IRA or plan first. Tax-exempt money will be transferred only if the taxable portion of your withdrawal does not satisfy the percentage of your withdrawal that you elected to transfer to your IRA or plan.

For more information about transferring or rolling over your withdrawal, read the tax notice "Important Tax Information About Payments From Your TSP Account."

## Depositing Your Payment(s) Electronically

Any single payment or monthly payment that is **not transferred** directly to an IRA or an eligible employer plan can be sent to your checking or savings account electronically by direct deposit.

You can have your payment(s) sent electronically to only one checking or savings account at one financial institution. For example, if you choose to receive a portion of your account as a single payment and another portion as monthly payments, you can direct the TSP to send either the single payment, the monthly payments, or both types of payments by direct deposit to your checking or savings account. However, if you choose to send both types of payments by direct deposit, your payments must be sent to the same account at the same financial institution.

## Taxes on TSP Payments

All TSP withdrawals are subject to Federal income taxes. However, different tax rules apply to the different withdrawal options. Also, different tax rules may apply to Federal civilian employees and to members of the uniformed services. For detailed information about the tax rules, read the tax notice "Important Tax Information About Payments From Your TSP Account."

## Changing Your Withdrawal Election

**Before payments begin.** The TSP processes withdrawals each business day. Completed withdrawal requests that are entered into our system by 12:00 noon eastern time are processed that night. This means that there is a very small window of time during which you would be able to cancel your request and submit a new election. Therefore, we recommend that you carefully consider your options before submitting a withdrawal request.

**After payments begin.** You *cannot* change your withdrawal choice after your account has been paid out. Also, if you have chosen an annuity, you cannot change either the annuity option or your choice of joint annuitant (see page 8) after the TSP has purchased an annuity for you.

However, if you are receiving a series of monthly payments, you can at any time change to a final single payment, or change where or how your payments are sent, by submitting Form TSP-73 (TSP-U-73), Change in Monthly Payments. In addition, during the annual change period at the end of each calendar year, you can change the dollar amount of your payments, and you can make a one-time-only change from TSP-computed payments to a specified dollar amount. When you make a change during the annual change period, the TSP must receive Form TSP-73 (TSP-U-73), Change in Monthly Payments, from you by December 15 for the change to be effective with the first payment you receive after December 31.

You should ask the TSP for Form TSP-73 (TSP-U-73) if you want to do any of the following immediately:

- change your monthly payments to a final single payment. The final single payment can be made directly to you, or you can have the TSP transfer all or part of it to an IRA or an eligible employer plan. Any amount not transferred can be sent to your checking or savings account by direct deposit.
- begin transferring monthly payments or change (or stop) the portion of each monthly payment that is transferred to an IRA or an eligible employer plan.
- change the IRA or plan to which your payments are sent.
- begin direct deposit for the portion of your monthly payments that is sent to you, or stop direct deposit and have checks sent directly to you.
- change the financial institution or the checking or savings account that is receiving your monthly payments.

You should also use Form TSP-73 (TSP-U-73) to ask for a change to your payment amount that will become effective with the first payment you receive after December 31. This form will allow you to:

- change the dollar amount you are receiving.
- change from TSP-computed payments to a specific dollar amount. (This is a one-time-only change.)



## Withdrawal Rules for Rehired Participants

*If you separate from Federal civilian employment or the uniformed services and then are reemployed by the Federal Government with a break in service of **less than 31** full calendar days, you are not eligible to withdraw your TSP account. If your break in service is **31 or more** full calendar days, you are eligible, but not required, to withdraw your TSP account. If you wish to withdraw your account, your withdrawal request must be received and paid while you are still separated from service.*

**Note:** If you began receiving monthly payments from the TSP after you separated, those payments will stop if you are subsequently rehired; annuity payments will continue despite your rehire.

## III. TSP Annuities

**An annuity** provides monthly payments for as long as you are alive. If you elect an annuity with survivor benefits, it will provide payments as long as you (or your joint annuitant) are alive.

**A TSP annuity** is one of your options for withdrawing your TSP account after you separate from service. If you want a guaranteed stream of payments for as long as you (or your joint annuitant) are alive, an annuity may be the right choice. You can use your entire account balance to purchase a TSP annuity, or you can use a portion of your account balance to purchase an annuity and choose a different withdrawal option or options to withdraw the rest.

### Amount of Your TSP Annuity

The factors that affect the amount of your monthly annuity payments include:

- The annuity option you choose.
- Your age when your annuity is purchased (and the age of your spouse or other joint annuitant if you choose a joint annuity).\*
- The amount used to purchase your annuity.
- The "interest rate index" when your annuity is purchased.

You can use the Annuity Calculator on the TSP Web site to "try out" any number of possibilities. You can also contact the TSP to obtain an annuity estimate.

If you choose a TSP annuity, the balance in the account to which your annuity request applies **must be at least \$3,500 at the time your annuity is purchased**. If you are using only a portion of your account for an annuity, the percentage you choose when requesting your withdrawal must equal \$3,500 or more of your vested account balance.

**Note:** A TSP annuity is not the "basic annuity" that you will receive as a result of your retirement coverage under FERS or CSRS, or the retired pay that members of the uniformed services receive. If you have questions about your eligibility for the basic annuity or uniformed services retired pay, contact your agency or service.

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\*For TSP annuity purposes, age is defined in whole years; months are not considered in the annuity calculation.

## TSP Annuity Options

The TSP, through its annuity provider, offers the following types of annuity options:

- Single life annuity — with level or increasing payments.
- Joint life annuity with your spouse — with level or increasing payments.
- Joint life annuity with someone other than your spouse — with level payments.

These annuities are described below, followed by a description of several additional annuity features that you can consider. All of the annuities and their features are also summarized in the chart on page 9.

