FFEBA

Federation of Federal Employee Benefit Advocates

2026 EDITION



THE FFEBA GUIDE

Your federal retirement *benefits.*

FERS annuity, retirement options, leave, military buyback, FEHB and FEGLI, the TSP, Social Security, choosing your date and filing: the whole system in plain English.

FFEBA.COM

Your federal retirement *benefits.*

At FFEBA, our mission is to educate federal employees about their benefits so they can plan the financially secure retirement they deserve. The educational material we provide is designed to empower you with the latest information on benefit plans and help you make strategic retirement planning decisions that fit your unique needs.

FFEBA has earned a reputation for providing the most comprehensive resources available for civil servants and federal agencies. Our highly trained and thoroughly vetted Federal Retirement Consultants (FRC®) are trained on the federal system and help federal employees understand and use the benefits they have earned. Don't let generic financial information derail your retirement; you need an expert who speaks the complex language of federal retirement.

Federal employees enjoy generous benefits designed to reward their years of dedicated service with a secure retirement. Whether you are planning for retirement or have already retired from civil service, this easy-to-read guide is intended to educate you on the sometimes complex benefits to which you're entitled.

CONTENTS

What is *in this guide.*

01 The FERS annuity

"High-3" Average Salary · Calculating Your Annuity · Calculating Your Special Provisions Annuity · FERS Annuity Cost-of-Living Adjustment (COLA) · Survivor Annuity

02 Retirement options and eligibility

Normal/Voluntary Retirement - Immediate Unreduced Annuity · Retirement - Immediate Reduced Annuity (MRA+10) · Deferred Retirement · Postponed Retirement · Voluntary Early Retirement Authority · Discontinued Service Retirement · Disability Retirement · Retiree Annuity Supplement

03 Leave: how it accrues and what it is worth

Annual Leave · Sick Leave

04 Buying back military or civilian service

Military Service Deposits (Military Buy Back) · Civilian Service Deposits

05 Insurance in retirement

Federal Employee Health Benefits Program (FEHB) · Federal Employees' Group Life Insurance (FEGLI) · FEGLI Basic in Retirement · FEGLI Option A in Retirement · FEGLI Option B in Retirement · FEGLI Option C in Retirement

06 The Thrift Savings Plan

TSP Options After Retirement · Keep It Where It Is · Partial Distribution · Total Distribution · IRA vs TSP

07 Social Security

Cost-of-Living Adjustments (COLAs) and Earnings Test

08 Planning your retirement

Choosing Your Retirement Date · End of a Pay Period · End of the Month · End of the Year or Leave Year · Be Prepared · Section A – Identifying Information · Section B – Federal Service · Section C – Marital Information · Section D – Annuity Election · Section E – Insurance Information · Section F – Other Claims Information · Section G – Information About Your Unmarried Dependent Children · Section I – Applicant's Certification

09 What happens after you file

Agency and Payroll Processing 30-45 Days · OPM Intake 10-15 Days · OPM Processing 10-90 Days · Retirement Finalized

CHAPTER 01 OF 09

The FERS annuity

"High-3" Average Salary · Calculating Your Annuity · Calculating Your Special Provisions Annuity · FERS Annuity Cost-of-Living Adjustment (COLA) · Survivor Annuity

The vast majority of active federal employees (nearly 99%) are covered by the Federal Employee Retirement System (FERS). FERS is part of a three-legged stool or benefit pyramid that includes the FERS annuity, Thrift Savings Program (TSP), and Social Security. When combined, these income sources provide our hard-working civil servants with a comfortable retirement. Federal employees pay into the FERS system throughout their careers and, when eligible, can retire with a monthly annuity (pension) calculated using years of service and "high-3" base pay. The amount an employee contributes to their FERS annuity depends on their hire date.

- Hired before January 1, 2013: 0.8% of base pay
- Revised Annuity Employees, hired during 2013: 3.1% of base pay
- Further Revised Annuity Employees, hired January 1, 2014 or later: 4.4% of base pay

"High-3" Average Salary

Your "high-3" average salary is determined using your highest rates of basic pay over 36 consecutive months. Basic pay is the portion of your pay from which retirement benefits are taken. It's important to understand that pay rates are weighted according to the amount of time that you received them. For example, if you received your highest pay during the four months prior to retirement, that amount would account for 4/36 of your "high-3" average salary, not an entire year.

