



TSA Office of
**Human
Capital**

People • Service • Excellence

*Federal Employee's Retirement System (FERS)
Retirement Seminar*

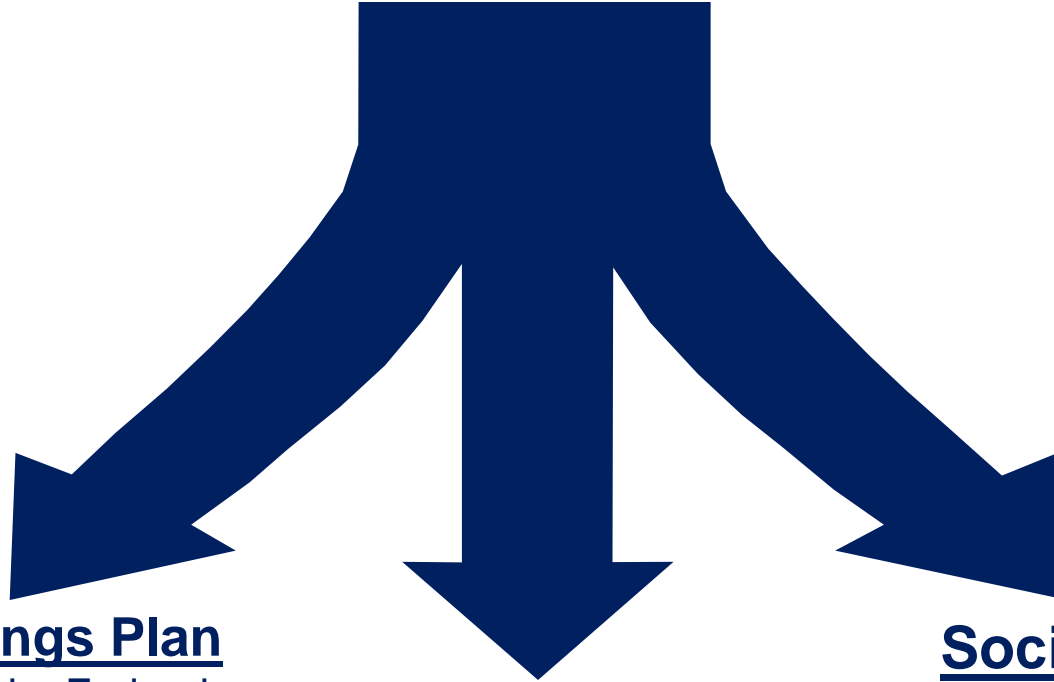
Learning Objectives

- Eligibility for Retirement
- Creditable Service
- Calculating Your Annuity
- Disability Retirement
- Cost of Living Adjustments
- Survivor Elections
- Tax Information
- Death Benefits
- Thrift Savings Plan
- Health Insurance and Medicare
- Life Insurance
- Other Benefits
- Social Security



Federal Employees Retirement System (FERS)

3 – Tiered Pension Plan



Thrift Savings Plan

administered by Federal Retirement Thrift Investment Board

Basic Benefit (FERS)

administered by Office of Personnel Management (OPM)

Social Security

administered by Social Security Administration (SSA)



Retirement Costs



0.80% FERS Basic

6.20% FICA (Soc. Sec.)

7.00% of PAY

Note: Law Enforcement Officers (LEO) pay an additional .5% to the Retirement Fund.



Minimum Requirements for Immediate Retirement

- 5 years of Federal Civilian Service (Vested)
- Serving in a position covered under FERS at retirement
- Meet age and service requirements for respective retirement



FERS Eligibility Requirements

Type of Retirement	Age	Minimum Years of Service	Special Notes
Regular/ Voluntary Retirement	MRA	30	n/a
	MRA	10	If you retire with at least 10 but less than 30 years of service, your benefit will be reduced by 5% for each year under age 62, unless you have 20 years of service and your benefit starts when you reach age 60 or later.
	60	20	n/a
	62	05	n/a
Early Retirement	50	20	Voluntary Early Retirement Authority (VERA) granted by OPM for a specific period of time.
	ANY	25	
Discontinued Service	50	20	Major Reorganization; transfer of function; reduction in force
	ANY	25	
Disability	ANY	18 months of civilian federal service	Disability is expected to last one year or more.
Deferred	62	5 years of civilian federal service	Must have left retirement contributions in the fund. Not eligible for FERS annuity supplement, FEHB or FEGLI.

Law Enforcement Eligibility Requirements

Type of Retirement	Age	Minimum Years of Service	Special Notes
Regular/ Voluntary Retirement	50	20	For Law Enforcement Officers (LEO) Only
	ANY	25	For Law Enforcement Officers (LEO) Only. Applies <u>only</u> to employees covered under FERS.
Mandatory	57	20	For Law Enforcement Officers (LEO) Only

Years of service must be covered under LEO special provisions



FERS Eligibility Requirements

Minimum Retirement Age (MRA)

If you were born:

Your MRA is:

Before 1948

55 years

1948

55 years, and 2 months

1949

55 years, and 4 months

1950

55 years, and 6 months

1951

55 years, and 8 months

1952

55 years, and 10 months

1953 to 1964

56 years

1965

56 years, and 2 months

1966

56 years, and 4 months

1967

56 years, and 6 months

1968

56 years, and 8 months

1969

56 years, and 10 months

After 1969

57 years

Leaving Before Being Eligible for an Immediate Annuity

Options:

- Leave contributions in Retirement Fund.
- Receive Refund of FERS contributions.
 - You will FORFEIT service. A FERS refund cannot be bought back.
- Vested after 5 years of Federal Civilian Service
 - Apply for Deferred Annuity at age 62;
 - Alternatively if you have 10 years creditable service, you can receive a deferred annuity at your MRA.
 - If you retire with at least 10 but less than 30 years of service, your benefit will be reduced by 5% for each year under age 62, unless you have 20 years of service and your benefit starts when you reach age 60 or later.