### *Single Life and Joint Life Annuities*

**Single life annuity** — An annuity that provides monthly payments only to you as long as you live.

**Joint life annuity** — An annuity that provides monthly payments to you while you and the person with whom you choose to share your annuity (your “joint annuitant”) are alive. (In most cases, the joint annuitant is the participant's spouse.) When you or your joint annuitant dies, monthly annuity payments will be made to the survivor for his or her lifetime. The amount of the payment while you and your joint annuitant are alive and the amount of the payment to the survivor depend on whether you choose a 100 percent or a 50 percent survivor annuity (see below).

If you choose an annuity that provides for a joint annuitant other than your spouse, the joint annuitant must be either a former spouse or someone with an **insurable interest** in you. This means that the person is financially dependent on you and could reasonably expect to derive financial benefit from your continued life. Blood relatives or adopted relatives (but not relatives by marriage) who are closer than first cousins are presumed to have an insurable interest in you.

If the person you name as your joint annuitant does not have a presumed insurable interest in you, you must submit an affidavit (i.e., a certification signed before a notary public) from someone with personal knowledge that the named person has an insurable interest in you. The certifier must know the relationship between you and the joint annuitant and must state why he or she believes that your joint annuitant might reasonably expect to benefit financially from your continued life.

Two types of joint annuities are available:

**100 percent survivor annuity.** The amount of the monthly annuity payment to the survivor is the same as the annuity payment made while both you and your joint annuitant are alive. However, the amount of the monthly payment that you receive while you are both alive is generally less than it would be if you had selected the 50 percent survivor annuity.

**50 percent survivor annuity.** The amount of the monthly annuity payment to the survivor — **whether the survivor is you or your joint annuitant** — is cut in half (that is, cut to 50 percent) of the annuity payment made while both you and your joint annuitant are alive.

If you name a joint annuitant who is **more than 10 years younger** than you, **you must choose a joint life annuity with the 50 percent survivor benefit.** The only exception is for a former spouse to whom all or a portion of your TSP account is payable under a retirement benefits court order.

### *Level and Increasing Payment Annuities*

Once you have chosen either a single life or a joint life annuity, you must decide whether you want to receive level or increasing payments.

**Level payments.** The amount of the monthly annuity payment **remains the same** from year to year. Thus, with a single life annuity, you receive the same monthly payment for as long as you live. With a joint life annuity, you receive the same monthly payment for as long as you and your joint annuitant are alive. The monthly payment to the survivor will depend on whether you have chosen a 100 percent survivor annuity or a 50 percent survivor annuity, but it will remain at the same level for the life of the survivor.

**Increasing payments.** The amount of the monthly annuity payment **can change each year** on the anniversary date of the first payment. The amount of the change is based on the change in inflation, as measured by the consumer price index. Increases cannot exceed three percent per year, but monthly annuity payments cannot decrease. When annuity payments start, they are smaller than they would have been if you had selected level payments, but they usually increase each year. Increasing payments can be combined with either the single life annuity or the joint life annuity with spouse. You **cannot** choose increasing payments when the joint annuitant is not your spouse.

### ***Additional Annuity Features that Allow for Beneficiaries***

There are two additional annuity features available: the cash refund feature, and the 10-year certain feature. Under certain circumstances, these features will provide payments to your named beneficiary. When you choose one of these features, your monthly payments will be less than they would have been if you had chosen an annuity without either of these features.

**Cash refund.** If you (and your joint annuitant, if applicable) die before the amount used to purchase your annuity has been paid out, the remaining amount will be paid to your beneficiary in a lump sum. This feature can be combined with either a single life or a joint life annuity, and with level or increasing payments.

**Ten-year certain.** If you die before receiving annuity payments for a 10-year period, payments will continue to your beneficiary for the rest of the 10-year period. If you live beyond the 10-year period, you will continue to receive payments, but no payments will be made to a beneficiary when you die. This feature can be combined with a single life annuity with either level or increasing payments. It **cannot** be combined with a joint life annuity.

The table below summarizes the TSP annuity options and features.

### **Summary of Annuity Options and Features\***

Single Life		Joint Life with Spouse		Joint Life with Other Survivor
Level Payments	Increasing Payments	Level Payments	Increasing Payments	Level Payments
with no additional features	with no additional features	100% survivor annuity	100% survivor annuity	100% survivor annuity**
<b>or</b>	<b>or</b>	<b>or</b>	<b>or</b>	<b>or</b>
with cash refund feature	with cash refund feature	50% survivor annuity	50% survivor annuity	50% survivor annuity
<b>or</b>	<b>or</b>	<b>or</b>	<b>or</b>	<b>or</b>
with 10-year certain feature	with 10-year certain feature	100% survivor annuity with cash refund	100% survivor annuity with cash refund	100% survivor annuity with cash refund**
		<b>or</b>	<b>or</b>	<b>or</b>
		50% survivor annuity with cash refund	50% survivor annuity with cash refund	50% survivor annuity with cash refund
<p>* A married FERS or uniformed services participant must obtain his or her spouse's waiver of the spouse's survivor annuity benefit if an option is chosen other than Joint Life with Spouse, with level payments and 50% survivor annuity. See "Spouses' Rights," on page 13.</p> <p>**Available if joint annuitant is not more than 10 years younger than the participant.</p>				

## Choosing Among the Annuity Options

The value of the total expected payments under all of the annuity options is comparable, but the amounts of each monthly payment that you receive — and the provision for continuing payments to a survivor or beneficiary — are different. For example, a monthly annuity payment under a single life annuity will generally be more than the monthly payment under a joint life annuity. However, there will generally be fewer payments under a single life annuity than under a joint life annuity. This is because payments continue under the joint life annuity after the death of one of the joint annuitants until the survivor dies.

**Estimating monthly annuity payments.** To estimate annuity payments, you must first estimate your TSP account balance at the expected annuity purchase date. You can do so by using the Projecting Your Account Balance calculator on the TSP Web site. Then use the Annuity Calculator to estimate the amounts of monthly annuity payments for the different annuity options using the current interest rate index. During the last week of each month, the interest rate index for annuities purchased the following month is posted on the TSP Web site.