Basic pay for general schedule employees includes:

- Locality pay
- Within grade increases
- Special rates for retention and recruiting

Basic pay for wage system employees includes

- Environmental differential pay

Basic pay does not include:

- Cash awards, overtime, bonuses, allowances, holiday pay, or military pay
- Lump sum payment for unused annual leave
- Credit hours earned under a compressed schedule
- Non-foreign area allowances and differentials
- Foreign post differentials

Calculating Your Annuity

Generally, your FERS benefit is 1% of your "high-3" average salary multiplied by your years and months of service. If you are 62 years of age or older at separation and have at least 20 years of service, your annuity is 1.1% of your "high-3" average salary multiplied by your years and months of service.

- Example: You retire at age 60 with 20 years of service and your "high-3" average salary is $85,000 .01 x 20 x $85,000 = $17,000 annually or 20% of your "high-3"
- Example: You retire at age 62 with 20 years of service and your "high-3" average salary is $85,000 .011 x 20 x $85,000 = $18,700 annually or 22% of your "high-3" salary

The bottom line is - if you can wait to retire until you're 62 with at least 20 years of creditable service, you receive a 10% increase in your annuity. In the example above, that 10% bonus amounts to an extra $1,700 per year. Quick tip: unused sick leave can't be added to your creditable service to make you retirement eligible, but it is added to calculate your annuity. Therefore, if you're 62 and close to 20 years of service, your unused sick leave may push you across the line and make you eligible for the 10% bonus.

Calculating Your Special Provisions Annuity

The FERS basic annuity for special provision employees is:

- 1.7% x high-3 average salary x first 20 years of service, plus
- 1.0% x high-3 average salary x any additional years of service beyond 20

Example: you retire at 52 with 25 years of creditable service and a high-3 salary of $90,000:

- First 20 years: .017 × $90,000 × 20 = $30,600
- Remaining 5 years: .01 × $90,000 × 5 = $4,500
- Total annual annuity = $30,600 + $4,500 = $35,100/year $2,925/month (before deductions)

To qualify for an immediate unreduced annuity under special provisions, employees must meet one of the following:

- Age 50 with at least 20 years of covered service, or
- Any age with at least 25 years of covered service

All service must be in a covered position unless transitioning to a non-covered role after meeting the minimum special provision service requirement.

Survivor and COLA adjustments apply similarly as with regular FERS annuities. Employees under special provisions begin receiving COLAs at any age, unlike regular FERS employees, who must wait until age 62.

FERS Annuity Cost-of-Living Adjustment (COLA)

FERS COLAs don't begin until age 62, even if you retire earlier. The COLA is based on the Bureau of Labor Statistics Consumer Price Index for Urban and Clerical Workers (CPI-W). This is the same index used to calculate the COLA for your Social Security. If the CPI-W increase is:

- 2% or less: you receive the same increase
- More than 2% but less than 3%: you receive a 2% increase
- More than 3%: you receive that increase minus 1% The COLA is prorated until you have been an annuitant for a full year. There is no COLA on the Retiree Annuity Supplement.

Survivor Annuity

When you apply for retirement, you will be required to make an election for a survivor annuity. If you do not opt to have a survivor annuity, your annuity ends when you pass away, and your surviving spouse will not receive benefits. Your three survivor annuity options are:

- 50% of your unreduced annuity for your surviving spouse
  - Results in a 10% reduction of your annuity
  - Allows your spouse to continue FEHB coverage provided you were enrolled in self and family or self plus one and meet the continuity requirements
- 25% of your unreduced annuity for your surviving spouse
  - Results in a 5% reduction of your annuity
  - Allows your spouse to continue FEHB coverage provided you were enrolled in self and family or self plus one and meet the continuity requirements
  - Requires notarized consent of your spouse
- No Survivor Annuity
  - Requires notarized consent of your spouse
  - Your spouse will lose access to FEHB coverage

Your survivor annuity deduction is pre-tax, so include tax savings when calculating which option is best for you. Keep in mind that the government continues to pay around 75% of your FEHB premium in retirement - a valuable benefit that your surviving spouse can continue with a survivor annuity.