Creditable Civilian and Military Service



Creditable Civilian Service for Retirement

- All service covered by employee retirement contributions or a deposit.
- Refunded FERS service cannot be repaid and is not creditable.
- Full Time: Receive full credit for all time elapsing between the date of appointment and date of separation.
- Part Time Work Schedule: Full time credit for eligibility. Service performed on/after 04/07/1986 is prorated only for computation purposes.



Creditable Civilian Service for Retirement

- Deposit (Nondeduction) Service: Fully creditable if performed prior to 01/01/1989 and deposit is made prior to retirement. No credit if performed on or after 01/01/1989.
- Leave Without Pay: Credit is given for all Leave Without Pay (LWOP) up to six months in a calendar year (no deposit required).
- Leave Without Pay – Workers’ Compensation (OWCP): All time while receiving OWCP benefits is fully creditable as long as the employee is eventually restored to Federal employment (no deposit required).
- Leave Without Pay – Uniformed Services: Under FERS all post-1956 military service must be covered by a deposit to receive credit under FERS rules.

FERS Military Service Deposits

- Military service will not be credited under FERS unless a military service deposit is **made before retirement**.
- A deposit of **3%** of base pay received during periods of active military service, plus Interest. (3.25% of base pay in 1999, and 3.40% of base pay in 2000)

INTEREST:

- The earliest that interest begins to accrue is 01/01/1989 or 2 years from the first date of Federal civilian employment, applied or posted on 3rd year anniversary.
- If deposit is not paid in full before 3rd year anniversary, interest is charged retroactive to first interest accrual date (IAD) - 2 years from the initial appointment date.



Creditable Military Service

General Information:

- Active duty to discharge date (DD-214)
- Active duty in Reserves
- National Guard - No credit unless ordered to active duty by the President (Title 10) or interrupted creditable civilian service followed by restoration.

Law Enforcement Officers:

- Generally cannot be credited under special provisions for LEO and cannot be used to meet the 20 year LEO minimum service requirement.
 - Exception: Called to active duty while in a covered position and returns to covered position.
- Military service gets tacked on to the end and computed using the general retirement formula.

Impact of Military Retirement Pay

With few exceptions, receipt of military retired pay means that no military service can be credited towards retirement eligibility or used for the computation of your annuity unless your Military retired pay is waived.



Deciding Whether To Waive Military Retirement Pay

Type of Military Retired Pay	Choices	Effect on Annuity
<p>Awarded on account of service-connected disability which was:</p> <ol style="list-style-type: none"> 1. Incurred in combat with an enemy of the United States; or 2. Caused by an instrumentality of war and incurred in the line of duty during a period of war 		<p>The years of military service will be used in computing FERS annuity if deposit is paid. A waiver of military retired pay is not required.</p>
<p>Awarded under provisions of sections 12731 through 12739 of chapter 1223, title 10, U.S. Code which grants retired pay to members of reserve components who meet age and service requirements. Generally occurs at age 60 and retired pay is based on active and inactive service.</p>		<p>The years of military service will be used in computing FERS annuity if deposit is paid. Are only eligible to make a deposit for periods of active service. A waiver of military retired pay is not required.</p>
<p>Other types of military retired pay</p>	<p>Waiving military retired pay</p>	<p>All creditable military service will be used in computing FERS annuity if deposit is paid.</p>
	<p>Not waiving military retired pay</p>	<p>Any military service used to compute military retired pay will not be used to compute the FERS annuity.</p>

Procedures for Making a Military Service Deposit

1. Complete the RI 20-97, Estimated Earnings During Military Service, attach the corresponding DD 214(s) and send to the appropriate military finance center.
2. When you receive your completed RI 20-97 back from the military finance center, forward the document along with the corresponding DD 214(s) to the HRAccess Shared Service Center.
3. The Shared Service Center will calculate the amount of your military service deposit and send you a decision packet.
4. Review the packet and determine how you would like to pay the service deposit (payroll deductions or a lump sum payment).
5. Follow the directions in the packet and return the paperwork to the Shared Service Center for processing.

Calculating Your Annuity



Elements Used in Annuity Computation

**HIGH 3
AVERAGE
SALARY**

**LENGTH
OF
SERVICE**

FORMULA

**RETIREMENT
ANNUITY**



Understanding High-3 Average Salary

Highest Average of Annual Basic Pay computed over any consecutive three year period (usually last 36 months of service).

- Basic Pay includes:
 - Locality Pay
 - LEAP (Law Enforcement Officers only)
- Basic Pay does NOT include:
 - Bonuses
 - Overtime
 - Special pay allowances
 - Sunday differential
 - Overseas post differential pay
 - Non-foreign cost-of-living paid to employees who work in Alaska, Hawaii, Puerto Rico, Guam and Virgin Islands.

