

# Making the Most of Your Federal Benefits in Retirement

Produced Exclusively for Members of the  
Senior Executives Association

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- Federal Times' "Money Matters" Columnist
- "Ask the Experts" Panelist at [www.federaltimes.com](http://www.federaltimes.com)

# SEA Member Benefits

- \$49 Benchmark™ Portfolio Review – **Save \$250**
- Free Hour of Consulting / Analysis – **Save \$205**
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- Email Questions to me at [mmiles@variplan.com](mailto:mmiles@variplan.com)

# Variplan Article Database



The image shows a screenshot of the Variplan website's navigation menu. The menu is located on the right side of the page and consists of several items, each preceded by a small yellow square icon. The items are: WHO WE ARE, WHAT WE DO, HOW WE DO IT, OUR CLIENTS, CONTACT US, and ARCHIVE. The 'ARCHIVE' item is circled in red. Below the main navigation menu, there is a 'CLIENT RESOURCES' button. At the bottom of the page, there are logos for CFP (Certified Financial Planner) and PALADIN (Paladin Advisory), along with text indicating their affiliations and ratings.

**VP**  
**VARIPLAN**  
Advanced Retirement Planning and Management

- WHO WE ARE
- WHAT WE DO
- HOW WE DO IT
- OUR CLIENTS
- CONTACT US
- ARCHIVE**

CLIENT RESOURCES

**CFP** | CERTIFIED FINANCIAL PLANNER<sup>®</sup> | **CFP**  
Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER<sup>®</sup> and  in the U.S.

**PALADIN**  
ADVISORY  
★★★★★ AWM OCB

# Financial Intelligence Monthly Webcast

- 2<sup>nd</sup> Tuesday of Every Month +/-
- 12 Noon – 1:00 PM ET +/-
- [www.seniorexecs.org](http://www.seniorexecs.org)

Federal Money Matters Blog  
<http://money.federaltimes.com>

Federal Retirement University  
[www.federaltimes.com/retirement](http://www.federaltimes.com/retirement)

## How to Submit Your Questions

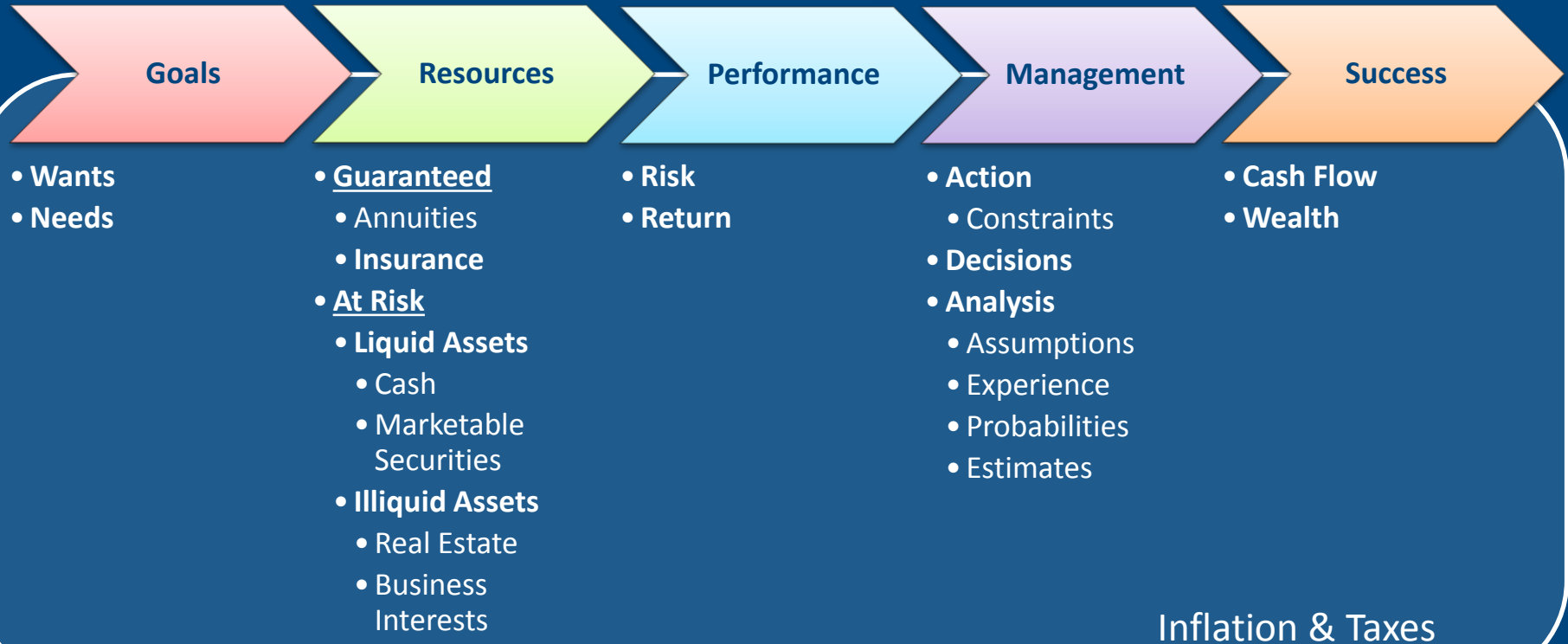
# Contents

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4. FERS Special Retirement Supplement
5. The Government Pension Offset (GPO)
6. The Windfall Elimination Provision (WEP)
7. CSRS Voluntary Contributions
8. Health Insurance
9. Life Insurance
10. Long-Term Care Insurance