The **exact** amount of your monthly annuity payment cannot be determined until the date of purchase, as opposed to the date the money is withdrawn from your account.

## Requesting an Annuity

To request an annuity, complete Form TSP-70 (TSP-U-70), Request for Full Withdrawal, indicating that you want a TSP annuity.

If you choose a joint life annuity, you will have to provide proof of your joint annuitant's age. You can do so by providing a copy of your joint annuitant's birth certificate. If the birth certificate is unavailable, refer to the form for other documents that may be used.

If you are a married TSP participant, spouses' rights apply, as described on page 13.

## How Your Annuity Is Purchased

Your annuity will be purchased from the TSP annuity vendor, currently Metropolitan Life Insurance Company (MetLife). MetLife is a major national insurance company that was competitively chosen by the Federal Retirement Thrift Investment Board, the agency that administers the TSP. After the TSP receives all of the information and documentation necessary to purchase your annuity, we will generally process your annuity request and disburse the funds for your annuity within 10 business days.

**Once the funds for your annuity have been disbursed, you cannot cancel the annuity, change the annuity option, or change the joint annuitant.**

On the date when the annuity provider receives your request and the money from your TSP account — generally within 2 business days after the money is disbursed — the annuity is *purchased*. Once the money has left your account, you should direct all communications concerning your annuity to the annuity provider. The annuity provider will send you a package of information and an annuity contract. Your monthly annuity payments will begin approximately one month after the annuity is purchased.

**Note regarding timing of your annuity request:** If you request an annuity toward the end of a month, your annuity may not be purchased until the following month. This means that the annuity provider will use the interest rate index in effect for the month in which the annuity is *purchased* — which may not be the rate that was in effect when you sent your request or when the TSP processed your request.

## How Your Annuity Is Taxed

**For FERS or CSRS TSP accounts.** Taxes on all contributions to your TSP account and the earnings on those contributions are deferred until the money is paid to you. Therefore, your TSP annuity payments will be taxed as ordinary income in the years when you receive them. However, these annuity payments are **not** subject to the IRS early withdrawal penalty, even if you are under age 55 when they begin.

**For uniformed services TSP accounts.** TSP accounts for members of the uniformed services may also include contributions from pay subject to the combat zone pay tax exclusion. Certain pay earned in a combat zone is exempt from Federal income tax. The annuity vendor will calculate the amount of tax-exempt money that will be paid with each annuity payment and will inform you of this amount. The calculation will be based on IRS requirements and the type of annuity you have chosen. The tax-exempt portion of your payments will be spread out based on your life expectancy (and that of your joint annuitant, if applicable). Once the tax-exempt portion of your initial payment has been calculated, that amount will remain fixed for all later payments, even if the amount of your annuity payment changes (for example, due to the death of a joint annuitant). When all of the tax-exempt money used to purchase your annuity has been paid out, any future payments will contain no tax-exempt money. If you elected a cash refund feature and have any remaining tax-exempt money in your annuity when you (and, if applicable, your joint annuitant) die, the remaining tax-exempt amount will continue to be treated as tax-exempt when it is paid to your beneficiary(ies).

For more information, read the TSP tax notice "Important Tax Information About Payments From Your TSP Account."

## A Comparison Between Monthly Payments and Annuity Payments

Monthly Payments	Annuity Payments
<p>If you choose to receive your TSP account as a series of monthly payments, you can do so in one of two ways: Receive a fixed dollar amount for each payment, or ask the TSP to compute your payments based on your life expectancy. If you choose the fixed dollar amount method, the payments will end when the money in your account runs out. In other words, you take the risk that your money will run out well before you die. If you choose to have the TSP compute your payments, you will receive a stream of payments that is based on IRS life expectancy tables. However, you should be sure that the resulting dollar amount will provide sufficient income. When you die, any remaining balance in your TSP account will be paid to your beneficiary(ies).</p> <p>Note: In the examples below, we have projected an interest rate of 5.125% on the outstanding balance.</p>	<p>With an annuity, the annuity provider takes on the risk that you may live longer than its life expectancy tables predict, and will continue to pay your annuity payments until you die. In addition, depending on the annuity type you choose and the interest rate index, you may receive a greater amount per month than you would through the computed payments method offered through the monthly payments option. However, if you do not choose the cash refund feature and you die before you have received an amount equal to the amount used to purchase the annuity, the entire remainder belongs to the annuity provider. (With the 10-year certain feature, if you die before 10 years of payments, the payments for the remainder of the 10 years will be paid to your beneficiary.)</p> <p>Note: In the examples below, we have used an annuity interest rate index of 5.125%.</p>
<p><b>Example:</b> Doreen retires at 65 with a TSP account balance of \$100,000. She is not married.</p> <p><b>If she chooses monthly payments for a fixed dollar amount, she will receive:</b></p> <p>1st month:                 \$725.90 per month Last month:               \$725.90 per month</p> <p>How long money will last: 17 years, 4 months (until age 82)*</p> <p>* This is an estimate of how long the money will last. Because of fluctuations in the value of the TSP funds, the money may last for a longer or shorter period of time.</p>	<p><b>Example:</b> Doreen retires at 65 with a TSP account balance of \$100,000. She is not married.</p> <p><b>If she chooses a single life annuity with level payments and no additional features, she will receive:</b></p> <p>1st month:                 \$725.90 per month Last month:               \$725.90 per month</p> <p>How long annuity payments will last: Until her death</p>
<p><b>Example:</b> Jack retires at 65 with a TSP account balance of \$100,000. His wife, who is also his beneficiary, is 60.</p> <p><b>If he chooses to have the TSP compute his monthly payments (which are calculated using the IRS Single Life Table), he will receive:</b></p> <p>1st month:                 \$396.83 After 17 years (age 82): \$521.81 After 25 years (age 90): \$668.75</p> <p>How long money will last: Until Jack's death, at which time any remaining balance will be distributed to his wife*</p> <p>* This is an estimate of how long the money will last. Because of fluctuations in the value of the TSP funds, the money may last for a longer or shorter period of time.</p>	<p><b>Example:</b> Jack retires at 65 with a TSP account balance of \$100,000. His wife is 60.</p> <p><b>If he chooses a joint life annuity with a 100% survivor benefit, level payments, and no additional features, he will receive:</b></p> <p>1st month:                 \$600.56 Last month:               \$600.56**</p> <p>How long annuity payments will last: Until the death of both Jack and his wife</p> <p><b>If he chooses a joint life annuity with a 100% survivor benefit, level payments, and cash refund, he will receive:</b></p> <p>1st month:                 \$594.48 Last month:               \$594.48**</p> <p>How long annuity payments will last: Until the death of both Jack and his wife (plus a refund to a beneficiary of any money remaining from the amount used to purchase the annuity)</p> <p>** Jack will continue to receive these payments in this amount even if his wife dies before he does. Once an annuity begins, one cannot change it.</p>