FERS Annuity Formula

Basic formula used to calculate a FERS annuity:

- $1\% \times \text{years and months of service} \times \text{high-3 average salary}$

If age 62 with 20 or more years of service the formula is:

- $1.1\% \times \text{years and months of service} \times \text{high-3 average salary}$

No credit for sick leave under FERS.

No credit for military service unless deposit paid.

Scenario:

- Billy Bob is age 62 and he would like to retire from TSA in 3 months.
- Billy Bob will have completed 10 years of service in 3 months and his high-3 average salary is \$45,000.

What is Billy Bob's estimated gross annual FERS annuity?

$$1\% \times \$45,000 \text{ (high-3 salary)} = \$450.00$$

$$\$450.00 \times 10 \text{ years} = \$4,500.00 \text{ annual gross annuity}$$

Note: If you have civilian service performed before the effective date of your FERS coverage this service will be computed under CSRS rules

FERS Annuity Formula

Law Enforcement Officers

Basic formula used to calculate a FERS LEO annuity:

- $1.7\% \times 20$ years of LEO service \times high-3 average salary; plus
- $1.0\% \times$ years and months of service over 20 years \times high-3 average salary

No credit for sick leave under FERS.

No credit for military service unless deposit paid.

Scenario:

- Billy Bob will be age 57 in 3 months and is being mandatorily separated.
- Billy Bob will have completed 21 years of service in 3 months and his high-3 average salary is \$75,000.

What is Billy Bob's estimated gross annual FERS LEO annuity?

$$1.7\% \times \$75,000 \times 20 \text{ years} = \$25,500$$

$$1.0\% \times \$75,000 \times 1 \text{ year} = \$750.00 + \$25,500 = \$26,250$$

Note: If you have civilian service performed before the effective date of your FERS coverage this service will be computed under CSRS rules


FERS Annuity Commencing Date

For Optional Retirement: Annuity begins on the 1st day of the month following the effective date of retirement.

Target: Choose last day of a month as retirement effective date.



FERS Annuity Supplement



Purpose: Supplements FERS basic annuity until age 62. It provides a level of income before age 62 similar to what the retiree will receive at age 62 as part of their Social Security benefit.

Basis: Based only on full calendar years of creditable FERS service.

Earnings Test: Supplement is tested for earnings above the exempt amount (\$14,160 in 2009). Reduced \$1 for every \$2 earned over the exempt amount. **Note:** Supplement for Law Enforcement Officers is not subject to earnings test until MRA (age 55 – 57) is reached.

Payable: Until the retiree reaches age 62.

COLAs: Not indexed for inflation (No COLA).

Surviving Spouse: Receives only if ineligible for Social Security survivor benefits. Supplement stops at age 60.

FERS Annuity Supplement Eligibility

Employees who are not eligible for the FERS Annuity Supplement are:

- Employees who retire under disability
- Employees retiring under the MRA + 10 Provision
- Employees who are eligible only for a Deferred Annuity
- Employees retiring at age 62 or later



FERS Annuity Supplement Formula

Monthly Benefit: Approximately \$25 - \$35 per month for each full calendar year covered under FERS

Example:

- An employee is eligible to receive \$1,000 from Social Security at age 62. They have a total of 30 full years of FERS service.
- Formula used to estimate the amount of Annuity Supplement:

$$\text{Social Security Payment} \times \frac{\text{Years of FERS Service}}{40}$$

$$\$1,000 \times \frac{30}{40} = \$750$$

The employee will receive an additional \$750 a month until they turn age 62.





Disability Retirement



Disability Retirement

OPM's Definition for FERS Disability:

- Unable to perform duties of current position
- Unable to perform duties of a vacant position with duties similar to current position.
 - At the same pay band level
 - For which minimally qualified
 - In your commuting area

Applying for Disability Retirement:

- Have at least 18 months of civilian service
- Medical evidence showing disability will last at least 12 months of longer
- If approved, annuity commences the first day that LWOP began or the day after approval notice, whichever is first.

Calculating FERS Disability Benefits

Year 1:

60% of High-3 salary minus 100% social security benefit

Year 2:

40% of High-3 salary minus 60% of any social security benefit

At Age 62 – the Lesser of:

Disability benefit **OR** annuity benefit computed as if you had worked until age 62

- Receive Cost of Living Adjustments (COLAs)
- Provide for Survivor Annuity if Married
- Can continue FEHB & FEGLI coverage



Cost of Living Adjustments (COLAs)



Cost of Living Adjustments (FERS)

Cost of Living Adjustments (COLAs) increase the amount of your monthly annuity. Only payable to retirees at age 62* or older.

- Effective date of increase: December 1 of each year
- Initial COLA: Retirees will get 1/12 of the applicable COLA increase for each month they were an annuitant before December 1 not to exceed 12 months. To get the full COLA, a retiree's annuity must have commenced no later than December 31.
- Amount of COLA: tied to the increase in the Consumer Price Index (CPI) during the year preceding the COLA under the following schedule:

Change in CPI	% of COLA
0%	None
2% or less	Same % as CPI Increase
2% to 3%	2%
3% or more	Change in CPI minus 1%

*COLAs are payable to following groups of individuals prior to age 62: disability annuitants, employees who retire under law enforcement provisions and spouses who qualify for a monthly survivor annuity.