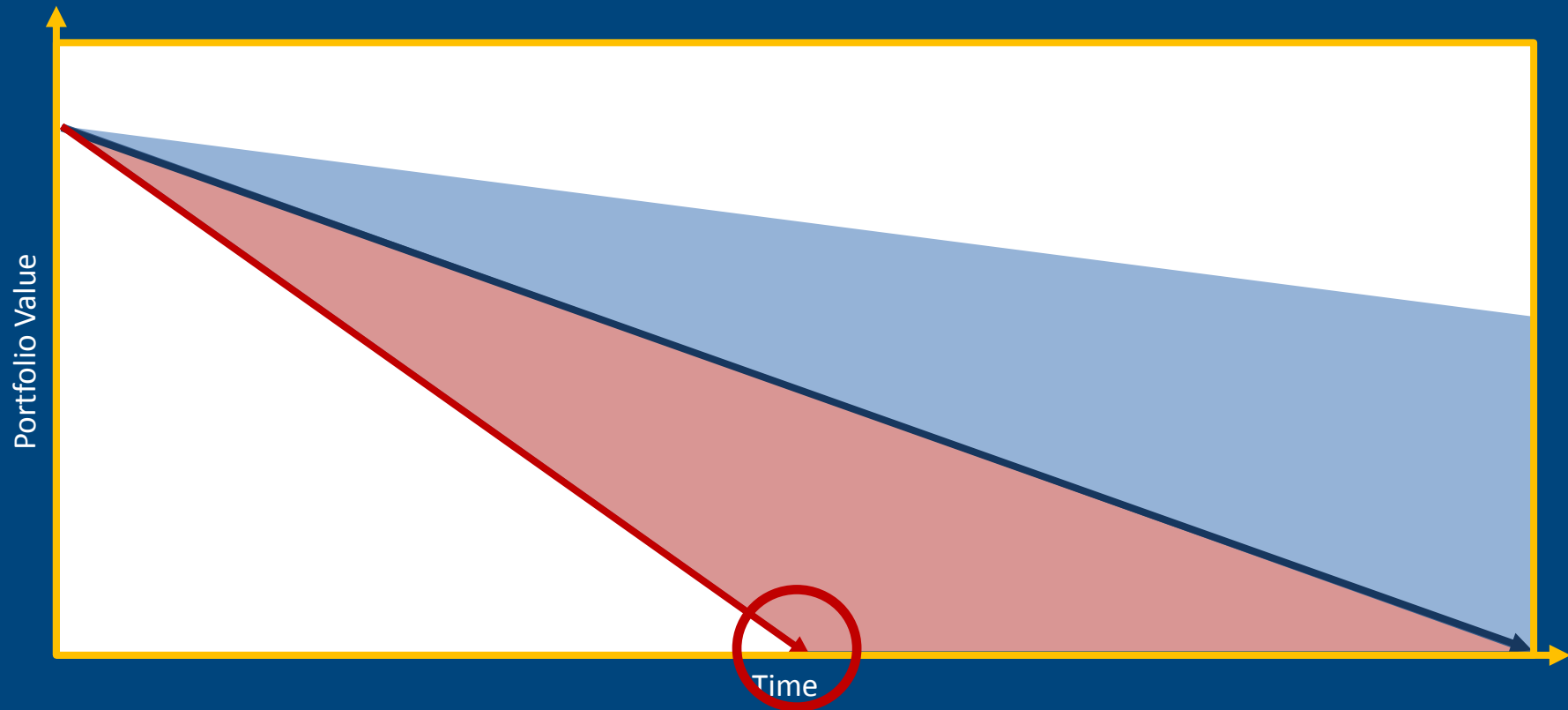


Context

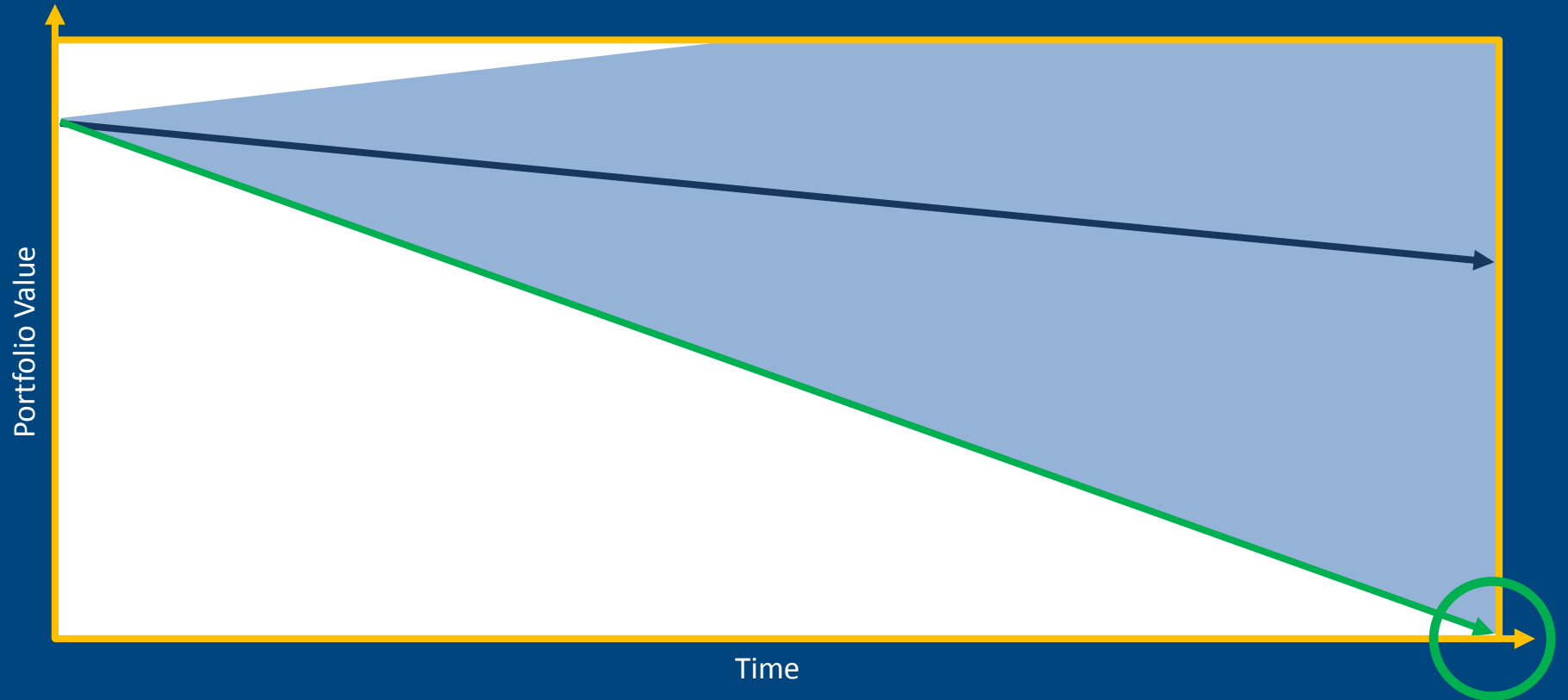
# Financial Planning and Management



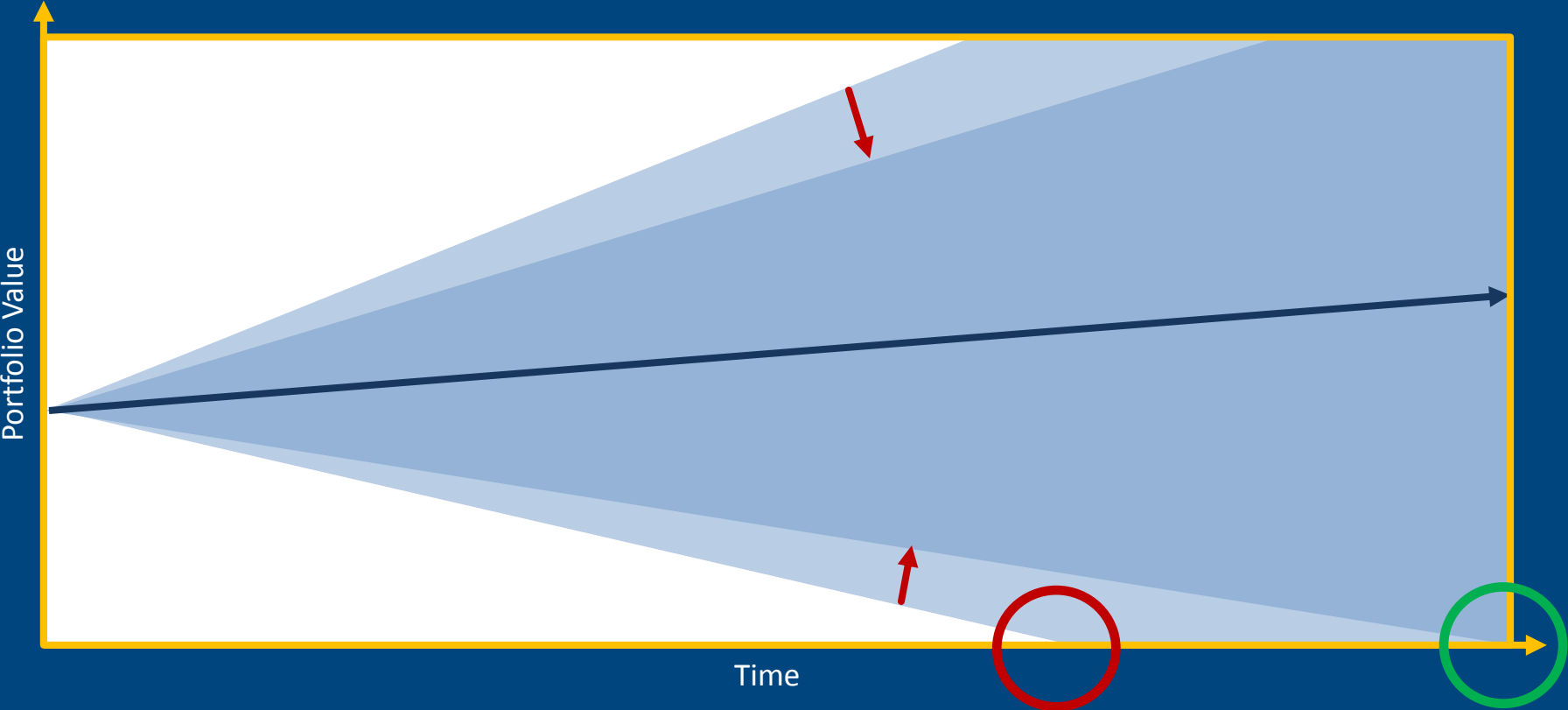
# Your Portfolio's Value Path



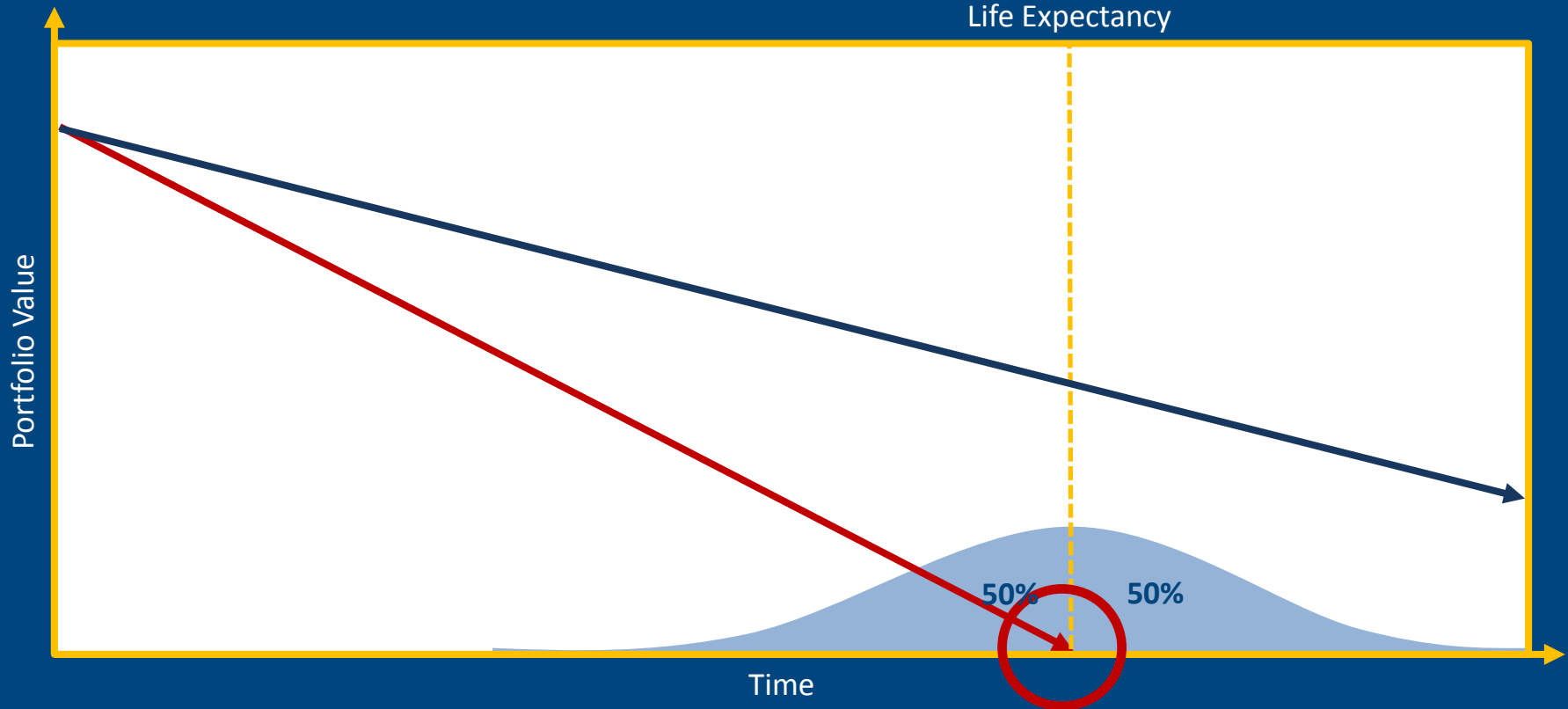
# Your Portfolio's Value Path



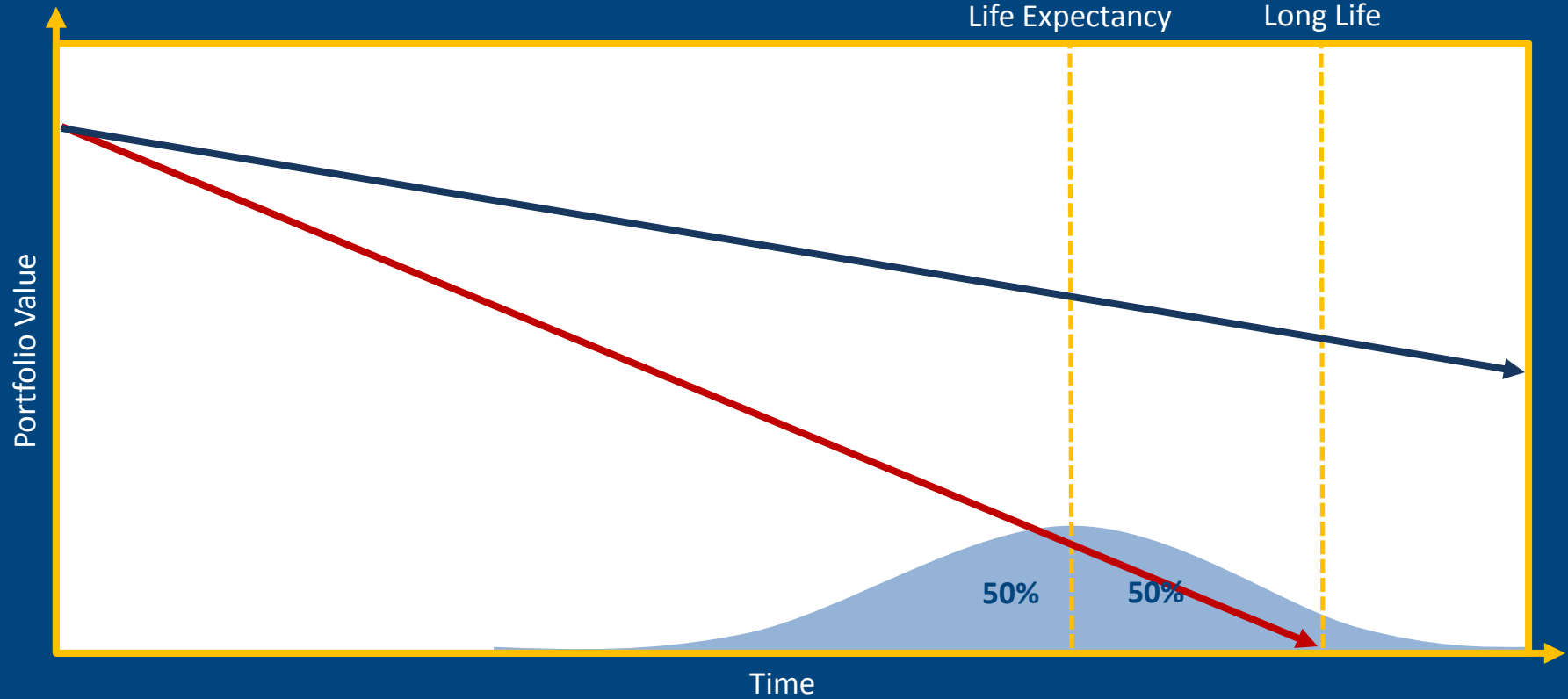
# Diversification



# Too Risky



# Optimal



## Thrift Savings Plan



## Defined Contribution Retirement Plan

Opportunity to Save and Invest for Retirement Income

1. Pre-Tax Payroll Deferral
2. FERS Agency Contributions
3. Self Managed

1. Maximize Contributions While Working
2. Maximize Transfers All the Time
3. Properly Diversify Your Account
4. Preserve Your Account as Long as Possible
5. Name Your Beneficiaries
6. Account for the Tax Liability
7. Use the G Fund to Your Advantage
8. Use Your Withdrawal Options Wisely
9. Adopt a Prudent Investment Strategy

## Pension

Guaranteed Stream of Monthly Income for Life

Provides Reliable Retirement Income

1. Age and Service Requirements
2. Formula = 1% - 2% Per Year x Hi-3
3. COLA
4. Survivor Benefit



1. Consider Postponing
2. Be Careful About Deferring
3. Account for Taxes and Deductions
4. Account for Inflation
5. Consider FEHB Eligibility

## Social Security

Guaranteed Stream of Monthly Income for Life

Provides Reliable Retirement Income

1. Age and Earnings Requirements
2. Formula Based on 30 Years of Earnings
3. COLA
4. Survivor Benefit

1. Obtain a Statement from [www.ssa.gov](http://www.ssa.gov)
2. Check Your Earnings Record
3. Default is to Claim at Your Full Retirement Age
4. Account for Survivor Benefits
5. Adjust for Special Circumstances