## IV. Special Considerations

This section describes considerations relating to certain TSP participants: vesting requirements for FERS participants; spouses' rights for married participants; required minimum distributions for participants age 70½ and older; court orders for participants with judgments against their accounts; death benefits for beneficiaries of participants; and the reporting of changes in personal information.

### Vesting Requirements

Vesting requirements apply only to FERS participants. If you are a FERS participant, you must work for the Federal Government for a certain number of years in order to be entitled to (or "vested in") the Agency Automatic (1%) Contributions in your account and the earnings on those contributions. Most FERS employees become vested in the Agency Automatic (1%) Contributions after three years of Federal civilian service. FERS employees in Congressional and certain non-career positions become vested in the Agency Automatic (1%) Contributions after completing two years of Federal civilian service. If you leave Government service before meeting the vesting requirement for your Agency Automatic (1%) Contributions, those contributions and the earnings on them will be removed from your account and forfeited to the TSP.

FERS participants are always vested in their own contributions (and the earnings on them) and the matching contributions their agencies make (and the earnings on them). If you die before leaving Government service, your entire TSP account will be vested automatically.

CSRS and uniformed services participants are always vested in all the money in their accounts.

### Spouses' Rights

The Federal Employees' Retirement System Act of 1986, which created the TSP, provides certain rights to spouses of participants. The rules pertaining to these rights vary depending on whether you choose a full withdrawal or a partial withdrawal of your account. If you are a married FERS, CSRS, or uniformed services participant (even if you are separated from your spouse), you are subject to certain spouses' rights requirements, as explained below.

#### *With Full Withdrawals*

- **If you are a married FERS or uniformed services participant with an account balance of more than \$3,500, and you are making a full withdrawal**, your spouse is entitled by law to a prescribed survivor annuity. This is the joint life annuity with a 50 percent survivor benefit, level payments, and no cash refund feature. If you choose any other withdrawal option, or any combination of options, whereby your *entire* account balance is not used to purchase the prescribed survivor annuity, your spouse must sign a statement on Form TSP-70 (TSP-U-70) waiving his or her right to that annuity. Your spouse's signature must be notarized. (See the chart on page 14.)
- **If you are a married CSRS participant with an account balance of more than \$3,500 and you are making a full withdrawal**, the TSP must notify your spouse of your withdrawal election.

#### *With Partial Withdrawals*

- **If you are a married FERS or uniformed services participant and you are making a partial withdrawal**, your spouse must give written consent to your withdrawal on Form TSP-77 (TSP-U-77), *regardless of* your account balance or the amount of your withdrawal. Your spouse's signature must be notarized.



- **If you are a married CSRS participant and you are making a partial withdrawal**, the TSP must notify your spouse of your withdrawal election, **regardless of** your account balance or the amount of your withdrawal.

### ***When Combining Two Accounts***

- **If you are a married CSRS participant combining a civilian and a uniformed services TSP account**, your spouse's rights will change when your accounts are combined. Depending on the way in which you choose to combine your accounts, your spouse could either gain additional control over withdrawals from your account by having to provide his or her signature, or have his or her rights reduced only to receiving notification of your withdrawal. CSRS participants who are moving their uniformed services accounts into their civilian accounts must receive their spouses' consent.
- FERS participants or members of the uniformed services who are combining their civilian and uniformed services TSP accounts are not affected, because spousal rights are the same for FERS and uniformed services participants. (For more information on combining accounts, see page 16, "Participants With Two Accounts.")

**Exceptions.** Under certain circumstances, as noted in the chart below, exceptions may be made to the TSP's spouses' rights requirements. The conditions under which these exceptions are granted are very strict. To obtain more information on the requirements for an exception — or apply for an exception — use Form TSP-16 (TSP-U-16), Exception to Spousal Requirements.

<b>Spouses' Rights</b>			
<b>Retirement System</b>	<b>Withdrawal Type</b>	<b>Requirement</b>	<b>Exceptions*</b>
FERS or uniformed services	Full**	Spouse is entitled to a joint life annuity with 50% survivor benefit, level payments, and no cash refund feature, unless he or she waives this right.***	Whereabouts unknown or exceptional circumstances
FERS or uniformed services	Partial	Spouse must give written consent to the withdrawal.	Whereabouts unknown or exceptional circumstances
CSRS	Full**	TSP must notify the spouse of the participant's withdrawal request.	Whereabouts unknown
CSRS	Partial	TSP must notify the spouse of the participant's withdrawal request.	Whereabouts unknown
<p>* <b>The criteria for supporting a claim on the basis of exceptional circumstances or whereabouts unknown are strict.</b> The fact that there is a separation agreement, a prenuptial agreement, a protective order, or a divorce petition does not in itself support a claim of exceptional circumstances. When requesting an exception because you do not know the whereabouts of your spouse, you will be required to provide information and documentation on efforts you have undertaken to locate him or her.</p> <p>** For full withdrawals (including mixed withdrawals), spouses' rights requirements apply only if the account balance is more than \$3,500.</p> <p>*** Unless the <b>entire</b> account balance is used to purchase the prescribed survivor annuity, the spouse must waive his or her right to that annuity.</p>			



## Court Orders

The TSP must honor a valid court order that awards all or part of a TSP account to a current or former spouse (including a separated spouse). The TSP must also honor a valid court order that enforces obligations to pay child support or alimony or to satisfy judgments for child abuse. With the exception of a required minimum distribution, your withdrawal request will not be accepted until the court order is settled. If the TSP determines that an order is valid and applies to the TSP account from which you have requested a withdrawal, the TSP will comply with the order before processing your withdrawal.