Survivor Elections



Survivor Elections – Current Spouse

*Married employees may elect at retirement:

- Full survivor annuity for current spouse (maximum 50% of full annuity).
- Less than full annuity (partial – 25% of annuity base) with consent of spouse.
- No survivor annuity with consent of spouse.
- “Insurable Interest”: survivor annuity for current spouse if a survivor annuity has been awarded by a qualifying court order to a former spouse, or to provide for someone else.
- Combination current/former spouse annuity with consent of current spouse.

*Survivors are eligible to receive an annuity if they have been married at least 9 months, are the natural parent of your child, or death was accidental.

Survivor Elections – Former Spouse

To provide a former spouse survivor annuity, you must have been ordered by the Court or elected by you and:

- Have been married at least 9 months.
- Have performed at least 18 months of creditable service in a position covered by retirement deductions.

The annuity is computed the same way as a current spouse survivor annuity. OPM must receive a certified copy of your court order, showing original seal and stamp of the court to:

U.S. Office of Personnel Management
Court Ordered Benefits Branch
P. O. Box 17
Washington, DC 20044




Survivor Benefit – Insurable Interest Annuity

- **Insurable Interest:** Person who may reasonably expect to derive some financial benefit from the continued life of the Retiree.
- Elected by single or married employee in good health
 - Physical Exam Required
 - Disability Annuitants are not eligible
- **Insurable Interest presumed for:**
 - Current Spouse or Former Spouse
 - Blood or adoptive relative closer than 1st cousin
 - Engaged to be married
 - “Common Law” Spouse
 - Otherwise need Affidavits describing relationship
- **Amount of Benefit:** 55% of Reduced Annuity
- **Benefit Commences:** Day after Retiree’s death
- **Terminates:** Upon Death of the named survivor



Survivor Elections Available to Unmarried Employees

- 
- No survivor benefit
 - Insurable interest survivor annuity
 - Full or Partial survivor annuity for former spouse
 - Combination insurable interest/former spouse survivor annuity

Note: If you marry after retirement, you may elect, within 2 years after the marriage, a reduced annuity to provide a current spouse survivor benefit. The reduction in your annuity is effective no earlier than the first of the month beginning 9 months after the date of marriage. There will be a permanent reduction in your annuity.





Tax Information



Federal Tax Information

- Retirement benefits are subject to Federal income tax.
- Federal income tax has already been paid on retirement contributions.
 - Entitled to receive an amount equal to those contributions as tax free income.
 - A portion of each monthly payment is tax-free to represent your previously taxed contributions.
 - Remaining portion is fully taxable
 - Once the total tax-free amounts equal the retirement contributions all of the benefit becomes taxable.
 - Reference: Internal Revenue Service (IRS) Publication 721 "Comprehensive Tax Guide to U. S. Civil Service Retirement Benefits" <http://www.irs.gov/publications/p721/index.html>
 - OPM will issue a CSA 1099R each January for the preceding tax year, showing the federal taxable amount of your annuity.

State Tax Information

- Most states tax federal retirement benefits.
- States with no personal/State income tax include:

Alaska

Florida

Nevada

New Hampshire

South Dakota

Tennessee

Texas

Washington

Wyoming

- States exempting the total amount of civil service annuities include:

Alabama

Hawaii

Illinois

Kansas

Kentucky

Louisiana

Massachusetts

Michigan

Mississippi

New York

North Carolina

Oregon

Pennsylvania

Wisconsin





Death Benefits



Beneficiary Forms

Beneficiary Forms: Benefits are paid in accordance with your designated benefits forms:

- TSP-3 – Thrift Savings Plan
- SF 3102 – FERS retirement system
- SF 2823 – Federal Employee Group Life Insurance (FEGLI)
- SF 1152 – Unpaid compensation

If there are no designations on file, benefits will be paid in order of precedence according to Federal statute:

1. Designated beneficiary or beneficiaries.
2. Widow or widower.
3. Child or children in equal shares, with share of any deceased child distributed among that child's descendants.
4. Parents in equal shares, or entire amount to the only surviving parent.
5. Executor or administrator of the estate.
6. Next of kin as determined under the laws of the State in which the deceased lived.

Death-In-Service Benefits Paid

Unpaid Compensation:

1. Unused annual leave hours accrued as of the date of death
2. Comp time
3. Any hours worked in the pay period in which the employee died

TSP:

1. All money in the employee's TSP account
2. Agency 1% is automatically vested

Federal Employee Group Life Insurance (FEGLI):

1. Basic coverage = annual salary rounded up to the next \$1,000 plus \$2,000.
2. Option A = \$10,000
3. Option B = annual salary rounded to the nearest \$1,000. Option to elect 1 to 5 times annual salary.

FERS Basic Employee Benefit

After 18 months of Service:

- Surviving spouse must have been married to the employee for at least 9 months or a child was born of the marriage.
- Length of marriage deemed satisfied in cases involving an accidental death.
- Death Benefit Amount = **\$29,723***
- Plus; 50% of Final or High-3 Salary; whichever is higher.

With 10 or more years of service:

- All of the above
- The surviving spouse will receive an annuity equal to 50% of the employee's earned basic annuity as of the date of death. This earned annuity is computed in the same manner as if the employee retired, but without any reduction for age.

*Amount is for 2009 and is indexed annually.