CHAPTER 02 OF 09

Retirement options and eligibility

Normal/Voluntary Retirement - Immediate Unreduced Annuity · Retirement - Immediate Reduced Annuity (MRA+10) · Deferred Retirement · Postponed Retirement · Voluntary Early Retirement Authority · Discontinued Service Retirement · Disability Retirement · Retiree Annuity Supplement

Normal/Voluntary Retirement - Immediate Unreduced Annuity

You can retire with an immediate unreduced annuity if you are:

- 62 with at least 5 years of service
- 60 with at least 20 years of service
- Minimum Retirement Age (MRA) with at least 30 years of service Refer to the chart below to determine your MRA If you retire under this option and are under 62, you are eligible for the retiree annuity supplement. If you retire under this option and meet the continuity requirements, you can carry your FEHB coverage into retirement.

Retirement - Immediate Reduced Annuity (MRA+10)

You can retire with an immediate reduced annuity when you reach your MRA with at least 10 years of service. Your annuity will be reduced by 5% for every year or 5/12 of a percent for every month you are under the age of 62. So if you were to retire at 57, you're 5 years below age 62; therefore, your annuity would be reduced by 25%. If you retire under this option, you are not eligible for the retiree annuity supplement. If you retire under this option and meet the continuity requirements, you can carry your FEHB coverage into retirement.

Deferred Retirement

If you leave civil service before you're eligible for an immediate annuity, either unreduced or reduced, you can opt for a deferred retirement. This requires you to leave your FERS contributions in the retirement fund. Once you reach the eligibility requirements listed below, you can begin receiving your annuity.

- 62 with at least 5 years of civil service

- MRA with at least 30 years of service
- MRA with at least 10 years of service (reduced annuity) If you retire under this option, you are not eligible for the retiree annuity supplement. If you retire under this option, you can't carry your FEHB coverage into retirement.

Postponed Retirement

If you leave federal service and are eligible for an immediate unreduced or reduced annuity, you can opt for a postponed retirement. As an example, if you left government service at age 57 with 15 years of service but didn't want a reduced annuity, you could leave your FERS contributions in the retirement fund and postpone your annuity payments until age 62, when you would qualify for an immediate unreduced annuity. If you retire under this option, you are not eligible for the retiree annuity supplement. If you retire under this option and meet the continuity requirements, your FEHB coverage will be reinstated once you start receiving your annuity.

Voluntary Early Retirement Authority

Agencies undergoing substantial restructuring, reshaping, downsizing, transfer of function, or reorganization can seek to temporarily lower the age and service requirements for retirement eligibility. To qualify, you must be:

- 50 or older with at least 20 years of creditable federal service, OR
- Any age with at least 25 years of creditable federal service Unused accrued annual leave can be used to reach eligibility requirements. There is no reduction of your FERS annuity under early retirement. If you retire under this option, you are eligible for the retiree annuity supplement once you reach your MRA. If you retire under this option and meet the continuity requirements, you can carry your FEHB coverage into retirement.

Discontinued Service Retirement

Employees may qualify for Discontinued Service Retirement (DSR) under specific conditions, typically tied to an involuntary separation (such as layoffs) from federal service that does not involve misconduct. If your agency makes you a reasonable offer of another position, you will not be eligible. Age and service requirements are:

- 50 or older with at least 20 years of creditable Federal service, OR
- Any age with at least 25 years of creditable Federal service
- A minimum of 5 years must be in civilian service Unused accrued annual leave can be used to reach eligibility requirements. There is no reduction of your FERS annuity under discontinued service retirement. If you retire under this option, you are eligible for the retiree annuity supplement once you reach your MRA. If you retire under this option and meet the continuity requirements, you can carry your FEHB coverage into retirement.

Disability Retirement

If you are unable to provide "useful and efficient service" in your position - or a position at the same pay in the same commuting area - you may qualify for disability retirement. Your disability, caused by injury, disease, or mental illness, must be medically defined, result in a deficiency in performance, attendance, or conduct, and be expected to last more than a year past the date of application.