For more information about court orders, obtain the booklet *Court Orders and Powers of Attorney* and the TSP tax notice "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders."

## Death Benefits

You may designate beneficiaries to receive your TSP account in the event of your death. Use Form TSP-3 (TSP-U-3), Designation of Beneficiary. If you leave an open TSP account when you die and you did not designate beneficiaries for that account, the account will be distributed according to the statutory order of precedence. **A will is not valid for the disposition of your TSP account.** See the booklet *TSP Death Benefits* for more information.

## IRS Rules that Affect Separated Participants Who Are 70½ or Older

The Internal Revenue Code requires that you receive a portion of your TSP account (your "**required minimum distribution**") beginning in the calendar year when you become age 70½ **and** are separated from service. If you do not withdraw your account balance or begin receiving payments from your account, the TSP is required to make the required distribution to you by April 1 of the following year. If you separate after age 70½, your account will immediately be subject to the IRS minimum distribution requirements.

If you are receiving a series of monthly payments from your TSP account when you turn 70½, you will be subject to the IRS minimum distribution requirement, and your monthly payments will be used to satisfy that requirement. (If the total amount of your monthly payments does not satisfy the requirement, the TSP will issue a supplemental payment for the remaining amount in December.)

If you do not make a full withdrawal of your account before you turn 70½, you may make a partial withdrawal through December of the year in which you turn 70½. However, you must select a withdrawal option for the balance of your account before April 1 of the following year. Your partial withdrawal will be subject to the IRS required minimum distribution rules.

The minimum distribution payment cannot be transferred or rolled over. This means that if you withdraw your account in a single payment or monthly payments in a year to which the required minimum distribution applies, you cannot transfer the entire payment(s) to an IRA or an eligible employer plan. Instead, before transferring any money, the TSP will calculate your required minimum distribution amount and mail it directly to you (or, if applicable, to the savings or checking account designated to receive your direct deposit).

The TSP calculates minimum distributions based on your account balance and your age, using the IRS Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2. For detailed rules regarding minimum distributions, see the TSP tax notice "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions."

**Note:** If you do not withdraw (or begin to withdraw) your account by the TSP withdrawal deadline, your IRS required minimum distribution for the prior year will be sent to your last address of record. (See page 1, “Limitations on Leaving Your Money in the TSP.”)

## Participants With Two Accounts

Some TSP participants (e.g., members of the Ready Reserve) may have two separate TSP accounts — a Federal civilian account and a uniformed services account. If you are one of these participants and you separate from either Federal civilian employment or the uniformed services, you may withdraw only the TSP account related to the type of employment from which you are separating.

Once you have separated, you will also have the option of combining your two accounts into one, provided you are not receiving monthly payments from the account into which you are combining your money. However, you can only combine the account related to your separation into your other TSP account. For example, if you separated from the uniformed services, you can transfer your uniformed services account into your civilian account. If you have separated from both Federal civilian employment and the uniformed services, you can choose which account you want to keep and combine the other one with it. To combine uniformed services and civilian TSP accounts, use Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts.

**Note:** If your uniformed services TSP account includes a tax-exempt balance, that balance cannot be transferred into your civilian TSP account. Therefore, you will need to either withdraw your tax-exempt money separately or retain your uniformed services account to hold your tax-exempt money until you withdraw it. If you leave your tax-exempt money in your uniformed services account, it will continue to accrue tax-deferred earnings until you withdraw it.

## Reporting Changes in Personal Information

Until your TSP account is completely withdrawn, you must keep the TSP informed of any changes in your mailing address and other personal information maintained by the TSP. Otherwise, you may not receive your participant statements and other important mailings, including checks. You should also inform the TSP of any address change through the January following the year your account is closed, so that you will receive tax reporting information about your withdrawal.

Before you separate, **your agency or service** is responsible for updating your personal information for your TSP account. After separating, **you** must report changes to your personal information directly to the TSP. After separating, you can make an address change through the TSP Web site (You will need your Social Security number (SSN)\* and Web password). Or you may complete the applicable form and send it to the TSP, as follows:

- To change your address after separating from service, submit Form TSP-9 (TSP-U-9), Change of Address for Separated Participant.
- To change your name after separating from service, submit Form TSP-15 or (TSP-U-15), Change in Name for Separated Participant.

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\* Beginning in mid-2007, all TSP participants will be issued account numbers. Once you have an account number, you will need to use it instead of your SSN to access your account on the Web.

After separating from service, you can also report a change of address by writing to the TSP. Your dated and signed letter must contain your SSN and your date of birth, which will be used to identify your account. Your letter should also state whether you are reporting a change of address for a civilian or a uniformed services TSP account.

If you have both a civilian and a uniformed services TSP account, you must submit a separate request to change your address or name for each account (e.g., if you are separated from both civilian employment and the uniformed services, submit a civilian form to change your address for your civilian TSP account, and also submit a separate uniformed services form if the change of address also applies to your uniformed services TSP account). Alternatively, you can access each account separately on the TSP Web site and make the changes there. If you are still employed by either the Federal Government or the uniformed services, the agency or service you are still working for must change your address for the applicable account.

**Note:** If you submit post-employment withdrawal forms, your new address on the forms will automatically update your TSP account information.

## Glossary of Terms

**Agency Automatic (1%) Contributions** — Contributions equal to 1% of basic pay each pay period, contributed to a FERS participant's TSP account by his or her agency. New FERS employees must satisfy a waiting period before they become eligible for these contributions.