FERS Lump Sum Benefits

- A lump sum benefit may be payable if there are no survivors entitled to a survivor annuity.
- Payment that equals the amount of the employee's retirement contributions plus interest upon death.



Employee Benevolent Fund (EBF)

Administered by SAMBA

- **Purpose:** Provide immediate financial relief upon death
- **Death Benefit:** \$17,500 paid to designated beneficiary within 24-48 hours
- **Employee Cost:** \$26.00 per year

Eligibility:

All new active (not on official leave or LWOP) full-time/part-time TSA employees occupying permanent position or time-limited appointment in excess of 365 days. **Must enroll within 60 days of date of hire (entry on duty date).**

Features:

- No Pre-Existing Medical Restrictions
- Coverage effective the first full month following completed enrollment
- Primary Beneficiary must be an adult
- No forms to complete or Death Certification required prior to payment
- **Can convert to regular Prudential life policy when no longer eligible for Fund (retirement, resignation, transfer, etc.)**

Internet Reference: www.sambaplans.com



Retiree Survivor Benefits

Survivor Annuity:

- The full FERS annuity is 50% of the annuitant's annuity before it is reduced by the cost of the survivor benefits.
- The survivor annuity may be 25% if elected by the annuitant and the spouse consented to the election.
- If no survivor annuity is payable, any remaining portion of the lump sum credit that has not been paid to the retiree as an annuitant is payable to the person(s) entitled under the order of precedence.

Spousal Annuity Supplement - Eligibility:

- Entitled to a current spouse survivor annuity
- Under age 60
- Entitled to Social Security survivor benefits at age 60
- Not presently eligible for Social Security based on the deceased account.

Children Survivor Benefits (Payable as Death-In-Service or Retiree)

- 
- Eligibility:**
- Unmarried and under age 18, or
 - Between 18-22 if full time student, or
 - Disabled prior to age 18 and Incapable of Self Support

- Benefit:**
- Automatic (No election required)
 - FERS amount reduced by any Social Security benefit payable to children.

- Retiree Cost:**
- None

- 2009 Benefit:** Depends on number of eligible children and if a parent survives:
- **Single Orphan: \$469** per month per child; or \$1,409 per month divided by the number of eligible children
 - **Double Orphan: \$563** per month per child; \$1,691 per month divided by the number of eligible children.

- Terminates If:**
- Age 18 (age 22 if full-time student), or
 - Marriage, Death, or
 - Becomes capable of Self Support




FEHB for Surviving Spouse (Death-In-Service or Retiree)

Eligibility:

The following requirements must be met for a surviving spouse to continue FEHB coverage:

1. The employee or retiree must have been enrolled in Self and Family coverage at the time of death.
2. A survivor annuity must be payable.
3. If employee dies with at least 18 months of service but less than 10 years, the surviving spouse can continue the health benefits enrollment even though there is no survivor annuity payable. The spouse will be required to make direct payment to OPM for the health insurance premium.

FERS Death Benefits Summary

Employee	Former Employee	Annuitant
 <ol style="list-style-type: none"> 1. Basic Employee Death Benefit: \$29,723 for 2009, PLUS the greater of 2. 50% of final salary or High-3 (18 month service requirement) AND 3. Survivor annuity *(10 year service requirement which can include military service if deposit is paid) 4. Children's survivor annuity <p>*If Surviving Spouse is not eligible then lump sum payable as designated on the beneficiary form (if not on file, by order of precedence).</p>	<p>May elect either:</p> <ol style="list-style-type: none"> 1. A monthly survivor annuity* or 2. Lump sum. <p>*To be eligible the deceased employee had at least 5 years of covered civilian service and at least 10 years of total service. The survivor annuity is equal to 50% of annuity if survivor elects to receive the annuity on the date former employee would have met age and service requirements or will be reduced if the survivor elects to receive the annuity immediately.</p>	<p>As elected on retirement application:</p> <ol style="list-style-type: none"> 1. 50% of unreduced annuity, or 2. 25% of unreduced annuity with spouse's consent or 3. No benefit 4. Insurable interest 5. Spousal annuity supplement (if eligible) 6. Children's survivor annuity <p>*If Surviving Spouse is not eligible then lump sum payable as designated on the beneficiary form (if not on file, by order of precedence).</p>





Thrift Savings Plan



Thrift Savings Plan (TSP)

The Federal Retirement Thrift Investment Board administers the TSP.

- The FERS Basic Annuity when combined with Social Security will not provide adequate retirement income for most employees.
- FERS retirees who maximize their TSP contributions could receive retirement income comparable to CSRS retirees.
- Enrollment or changes to contribution amounts can be made at any time utilizing the Employee Personal Page (EPP).
- Changes to contribution allocations can be made at any time at www.tsp.gov.
- There are six investment funds. Funds will be invested in Government Securities (G-Fund) until the contributions are allocated.

Thrift Savings Plan (TSP) Investment Funds



G Fund – Government Securities Investment

- No risk, payment of principal & interest guaranteed by U.S. Government, little volatility of earnings

F Fund - Fixed Income Index Investment

- Relatively low risk, includes only investment grade securities and broadly diversified

C Fund - Common Stock Index Investment

- Potential high return over long term from diversified portfolio of stocks of large & medium-size U.S. companies

S Fund - Small Capitalization Stock Index Investment

- Potential high return over the long term by investing in stocks of small & medium-size U.S. companies

Thrift Savings Plan (TSP) Investment Funds

I Fund - International Stock Index Investment

- Potential high return over long term by investing in stocks of companies in developed countries outside the U.S.