## FERS Special Retirement Supplement

# Supplemental Retirement Income



Replaces Social Security Benefit for FERS Employees  
Who Retire Before Age 62

1. Must Retire with an Immediate Unreduced Annuity
2. Calculated Amount
3. No COLA
4. Subject to Earned Income Offset
5. Stops at Age 62
6. Taxable

1. Account for Inflation
2. Account for Earned Income Offset
3. Account for Taxes

## Government Pension Offset

A Reduction in the Social Security Benefits Paid to a Spouse Who  
Receives Social Security Survivor Benefits and a Pension Based  
on Earnings That Were Not Subject to Social Security Tax

Reduces or Eliminates a Social Security Survivor's Benefit

\$2 Reduction for Every \$3 in CSRS Pension Income

Account for It in Your Planning



## Windfall Elimination Provision

A Reduction in the Social Security Benefits Paid to a Retiree Who Receives Social Security Survivor Benefits and a Pension Based on Earnings That Were Not Subject to Social Security Tax

Reduces a Social Security Benefit

Modifies the Formula Used to Compute Your Social Security Benefit if You Have Less Than 30 Years of Substantial Earnings.

Maximum Reduction is Currently \$4,956 / Year

1. Pay Attention to Your Earnings History
2. Account for It in Your Planning

## CSRS Voluntary Contributions

An Optional Savings Account That is Funded with After-Tax Dollars and That Accrues Tax-Deferred Interest.

It Also Offers the Option of Purchasing a Supplemental Annuity at Retirement.

Allows CSRS Covered Employees the Opportunity for  
Additional Tax-Deferred Retirement Savings



1. Contributions Limited to 10% of CSRS Career Basic Earnings
2. Contributions Must be Made Before Retirement
3. Balance Earns a Fixed Rate of Interest
4. May Be Withdrawn at Retirement or Used to Purchase a Supplemental Annuity

1. Maximize Contributions Before Retirement
2. Withdraw Contributions at Retirement
3. Roll Accrued Interest into Your TSP Account
4. Convert the Contributed Amount to a Roth IRA

## Health Insurance

## Federal Employees Health Benefit Program (FEHB)

[www.opm.gov](http://www.opm.gov)

Term Protection Against Unaffordable Medical Expenses

Pays for Hospital Care, Doctor's Services, Laboratory Services,  
Prescription Drugs and Medical Devices

1. Promises to Pay for Unaffordable Expenses in Exchange for an Affordable Monthly Premium
2. Heavily Subsidized

1. Ensure Continuing Eligibility
2. Concentrate on Catastrophic Coverage
3. Avoid Enrolling in Optional Medicare Coverage

## Life Insurance



## Federal Employees Government Life Insurance Program (FEGLI)

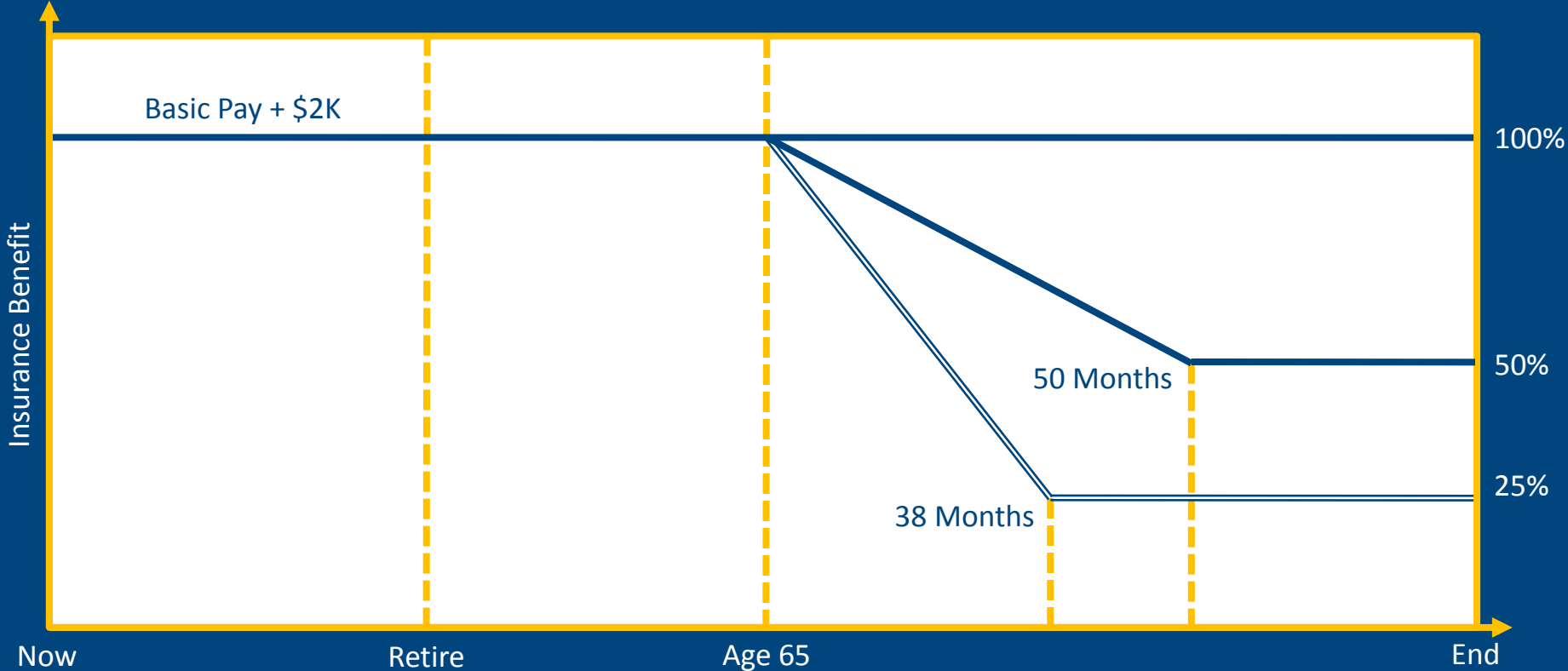
[www.opm.gov](http://www.opm.gov)