**Annuity** — A payment paid to the participant (or to the participant's survivor if the participant elects a joint annuity) each month. Payments continue as long as the participant (or his or her survivor) is alive.

**Civil Service Retirement System (CSRS)** — The retirement system for Federal civilian employees who were hired before January 1, 1984. CSRS refers to the Civil Service Retirement System, including CSRS Offset, the Foreign Service Retirement and Disability System, and other equivalent Government retirement plans.

**Contribution Allocation** — A participant's choice that tells the TSP how contributions, transfers, and loan payments that are going into his or her account should be invested among the TSP funds.

**Designation of Beneficiary** — The participant's formal indication of who should receive the money in his or her account in case of his or her death. Participants must use the TSP Designation of Beneficiary form (TSP-3, or TSP-U-3 for members of the uniformed services).

**Eligible Employer Plan** — A plan qualified under Internal Revenue Code (I.R.C.) § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; an I.R.C. § 403(a) annuity plan; an I.R.C. § 403(b) tax-sheltered annuity; and an eligible I.R.C. § 457(b) plan maintained by a governmental employer.

**Federal Employees' Retirement System (FERS)** — The retirement system for Federal civilian employees who were hired on or after January 1, 1984. FERS refers to the Federal Employees' Retirement System, the Foreign Service

Pension System, and other equivalent Government retirement plans.

**Full Withdrawal** — A post-separation withdrawal of a participant's entire TSP account through an annuity, a single payment, or monthly payments (or a combination of these three options).

**Inflation Risk** — The possibility that the value of assets will decrease as inflation shrinks the value of the dollar.

**In-Service Withdrawal** — A disbursement from a participant's account which is available only to participants who are still employed by the Federal Government (or the uniformed services).

**Interfund Transfer** — The choice made by a participant to reallocate his or her existing account balance among the available TSP investment funds.

**IRA** — As used in this booklet, a traditional individual retirement account described in § 408(a) of the Internal Revenue Code (I.R.C.), or an individual retirement annuity described in I.R.C. § 408(b), into which a TSP participant can transfer money from his or her TSP account. (It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).) Beginning in 2008, participants may also be able to transfer money from their TSP accounts into a Roth IRA.

**IRS Life Expectancy Tables** — IRS Single Life Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 1, is used to calculate monthly payments based on life expectancy for participants who are under age 70 after June 30 of the calendar year in which the calculation is made. For participants who turn age 70 before July 1 of that year, the Uniform Lifetime Table, Treas. Reg. § 1.401(a)(9)-9, Q&A 2, is used.

**Market Risk** — The risk of a decline in the market value of stocks or bonds.

**Mixed Withdrawal** — A post-employment withdrawal of a participant's entire account through any combination of the following: an annuity, a single payment, or monthly payments.

**Monthly Payments** — Payments that the participant elects to receive each month from his or her TSP account after separating from service.

**Partial Withdrawal** — A one-time post-employment distribution of part of a participant's account balance. A partial withdrawal is participant-elected and is distributed in a single payment.

**Participant Statement** — A statement that is furnished to a TSP participant after the end of each calendar quarter. It shows his or her account balance (in both dollars and shares) and the transactions in his or her account during the quarter.

**Password** — A secret 8-character code made up of letters and numbers that a TSP participant uses whenever accessing his or her account through the TSP Web site. For new participants, the initial password is computer-generated and is sent to the participant shortly after his or her first contribution is received by the TSP.

**Personal Identification Number (PIN)** — A 4-digit number that a TSP participant must use to access his or her TSP account on the ThriftLine. For new participants, the initial PIN is computer-generated and is sent to the participant shortly after his or her first contribution is received by the TSP.

**Post-Separation Withdrawal** — A distribution from a participant's account which is available only to participants who have left Federal service or the uniformed services. Sometimes referred to as a "post-employment" withdrawal. (See also "Withdrawal.")

**Required Minimum Distribution** — The amount of money, based on a participant's age and previous year's TSP account balance, that the IRS requires be distributed to a TSP participant

each year, beginning in the year he or she has reached age 70½ **and** is separated from service.

**Single Payment** — A payment made at one time. Sometimes referred to as a "lump sum."

**Tax-Exempt Contributions** — Contributions of money that will never be taxed. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

**ThriftLine** — The TSP's automated voice response system. It provides general news about the TSP and allows participants to access certain account information and perform some transactions over the telephone. You also use the ThriftLine to contact the TSP's Participant Service Representatives.

**Uniformed Services** — Uniformed members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration serving on active duty, and members of the Ready Reserve or National Guard of those services in any pay status.

**Vesting** — The time in service that a FERS participant must have completed upon separation from service in order to be entitled to keep Agency Automatic (1%) Contributions and associated earnings. A participant is vested in (entitled to keep) the Agency Automatic (1%) Contribution in his or her account after completing 3 years of Federal service (2 years for most FERS employees in Congressional and certain noncareer positions).

**Withdrawal** — A general term for a distribution that a participant requests from his or her account. (Includes in-service withdrawals and post-separation withdrawals.)

## TSP Forms and Materials for Separated Participants

You can obtain the following items from the TSP Web site. Also, if you are still employed as a Federal civilian employee, you can obtain them from your agency personnel office; if you are a member of the uniformed services, you can obtain them from your service TSP representative. After you separate, you can obtain them from the TSP.

Forms for civilian TSP participants are identified by the prefix "TSP-" followed by the form number. Forms related to uniformed services TSP accounts are identified by the prefix "TSP-U-" before the form number. The only exception is Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts.