L Fund - Lifecycle Funds

- Funds automatically change asset allocations and rebalance accounts to reflect market trends
- Funds help employees achieve the right mix of investments, in the TSP's four index funds and government securities fund
- Over time, portfolios will shift from aggressive to conservative investments
- Time Horizons (when employees expect to need their money) to choose from: L 2040, L 2030, L 2020, L 2010

Thrift Savings Plan (TSP)

2009 IRS Annual Contribution Limitation

\$16,500

2009 IRS Annual Catch-Up Contribution Limitation

\$5,500

Catch-Up Contributions: Supplemental tax-deferred contributions in addition to regular contributions

- Eligibility:
 - Age 50 and in a pay status
 - Contributing maximum IRS limit



Agency Contributions to Your TSP Account

Agency Contributions to Your Account (FERS Employees Only)

You put in:	Your agency puts in:		And the total Contribution is:
	Automatic (1%) Contribution	Agency Matching Contribution	
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
More than 5%	1%	4%	Your contribution + 5%

- Waiting period to start receiving the agency 1% and matching contributions has been eliminated.
- Vesting period for agency 1% is 3 years.
- If employee dies, they become fully vested in the agency 1% funds.



Thrift Savings Plan (TSP) Loan Programs

Two Types of Loan Programs:

- General purpose loan: repayment period of 1 to 5 years
- Residential loan (purchase of a primary residence): repayment period of 1 to 15 years
- May have one general and one residential loan from TSP account at any one time



Retiring With An Outstanding TSP Loan

- TSP will send retiree a repay notice 30 – 60 days after your retirement effective date.
- Must repay outstanding loan balance in full within 90 days of notice.
- Loan repayment options:
 - Send check to TSP for loan balance or
 - Let TSP declare partial distribution from TSP account to repay loan balance. Amount of partial distribution must be declared as income (IRS) 1099.
- If under age 55, partial distribution may be subject to 10% early withdraw penalty.



Withdraw Options for TSP

The following withdraw options are available to you:

- No Withdraw: You can leave your entire account balance in the TSP if it is \$200 or more.
- Partial Withdraw: Receive part of your account in a single payment, leaving the remainder in the TSP to be withdrawn later (using one of the other three withdrawal options)
- Full Withdraw:
 - Receive your entire account in a single payment
 - Receive your entire account in a series of monthly payments
 - Have the TSP purchase a life annuity for you with your entire account balance

You can also withdraw your entire account using any combination of the above three withdraw options. This is called a “mixed withdraw”.

TSP Website

Visit the TSP Website for:

- Up-to-date TSP information.
- Download TSP forms, booklets, bulletins.
- Utilize the TSP calculator to:
 - Project account balances
 - Loan monthly payments
 - Loan repayment amounts
 - TSP annuity options
- With Your TSP PIN Number You Can:
 - Check account balance
 - Interfund Transfers
 - Allocate Contributions among Funds

REMINDER: The Service Center does not administer the TSP program. For specific TSP questions: access the TSP website at www.tsp.gov; or contact the ThriftLine at 1-TSP-YOU-FRST (1-877-968-3778)



Federal Employee Health Benefits Program (FEHB) and Medicare



Carrying Federal Employees Health Benefits (FEHB) into Retirement

You can continue FEHB into retirement if:

- Retire on an immediate annuity and have FEHB coverage.
- Have been covered (or covered as a family member) under the FEHB program for:
 - The 5 years of service immediately preceding retirement, or
 - All service since first opportunity to enroll

Note: Coverage under the Uniformed Service Health Benefits Program, which includes CHAMPUS, TRICARE, etc. can be included to meet the 5 year requirement.

- ✓ Your FEHB coverage will automatically be continued
- ✓ You will continue to pay the employee premiums

NEVER drop your FEHB as a Retiree!

Once you are out, you can never get back in!



Temporary Continuation of Coverage (TCC)

If you do not meet the eligibility requirements to continue FEHB coverage into retirement, your FEHB coverage will terminate upon separation.

- Your FEHB coverage will continue through the end of the pay period in which you separate.
- You will receive 31 days of continued coverage free of charge.
- You can convert to a non-group health benefits plan or elect Temporary Continuation of Coverage (TCC).
 - 18 month extension of coverage
 - You pay the full premiums (government and employee share) plus 2% administrative fee



Medicare

Medicare is a Health Insurance Program for people 65 years or older or for some people with disabilities under 65 years of age.

Medicare has four parts:

1. Part A (Hospital Insurance): Most people do not have to pay for Part A. Federal employees automatically qualify for Part A. You pay a Medicare tax of 1.45% to cover the cost of Part A.
2. Part B (Medical Insurance): Most people pay monthly for Part B. Generally Part B premiums are withheld from your monthly Social Security check.
3. Part C (Medicare Advantage): You can enroll in a Medicare Advantage plan to get your Medicare benefits. It is term used to describe the various health plan choices available to Medicare beneficiaries.
4. Part D (Medicare Prescription Drug Coverage): There is a monthly premium for Part D coverage. Most Federal employees do not need to enroll in the Medicare drug program, since all FEHB plans will have prescription drug benefits that are at least equal to the standard Medicare prescription drug coverage.