Term Protection Against the Financial Impact of an Early Death

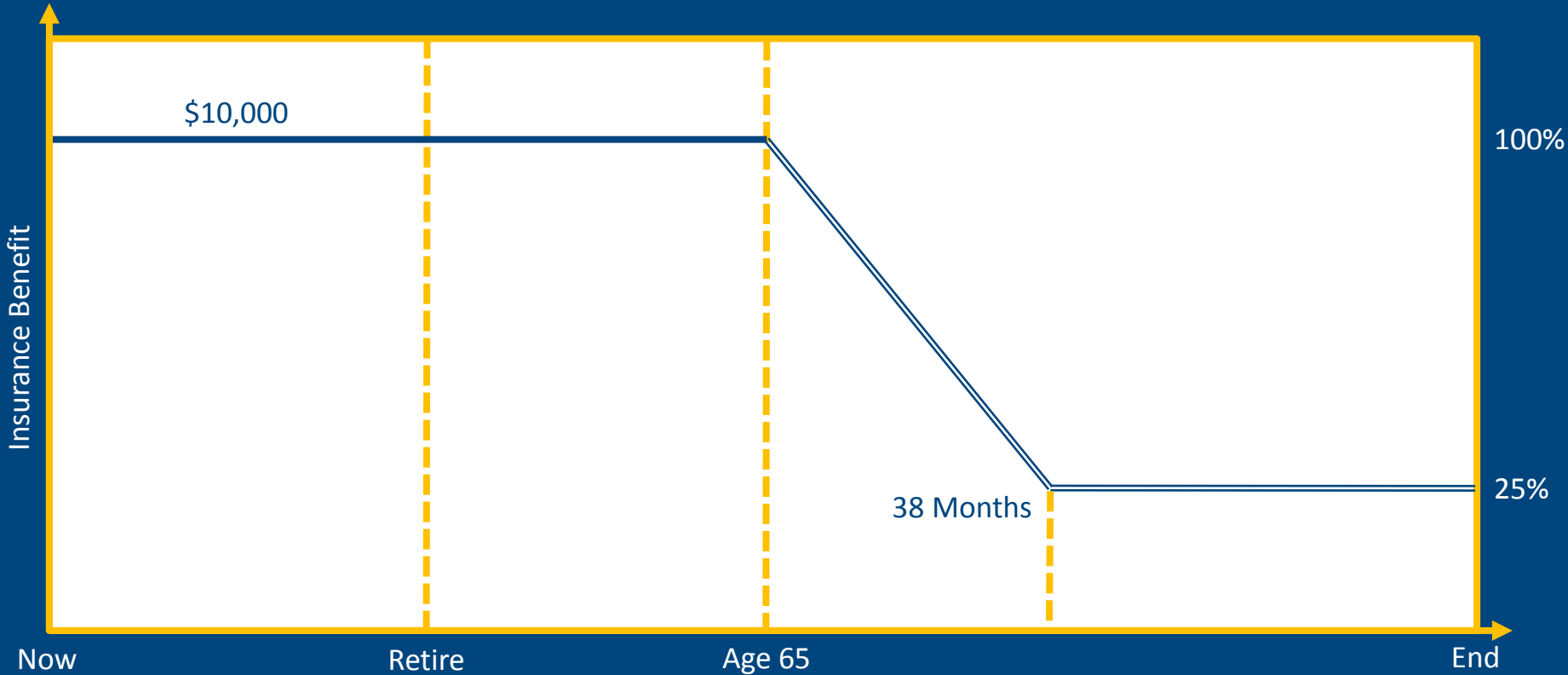
Provides Tax-Free Cash to Beneficiary(ies) Following the Death of the Insured Party