Additional eligibility requirements:

- Any age with 18 months of service
- Must file for Social Security disability benefits at the same time
- Must provide sufficient medical evidence
- Must undergo periodic medical evaluations if your disability isn't deemed to be permanent

Disability Annuities are calculated a bit differently than standard annuities, as demonstrated below:

- Year one - 60% of your "high-3" salary minus 100% of your Social Security disability benefit
- Year two until you turn 62 - the greater of 40% of your "high-3" salary or the standard annuity formula based on length of service and "high-3" salary. If you are still receiving Social Security benefits, your annuity will be reduced by 60% of that benefit amount
- Once you reach 62, you will receive a non-disability annuity calculated as though you never left service - any unused accrued sick leave will be added to your service to calculate your annuity

If you retire under this option and meet the continuity requirements, you can carry your FEHB coverage into retirement.

Retiree Annuity Supplement

If you are eligible to retire before you reach 62, the Retiree Annuity Supplement (RAS) is designed to provide additional income until you can apply for Social Security benefits. Even if you choose not to file for Social Security at 62, your RAS will end on the earlier of 1) the last day of the month you turn 62 or 2) the last day of the month before the first month you would be entitled to Social Security benefits.

The RAS is not an election. If you qualify, the supplement will automatically be added to your monthly annuity payment. Keep in mind that the RAS, like Social Security, is subject to an earnings test. For 2026, every two dollars in earned income you receive over the $24,480 limit will reduce your RAS by one dollar. This limit is adjusted annually for inflation.

To calculate your Retirement Annuity Supplement, divide your years of FERS service by 40, then multiply that number by your estimated Social Security benefit at age 62. The example below assumes 30 years of FERS service and an estimated Social Security benefit of $1,500.
30/40 = .75
.75 x $1,500 = $1,125

Budget proposals to end or limit the supplement have appeared over the years. None had passed as of this edition; check ffeba.com/news/ for the current status before you count on it.

CHAPTER 03 OF 09

Leave: how it accrues and what it is worth

Annual Leave · Sick Leave

Annual Leave

The amount of annual leave you accrue as a federal employee increases with your years of service.

- Less than 3 years = 104 hours or 13 days/year
- 3 years but less than 15 years = 160 hours or 20 days/year
- 15 years or more = 208 hours or 26 days/year
- You are allowed to carry over a maximum of 240 unused accrued annual leave hours per year
- Accrued annual leave can be used to meet eligibility requirements for Voluntary Early Retirement
- Accrued annual leave can be used to meet eligibility requirements for Discontinued Service Retirement

Upon retirement or separation, unused accrued annual leave will be paid to you in a lump sum. Confirm your agency has your correct mailing address before you retire; the lump-sum payment can arrive by check. Lump sum annual leave payments are subject to taxes, generally withheld at a rate of 25%.

Sick Leave

Sick leave is accrued at the same rate of 104 hours per year, regardless of years of service. Unlike annual leave, there is no limit to the amount of sick leave you can roll over.

Upon non-retirement separation, unused sick leave has no cash value, it's use it or lose it. However, if you return to civil service, your unused sick leave will be reinstated.

When you retire with an immediate annuity, unused sick leave will be added to your creditable service solely for the purpose of calculating your annuity. It does not add to your service to make you retirement eligible. For instance, if you reach MRA with 29 years and six months of service and have six months of accrued sick leave, you can't use that six months of sick leave to satisfy the 30-year service requirement.

The federal government calculates a work year as 2,087 hours. Their simplified calendar model treats every month as having 30 days, which results in 360 days in a year. When you divide 2,087 by 360, you get 5.8. When converting your hours of unused accrued sick leave to days, a day is equal to 5.8 hours (roughly six), not 8.

As an example, if you retire with 725 hours of unused sick leave, you would divide that number by 5.8, which would give you 125 days. Since every month has 30 days, that would be 4 months and 5 days of sick leave that would be added to your creditable service for your annuity calculation.

It's important to note that only whole months and years are counted in the calculation. Any spare days will not be credited. If you have spare days that you want to use and not lose, be mindful that those are 5.8-hour days, not 8-hour days.