Medicare

Should you enroll in Medicare?

- The decision to enroll in Medicare is yours. OPM encourages individuals to apply for Medicare benefits 3 months before you turn age 65.
- If you do not apply for one or more Parts of Medicare, you can still be covered under the FEHB Program.
- If you can get premium-free Part A coverage, OPM advises that you enroll in it. Most Federal employees and annuitants are entitled to Medicare Part A at age 65 **without cost**. When you don't have to pay premiums for Medicare Part A, it makes good sense to obtain coverage. It can reduce your out-of-pocket expenses as well as costs to FEHB, which can help keep FEHB premiums down.

Coordination of Benefits

- Medicare law and regulations determine whether Medicare or FEHB is primary.
- Medicare automatically transfers claims information to your FEHB plan once your claim is processed, so you generally don't need to file a claim with both.
- Your FEHB Plan must pay benefits first when you are an active Federal employee or reemployed annuitant and either you or your covered spouse has Medicare.
- Your FEHB Plan must also pay benefits first when you are under age 65, entitled to Medicare on the basis of disability, and covered under FEHB based on you or your spouse's employment status.
- Medicare must pay benefits first when you are an annuitant and either you or your covered spouse has Medicare.
- If you continue to work past age 65, your FEHB coverage will be your primary coverage until you retire.

1-800-MEDICARE (1-800-633-4227) or www.medicare.gov





Federal Group Employee Life Insurance (FEGLI)



Carrying Federal Employee Group Life Insurance (FEGLI) into Retirement

You can continue FEGLI into retirement if:

- Retire on an immediate annuity
- Are insured on date of retirement
- Have been covered under the FEGLI program for:
 - The 5 years of service immediately preceding retirement, or
 - All service since first opportunity to enroll
- ✓ As an annuitant, you will pay the same premium, monthly, that active employees pay, based on your age and the coverage you elect.
- ✓ You must choose your life insurance election in post retirement on the SF 2818 *Continuation of Life Insurance Coverage as an Annuitant or Compensationeer*.
- ✓ The accidental death and dismemberment feature ceases at retirement.

FEGLI Calculator: Use to determine face value and calculate premiums for various combinations of coverage into retirement.

<http://www.opm.gov/calculator/worksheet.asp>



Options Regarding Basic FEGLI Coverage

- Your Basic insurance in retirement is equal to your final annual basic pay, rounded up to the next \$1,000, plus \$2,000 (or a minimum of \$10,000).
- You can make the following choices regarding your Basic FEGLI Coverage:
 - 75% Reduction – at age 65 your Basic insurance will reduce 2% per month until it reaches 25% of the original amount of your coverage. **No premiums after you reach age 65.**
 - 50% Reduction - at age 65 your Basic insurance will reduce 1% per month until it reaches 50% of the original amount of your coverage. You will pay an **extra** premium for this choice.
 - No Reduction – your Basic insurance will not reduce. You pay an **extra** premium for this choice.


Basic Insurance Monthly Cost In Retirement

Full Coverage to age 65, then:	Monthly Cost Per \$1,000 of Your Basic Insurance Amount			
	Before You Reach Age 65 You Pay the TOTAL of BOTH the Regular Premium and the Extra Premium			After You Reach Age 65, Continuing for Life
	Regular Premium	Extra Premium for 50% or No Reduction	Total Cost	
75% Reduction	\$0.325 per \$1,000	Nothing	\$0.325 per \$1,000	Nothing
50% Reduction	\$0.325 per \$1,000	\$0.60 per \$1,000	\$0.925 per \$1,000	\$0.60 per \$1,000
No Reduction	\$0.325 per \$1,000	\$1.83 per \$1,000	\$2.155 per \$1,000	\$1.83 per \$1,000

- As an annuitant, you will pay the same regular Basic premium, monthly, that active employees pay, until you reach age 65.
- You stop paying the regular premium on the first day of the month after you reach age 65.
- If you retire after turning 65, you will never pay the regular premium in retirement.



Optional FEGLI Coverage

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- Option A Coverage: Cost continues up to age 65 at the same employee rate. There is no cost after age 65 and the amount of optional insurance begins to reduce 2% per month until it reduces to \$2,500.
 - Option B and Option C Coverage: You may choose the number of multiples (for which you are eligible) to continue and elect either:
 - Full Reduction: At age 65 your coverage will reduce 2% of the original amount, for 50 months at which time the coverage will end. No premiums after you reach age 65.
 - No Reduction: Your coverage will not reduce; you will continue to pay premiums.

Notes:

- ✓ You cannot mix and match multiples - you have to choose either Full Reduction or No Reduction for all multiples of the same option.
- ✓ You will receive a second election opportunity shortly before you turn age 65, or shortly after you retire (if you retire after age 65). At that time, you can mix and match multiples - you can choose to have some of your Option B and/or Option C multiples reduce and have some not reduce.



FEDVIP, FSA and FLTCIP



Federal Employees Dental/Vision Insurance Program (FEDVIP)

- Retirees who retire with an immediate annuity are eligible to participate in FEDVIP.
- There is no length of time requirement that you must be enrolled in FEDVIP to continue coverage into retirement.
- You can enroll during open season as an annuitant.
- Retirees pay premiums on post tax basis.

www.BENEFEDS.com



FSA & FLTCIP

Flexible Spending Accounts (FSA):

- Under the IRS Code, annuitants (other than re-employed annuitants) cannot participate in an FSA. FSA is a way to set aside part of your salary – before taxes – for payment of eligible expenses. An annuity is not considered salary.