1. Automatic + Optional
2. Age Banded Premiums
3. Underwritten or Open Season
4. Options at Retirement

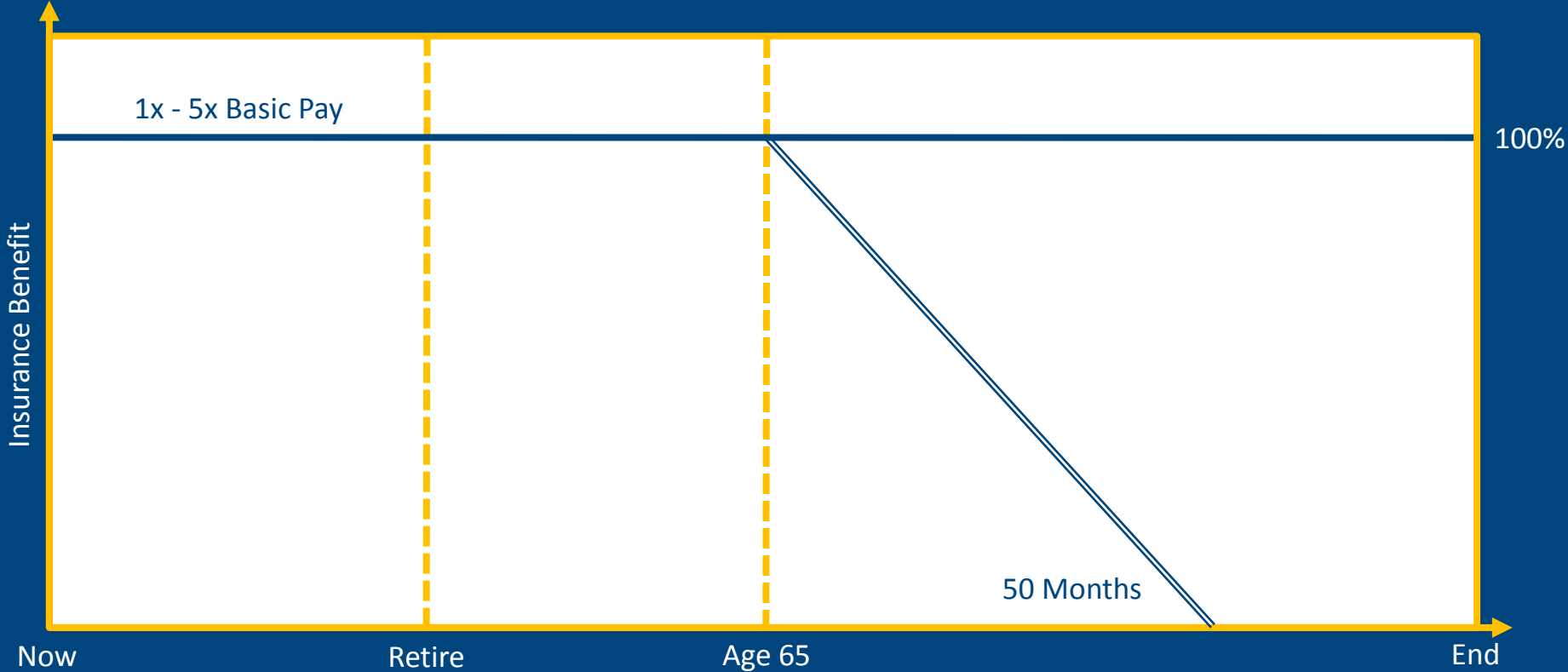
# FEGLI Basic



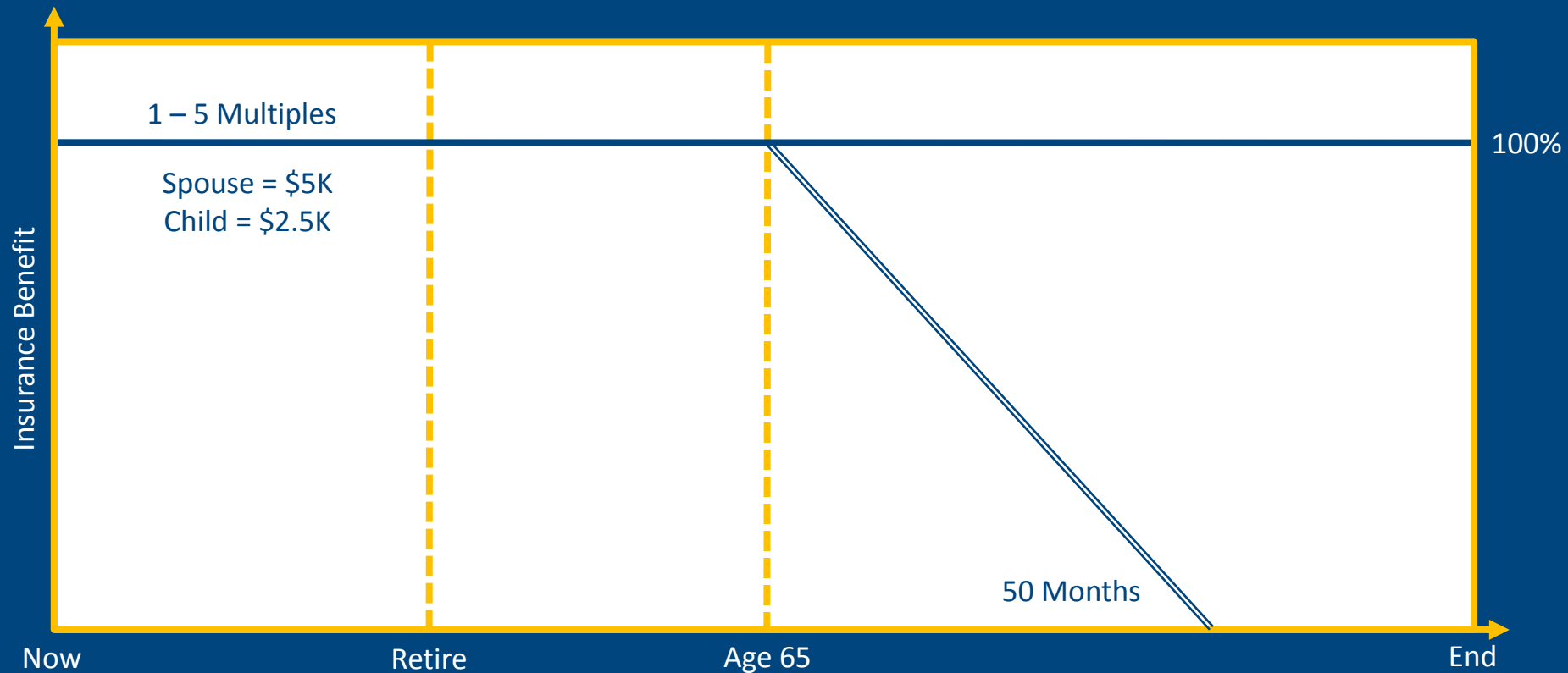
# FEGLI Option A - Standard



# FEGLI Option B - Additional



# FEGLI Option C - Family

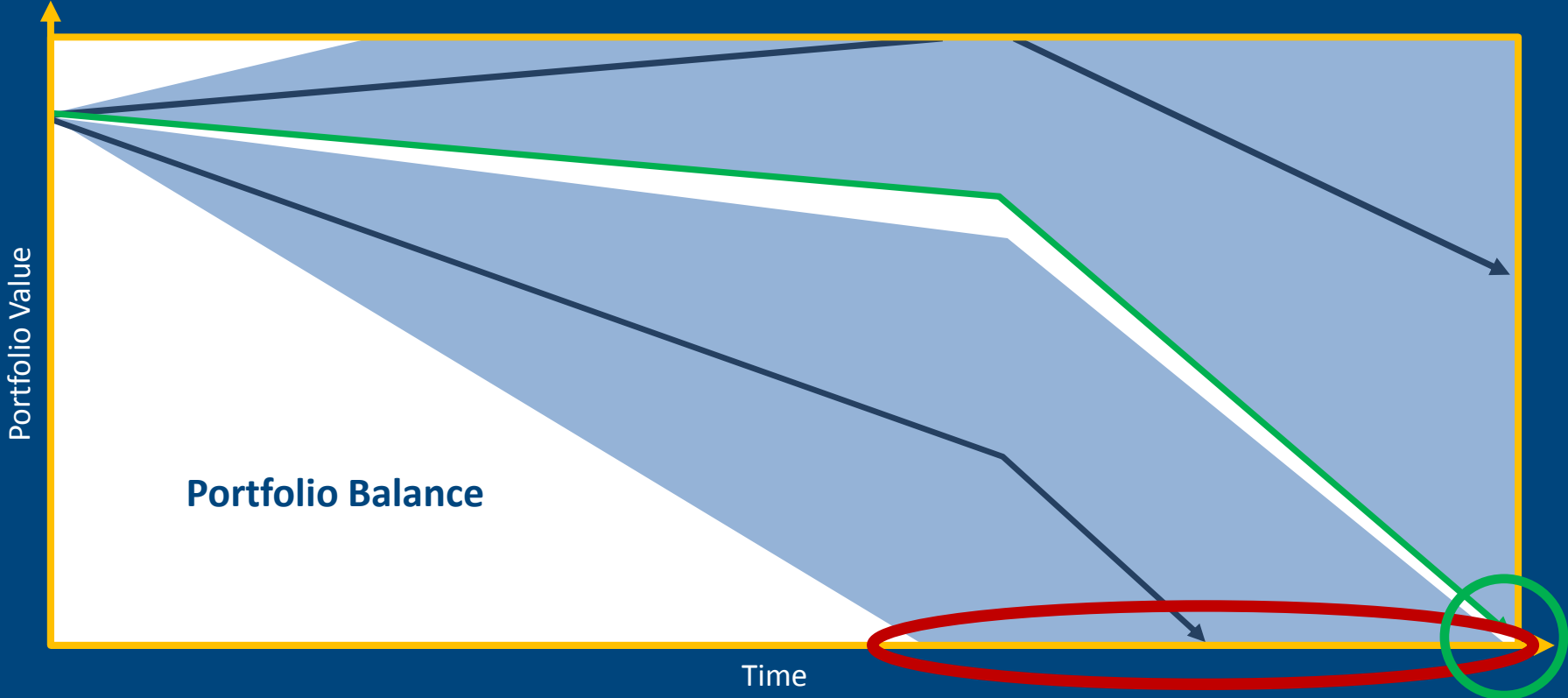


1. Estimate the Need
2. Shop the Market
3. Favor Term Insurance
4. Expect it to End at Some Point



1. Financial Need
2. Early Death
3. Unmet by Other Resources

# Death of Annuitant



## Long-Term Care Insurance

## The Federal Long-Term Care Insurance Program (FLTCIP)

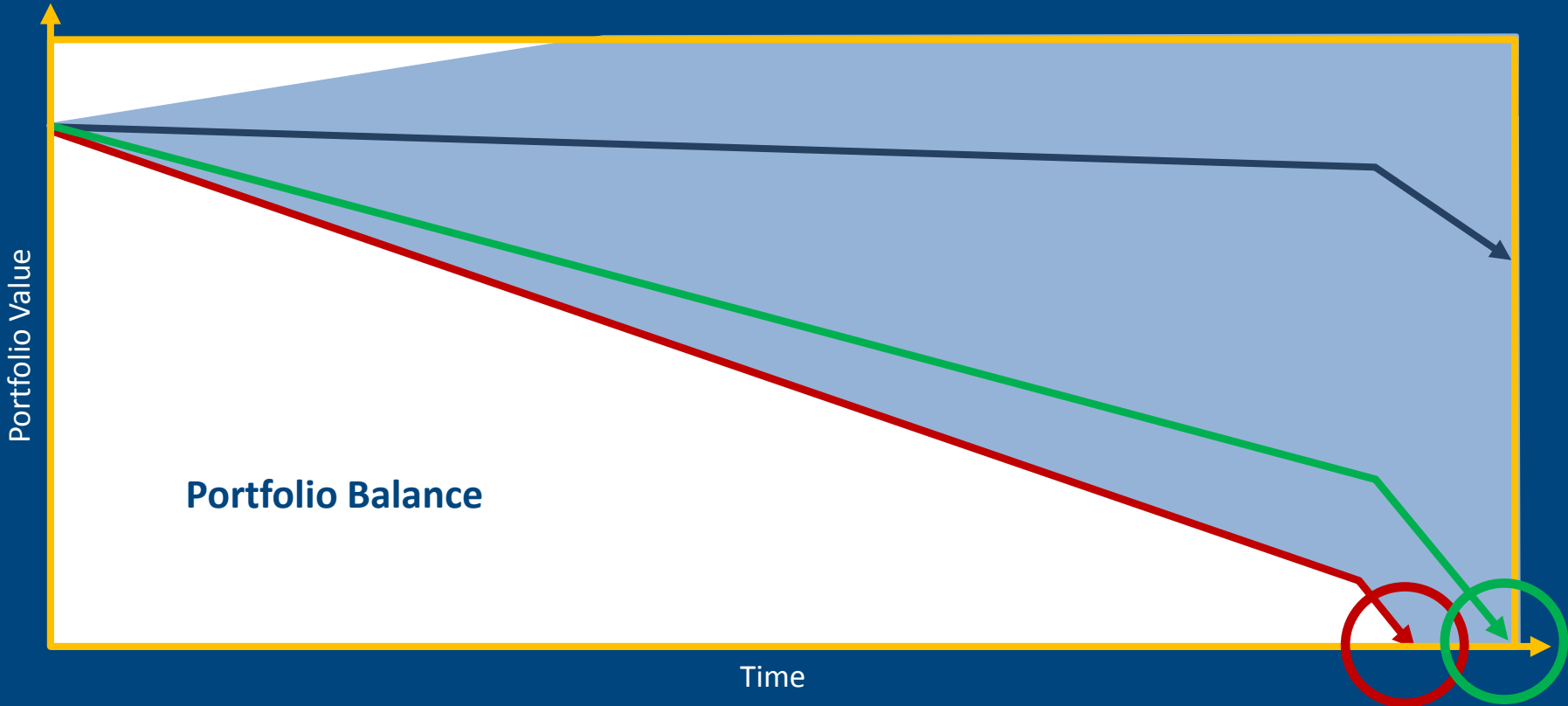
Term Protection Against Unaffordable Custodial Care Expenses

Reimburses You for Covered Expenses

1. Self-Funded Program
2. Administered the OPM
3. Pay the Premiums
4. Trigger Benefits
5. Satisfy the Deductible
6. Pay for Covered Expenses
7. File a Claim for Reimbursement or Direct Pay

1. Allow for Premium Increases
2. Full Insurance is:
  - a. \$200 Daily Benefit
  - b. 5 Year Benefit Period
  - c. 5% COLA
3. Consider the Need
4. Wait Until Age 60+
5. Favor the Daily Benefit Limit

# Long-Term Care





Questions / Comments / Suggestions



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V A R I P L A N

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