CHAPTER 04 OF 09

Buying back military or civilian service

Military Service Deposits (Military Buy Back) · Civilian Service Deposits

Military Service Deposits (Military Buy Back)

It might surprise you to learn that about ⅓ of the federal workforce are veterans who have chosen to continue to serve their country. If you're a civilian employee who was previously enlisted in the military and received an honorable discharge, you may be eligible to buy back your military service time to be added to your years of civil service with the government. Deposit amounts are a percentage of your base pay:

- 3% - Active duty prior to 1999
- 3.25% - Active duty during 1999
- 3.4% - Active duty during 2000
- 3% - Active duty after December 31, 2000

If you want to "buy" credit for your active duty service, it's advisable to do so as soon as possible. You have a two-year, 364-day grace period after you begin FERS-covered employment to make deposits without incurring interest charges. Any deposits made after the grace period will be subject to interest. The deposits can be paid in a lump sum or through monthly installments.

Deposits for military service must be made prior to retirement. Due to the time involved in the process, you should give yourself six months to a year to ensure you receive the credit before your retirement processing begins. Generally, a federal employee must waive military retirement pay in order to receive credit for military service under FERS.

You can visit https://www.dfas.mil/CivilianEmployees/militaryservice/militaryservicedeposits/ to get an estimate of your deposit. Once your deposit is paid in full, you'll receive OPM Form 1514 showing a zero balance. Make sure that a copy of this form is in your OPF or eOPF.

Civilian Service Deposits

Under FERS, you can make a payment to have certain types of civilian service credited toward your retirement.

- Civilian service performed before 1989, during which you had no retirement deductions withheld
- Civilian service during which retirement deductions were withheld but refunded
- Any period of Peace Corps or VISTA volunteer service - regardless of when it was performed

Unlike credit for military service, you can make a deposit for civilian service while OPM is adjudicating your retirement if you did not do so during employment. FERS deposits (excluding Peace Corps and VISTA volunteer service) are usually 1.3% of your basic pay plus interest. The interest rate is variable, compounds annually, and is charged from the midpoint of your service period until the deposit is paid in full or your annuity begins. That's why it's important to start the process as soon as possible.

CHAPTER 05 OF 09

Insurance in retirement

Federal Employee Health Benefits Program (FEHB) · Federal Employees' Group Life Insurance (FEGLI) · FEGLI Basic in Retirement · FEGLI Option A in Retirement · FEGLI Option B in Retirement · FEGLI Option C in Retirement

Federal Employee Health Benefits Program (FEHB)

To continue your FEHB coverage into retirement, you must have been continuously enrolled (or covered as a family member) for 5 years immediately before retirement (or for the full period of service since your first opportunity to enroll) and retire on an immediate annuity. The five-year test begins on the date that your coverage began, not the date you enrolled. You must have elected a survivor annuity for your non-federal-employee spouse to continue FEHB coverage after you are deceased; you must also have been enrolled in a self-and-family or self-and-spouse plan. FEHB benefits can continue past age 65 and are automatically coordinated with Medicare Part A Coverage.

FEHB in retirement is a valuable benefit since the federal government continues to pay around 75% of your premium. Open Season dates will be the same as they are for active employees. Retirement is not considered a Qualifying Life Event (QLE), so you'll have to wait until the next Open Season if you want to change your coverage. If an eligible child loses coverage (turning 26) or an eligible spouse loses coverage (divorce or annulment) under your FEHB policy, they can elect a Temporary Continuation of Coverage (TCC) for up to 36 months. They will be responsible for the full amount of the premium, along with a 2% administrative charge.

Federal Employees' Group Life Insurance (FEGLI)

Like FEHB, FEGLI has a 5-year enrollment requirement to be eligible to carry it into retirement. This includes optional coverage and any changes you may have made to your current coverage. For instance, if you increased or enrolled in Option B three years prior to retirement, you haven't fulfilled the five-year requirement to carry that increased coverage into retirement. Many critics point out that FEGLI is expensive and that you can find a much lower-priced term-life policy on the private market. However, FEGLI doesn't require a medical exam, making it a good option for individuals with existing conditions.

After retirement, if you choose not to continue coverage, you'll still have a 31-day period during which your FEGLI coverage remains intact. If you continue FEGLI into retirement but then change your mind, you can cancel it at any time. You must carry Basic coverage into retirement in order to carry Optional coverage into retirement. Accidental death and dismemberment coverage under Basic and Option A cannot be carried into retirement. You cannot increase your existing life insurance as an annuitant.