### To withdraw your account —

- Form TSP-70 (TSP-U-70), Request for Full Withdrawal
- Form TSP-77 (TSP-U-77), Request for Partial Withdrawal When Separated
- Form TSP-16 (TSP-U-16), Exception to Spousal Requirements
- Booklet: *Withdrawing Your TSP Account After Leaving Federal Service*
- Tax Notice: "Important Tax Information About Payments From Your TSP Account"

### To keep your account information up to date —

- Form TSP-3 (TSP-U-3), Designation of Beneficiary
- Form TSP-9 (TSP-U-9), Change of Address for Separated Participant
- Form TSP-15 (TSP-U-15), Change in Name for Separated Participant

### To make interfund transfers in your account —

- Form TSP-50 (TSP-U-50), Investment Allocation (available only from your agency personnel office and the TSP)

### For beneficiaries to receive your account —

- Form TSP-17 (TSP-U-17), Information Relating to Deceased Participant
- Tax Notice: "Important Tax Information About Thrift Savings Plan Death Benefit Payments"

### To combine your civilian and uniformed services TSP accounts —

- Form TSP-65, Request to Combine Uniformed Services and Civilian TSP Accounts

### Other materials —

- Form TSP-60 (TSP-U-60), Request for a Transfer Into the TSP
- Form TSP-73 (TSP-U-73), Change in Monthly Payments
- Tax Notice: "Tax Information for TSP Participants Who Request Changes in Monthly Payments"
- Tax Notice: "Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions"
- Tax Notice: "Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders"
- Booklet: *Court Orders and Powers of Attorney*
- Booklet: *TSP Death Benefits*

### Electronic resources —

- The **TSP Web site** ([www.tsp.gov](http://www.tsp.gov)) has the most current TSP information, including the latest interest rate index for annuities, forms and publications, and several calculators, including calculators that help you estimate annuity payments and monthly withdrawal payments. You can also initiate, and, in some cases, complete, your withdrawal on line.
- The **ThriftLine** (1-877-968-3778; TDD: 1-877-847-4385) is an automated telephone service for participants that provides current account information 24 hours a day, 7 days a week. After you have requested a withdrawal from your TSP account, you can call the ThriftLine on a touch-tone phone to find out if your withdrawal is ready to be paid out or if payment has already been made.

*Federal Retirement Thrift Investment Board*

# **REFERENCES RELATED TO RETIREMENT**



## MEDICARE

### Replacement Medicare Cards

Replacement Medicare cards can be obtained through the Social Security Administration Web site, [www.ssa.gov](http://www.ssa.gov), or by calling (800) 772-1213. Make sure you have your Medicare number ready. You should receive your new card in about four weeks.

### Change of Address

If you need to change your address, call the Social Security Administration at (800) 772-1213, or call your local Social Security office.

### Online Services

Medicare maintains a Web site at [www.medicare.gov](http://www.medicare.gov) containing general information on the program. Online services include:

- Medicare Health Plan Compare, which helps you obtain detailed information on Medicare's health plan options, including comparisons of cost and benefits covered, quality of the plans in keeping members healthy or treating them when sick, and information on people leaving managed care plans;
- Medigap Compare, which helps you locate supplemental insurance policies to cover expenses not paid by Medicare. It also gives you information on how to contact the insurance companies;
- Guide to Health Insurance for People with Medicare, which links you to an information guide to help beneficiaries with purchasing Medigap supplemental insurance, using Medigap supplemental insurance and other kinds of health insurance;

- Search and Compare, which allows you to search for information on health plans, nursing homes, dialysis facilities, Medigap policies, contacts, Medicare activities, participating physicians, and prescription drug assistance programs in your area; and
- Other features including a comparison site for dialysis facilities, information on programs that offer free prescription drugs or assistance with prescription drugs, listings of participating physicians, and other services.

### Publications

To obtain booklets on Medicare, call (800) 633-4227 or go to [www.medicare.gov](http://www.medicare.gov) and click on "publications," where you can read or print out information. Publications include, among others:

- Medicare & You
- Medicare Home Health Care Services
- Medicare Hospice Benefits
- Medicare Preventive Services
- Health Plan Comparison Information (with quality data)
- Understanding Your Medicare Choices
- Do You Need Help to Pay Health Care Costs?
- Does Your Doctor or Supplier Accept Assignment?
- Medicare and Other Health Benefits: Your Guide to Who Pays First

## SOCIAL SECURITY

### The Social Security/Medicare Handbook for Federal Employees & Retirees / 63

### SSA Publications

SSA and the Centers for Medicare and Medicaid Services (Medicare) produce various publications and factsheets that you may find helpful:

- Retirement Benefits (Publication No. 05-10035)—a guide to Social Security retirement benefits;
- Disability Benefits (Publication No. 05-10029)—a guide to Social Security disability benefits;
- Survivors Benefits (Publication No. 05-10084)—a guide to Social Security survivors benefits;

- Medicare (Publication No. 05-10043)—a guide to the Medicare program;
- Supplemental Security Income (Publication No. 05-11000)—a guide to the Supplemental Security Income program; and
- Benefits for Children with Disabilities (Publication No. 05-10026)—an overview of benefits available to children.

These and other publications can be obtained at any Social Security office or by calling toll-free, 1-800-772-1213, 24 hours a day, or on the Internet at [www.ssa.gov](http://www.ssa.gov).

# The Human Resources Shared Services Center (HRSSC)



By Mary Bence

Gone are the days when you reached your magic number of years of service and age that you could call your local postmaster and tell him or her that you had retired. In the age of Human Resources Shared Services Center (HRSSC) you need to plan in advance to have a smooth transition into retirement. HRSSC has replaced your local personnel office for many of the items that personnel handled in the past. So keep your employee ID number and USPS PIN number handy, you are going to need them. Here are some general questions and answers about HRSSC:

**Who is responsible for processing retirement and separation actions?**

The HRSSC is responsible for responding to employee inquiries and processing all transactions associated with retirement and separation actions. The staff is composed of specialists with extensive human resources and personnel processing experience. The HRSSC is located in Greensboro, NC.

**Do I still contact my local personnel office if I have a retirement or separation question?**

Not any more. If you cannot find your answer on LiteBlue (<http://liteblue.usps.gov>) or by telephone using the Interactive Voice Response (IVR) system (1-877-477-3273, menu option 5), a specialist at the HRSSC can answer any retirement or separation questions you may have.