Federal Long Term Care Insurance Program (FLTCIP):

- As an employee or annuitant you are eligible to apply for coverage under the Federal Long Term Care Insurance Program (FLTCIP).

www.ltcfeds.com







Social Security Benefits



Social Security Benefits

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- Social Security is the largest source of income for many lower-paid older Americans and replaces up to 55 percent of their working income.
 - Those with substantial earnings during their careers, usually see between 25 and 30 percent of their working income replaced by their Social Security benefit.
 - To qualify, you need at least 10 years of employment covered by Social Security or 40 Social Security credits.
 - You earn up 4 Social Security credits per year by paying Social Security taxes on your earned income.
 - Without 10 years, you generally will not qualify for a worker's retirement benefit, but you still may be able to qualify for a benefit if you are disabled or based on your spouse's Social Security benefit.

Social Security Benefits

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- The amount you will receive for your Social Security worker's retirement benefit is based on:
 - Your age at retirement
 - The number of years you were in the workforce
 - Your overall Social Security tax contribution
 - These benefits will be determined based on your highest 35 years of earnings.
 - You can estimate your Social Security benefit by using the Statement you receive from Social Security each year.
 - The statement will provide information on the amount of Social Security you could receive whether you draw it early, at your full retirement age, or perhaps later.



Social Security Benefits

- Your full retirement age under Social Security depends upon the year in which you were born.
- No matter what your full retirement age (also called "normal retirement age") is, you may start receiving benefits as early as age 62 or as late as age 70.
- You can retire at any time between age 62 and your full retirement age.
 - However, if you start benefits early, your benefits are reduced a fraction of a percent for each month before your full retirement age.
 - The reduction is permanent and is not removed even when you reach full retirement age.




Social Security Benefits

Year of Birth	Full (normal) Retirement Age	Months between age 62 and full retirement age	At Age 62	
			A \$1000 retirement benefit would be reduced to	The retirement benefit is reduced by
1937 or earlier	65	36	\$800	20.00%
1938	65 and 2 months	38	\$791	20.83%
1939	65 and 4 months	40	\$783	21.67%
1940	65 and 6 months	42	\$775	22.50%
1941	65 and 8 months	44	\$766	23.33%
1942	65 and 10 months	46	\$758	24.17%
1943-1954	66	48	\$750	25.00%
1955	66 and 2 months	50	\$741	25.83%
1956	66 and 4 months	52	\$733	26.67%
1957	66 and 6 months	54	\$725	27.50%
1958	66 and 8 months	56	\$716	28.33%
1959	66 and 10 months	58	\$708	29.17%
1960 and later	67	60	\$700	30.00%

- If you were born on January 1st, you should refer to the previous year.
- If you were born on the 1st of the month, SSA figures the benefit as if your birthday was in the previous month. You must be at least 62 for the entire month to receive benefits.

Social Security Benefits

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- Your benefits may be impacted if you return to work prior to reaching your full retirement age.
 - If you are under your full retirement age for the entire year, SSA will deduct \$1 from your benefit payments for every \$2 you earn above the annual exemption limit.
 - The limit for 2009 is \$14,160.
 - In the year you reach full retirement age SSA will deduct \$1 in benefits for every \$3 you earn above \$37,680 and only count earnings before the month you reach your full retirement age.
 - Starting with the month you reach full retirement age, you can get your benefits with no limit on your earnings.

For more information: www.socialsecurity.gov



Who To Call

For all TSA Employee (Non-TSES) Inquiries:

HR Access Help Desk: 877-TSA-7990 or helpdesk@tsa-hraccess.com

For all TSES Inquiries:


TSES Help Desk: 877-872-7991 or TSES@tsa-hraccess.com

The Shared Service Center processes all FEHB, FEGLI and TSP elections, retirement applications, annuity estimates, military deposits, applications for civilian deposits, applications for refunds and answers retirement counseling questions.

Please do not to contact OPM, NFC, or DHS for these services.



Tools You Can Use!



HR Solutions to Simplify your Life!

HR Access

- You are accessing a U.S. Government information system, which includes (1) this computer, (2) this computer network media attached to this network or to a computer on this network. This information system is provided for U.S. Government use only.
- Unauthorized or improper use or access of this system may result in disciplinary action, as well as civil and criminal penalties.
- By using this information system, you understand and consent to the following:
 - You have no reasonable expectation of privacy when you use this information system; this includes any communications or data transmitted or stored on this information system for any lawful government purpose, the government may, without notice, monitor, intercept, search and seize such communications or data.
 - The government may disclose or use any communications or data transmitted or stored on this information system for any lawful government purpose.
 - You are NOT authorized to process classified information on this information system.



Resources

- TSA Jobs
- Candidate Dashboard
- WebTA
- DHS.gov
- Pay Period Calendar
- **Federal Retirement Benefits Employee Access**

www.HRAccess.tsa.dhs.gov

- Offers a self-service retirement estimate calculator tool
- Offers e-seminars on the following topics:
 - CSRS
 - FERS
 - TSP and Benefits
 - Social Security Benefits
 - Financial Planning for Retirement



Questions?