**Is there any way to see what my annuity (pension) will be when I retire next year?**

Yes. You can contact the HRSSC by calling 1-877-477-3273 and selecting option 5. The HRSSC will request your annuity estimate based on the retirement effective date you choose and mail your estimate to your address shown in our personnel records. The annuity estimate provided by the HRSSC is only an estimate. The actual amount of your annuity (pension) will be determined by the U.S. Office of Personnel Management (OPM).

**I am eligible for optional retirement and would like to retire in the near future. How much notice should I give the HRSSC before the date I wish to retire?**

Employees who wish to retire are encouraged to notify the HRSSC at least six to eight weeks prior to the date they wish to retire. Generally, this gives the HRSSC sufficient time to process an employee's retirement application and allow OPM to finalize the application. For most employees, this avoids potential delays in receiving their annuity (pension) payments.

**When I elect to retire will I have to complete my retirement application online?**

No. The HRSSC will mail all the necessary forms and informational brochures directly to your address shown in your personnel records. The HRSSC will assist you in completing your application during the retirement counseling session and answer any questions you may have throughout the process.

**Who will I deal with at the HRSSC when I call to file my retirement application?**

THE HRSSC is staffed with retirement specialists who have been thoroughly trained. Once you

initiate your retirement you will be assigned to a retirement specialist who will oversee the processing of your retirement application and provide retirement counseling. In addition to your designated retirement specialist, other specialists at the HRSSC will be able to respond to any questions you may have as your retirement application is being processed.

**Can the HRSSC provide information concerning how much service I have for retirement purposes?**

Yes. The HRSSC will mail a copy of your creditable service record including service with the Postal Service, another federal agency as well as any creditable military service you may have. If appropriate the HRSSC will also identify any civilian or military service that may require a deposit and/or redeposit. HRSSC will mail you a package of necessary forms and informational brochures to help you make an informed decision about whether to make such a deposit and/or redeposit.

## EMA increase

Effective September 30, 2006, the equipment maintenance allowance (EMA) increased from 52 cents per mile to 52.5 cents per mile, or a minimum of \$21 per day, whichever is greater.

Employees providing auxiliary assistance of serving auxiliary routes will receive EMA of 52.5 cents per mile or \$5.85 per hour, whichever is greater.

# 10 worst mistakes federal employees and retirees make

*Submitted by Carl Burton from the National Active and Retired Federal Employees (NARFE) organization*

## 1. Waiving a survivor benefit for a spouse with an income or retirement plan.

In the event of your death, all your bills don't die with you, joint expenses continue for your spouse. Electing for a survivor benefit allows your spouse to live uninterrupted, in the style to which he/she has become accustomed.

## 2. Migrating before calculating.

Moving before you have examined all the pros and cons of relocating to a new location can be an expensive mistake. Thoroughly assess and compare the financial, emotional, cultural, medical, proximity to family, and other considerations to prevent an expensive mistake.

## 3. Forgetting to consider your significant other or your own interests.

Your partner may not be eligible to retire or may never retire from being a homemaker. After 20-30 years, your partner may not want you around the house all day. In addition, you may not be ready to relax and want to invest your energy elsewhere. Plan your retirement. Whether it's volunteer work, projects, continuing education, or employment, everyone needs a reason to get up and get going every morning.

## 4. Ignoring your change in insurance needs upon retirement.

The Federal Employees' Group Life Insurance Programs (options A, B, and C) increase in monthly premiums by nearly 50 percent at age 55 and 60. Many retirees who maintain the same coverage they had as employees are overpaying. Examine your needs to determine what purpose life insurance serves in your specific situation.

Consider Long Term Care Insurance before you retire when the requirements are less restrictive. If you are able to drop or reduce your life insurance, more premium money would be available for Long Term Care Insurance.

## 5. Expecting to receive a full Social Security retirement.

The Windfall Elimination Provision (WEP) can reduce the earned Social Security benefits of a federal worker who retires after 1985 up to 60 percent. Under the Government Pension Offset (GPO), spouses could lose all of their survivor Social Security benefits. To prepare for this hit, educate your retirement budget accordingly, and work to repeal these laws.

## 6. Neglecting to elect a survivor benefit when you retire.

Electing a survivor benefit for a spouse at retirement or upon marriage (remarriage) after retirement will entitle a surviving spouse federal health benefits. Recent retirees can (within 18 months) elect a survivor benefit; however post-retirement elections are very costly. Survivor benefits for a post retirement marriage must be elected within two years of the marriage. The survivor can pay Federal Employees' Health Benefit (FEHB) premiums directly if the survivor annuity does not cover the premiums.

## 7. Failing to have five years of FEHB coverage before retirement.

A federal employee covered by a spouse's private sector health plan who opts not to enroll in FEHB while employed or is not enrolled for five years cannot enroll in FEHB as a retiree. To preserve this valuable benefit, enroll in the least expensive self-

only FEHB plan for at least five years before retirement in order to continue FEHB into retirement and maintain the opportunity to change to family coverage at open season.

## 8. Losing your FEHB coverage for your spouse when he/she has a non-federal health plan.

If you elect a self-only FEHB enrollment, your spouse will not be able to retain that coverage in the event of your death. As a federal retiree, you must not only elect a survivor benefit but also have a family enrollment in effect at the time of death.

## 9. Choosing the wrong health care options for a two-person federally-employed family.

Choosing between two self-only or a family enrollment is an important decision with financial implications. Each family has its unique situation that will determine what type of enrollment is best. In some cases, two federal retirees should opt for the family plan while families with one federal employee still working can choose two self-only enrollments.

## 10. Failing to join an organization that represents your interests.

NARFE has over 80 years of experience on Capitol Hill in federal retirement matters. Our Retirement Benefits staff has 90 years of experience in retirement and insurance at the Office of Personnel Management. NARFE's monthly *Retirement Life* magazine provides members with the latest news on issues that affect their income and benefit security. NARFE needs you to grass-roots lobby with your own congressional representatives. NARFE needs your membership to be effective on Capitol Hill where we fight for you.