FEGLI Basic in Retirement

Basic coverage is your annual salary rounded up to the next $1,000 plus $2,000. When you retire, you have three options for continuing this coverage:

75% Reduction

- Your coverage level begins reducing 2% per month on the later of:
  - The first day of the second month after you turn 65
  - The first day of the second month after you retire
- Coverage continues to drop until the death benefit reaches 25% of the original value
- Retirees pay for Basic Life Insurance at the same rate as employees ($.3467) until age 65
- After age 65, Basic Life Insurance is free

50% Reduction

- Your coverage level begins reducing 1% per month on the later of:
  - The first day of the second month after you turn 65
  - The first day of the second month after you retire
- Coverage continues to drop until the death benefit reaches 50% of the original value
- Retirees pay $1.0967 per thousand dollars of coverage until the reduction begins
- Retirees pay $0.75 per thousand dollars of coverage after the reduction begins
- Coverage is never free like it is with the 75% reduction option

No Reduction

- As the name implies, there is no reduction in coverage
- Retirees pay $2.5967 per $1,000 of coverage until age 65
- Retirees pay $2.25 per thousand dollars of coverage after age 65
- Coverage is never free like it is with the 75% reduction option

You have 30 days from the receipt of your first regular monthly annuity check to change your Basic Life Insurance election. After that, you may only change to 75% Reduction. For instance, you can't change from No Reduction to 50% Reduction, you would have to elect 75% Reduction. You will not receive a refund for any premium amounts already paid.

FEGLI Option A in Retirement

Option A Standard coverage is equivalent to an extra $10,000 in coverage. To be eligible, you must carry FEGLI Basic into retirement and have been enrolled in Option A for five years prior to retirement.

- Your coverage level begins reducing 2% per month on the later of:
  - The first day of the second month after you turn 65
  - The first day of the second month after you retire
- Coverage continues to drop until the death benefit reaches 25% of the original value ($2,500)
- Monthly premiums increase with age until reductions begin
  - Age 50 - 54: $2.17
  - Age 55 - 59: $3.90
  - Age 60 - 64: $13.00
- Once reductions begin, Option A is free

FEGLI Option B in Retirement

Option B Additional coverage equals two to five times your salary, rounded to the nearest $1,000. To be eligible, you must carry FEGLI Basic into retirement and have been enrolled in Option B for five years prior to retirement. You can mix and match how you want to continue your Option B coverage in retirement, e.g., you can reduce the number of multiples, choose the reduction option for the multiples you want to carry, and even split the multiples between Full Reduction and No Reduction.

Full Reduction

- Your coverage level begins reducing 2% per month on the later of:
  - The first day of the second month after you turn 65
  - The first day of the second month after you retire
- Coverage continues to drop for 50 months, at which time the coverage will end
- Monthly premiums increase with age until you turn 65
  - Age 50 - 54: $0.217 per $1,000 of coverage
  - Age 55 - 59: $0.390 per $1,000 of coverage
  - Age 60 - 64: $0.867 per $1,000 of coverage
- After age 65, or at retirement if you retire after 65, Option B is free

No Reduction

- Your coverage level will not reduce unless you change your election
- Monthly premiums increase with age and continue past your 65th birthday
  - Age 65 - 69: $1.040 per $1,000 of coverage
  - Age 70 - 74: $1.863 per $1,000 of coverage

- Age 75 - 79: $3.900 per $1,000 of coverage
- Age 80+: $6.240 per $1,000 of coverage

FEGLI Option C in Retirement

Opton C Family coverage pays you in the event of the loss of a spouse or eligible dependent child. To be eligible, you must carry FEGLI Basic into retirement and have been enrolled in Option C for five years prior to retirement. Coverage is available in multiples up to five. Each multiple is equivalent to $5,000 in coverage for your spouse and $2,500 for each eligible dependent child.

Full Reduction

- Your coverage level begins reducing 2% per month on the later of:
  - The first day of the second month after you turn 65
  - The first day of the second month after you retire
- Coverage continues to drop for 50 months, at which time the coverage will end
- Monthly premiums increase with age until you turn 65
  - Age 50 - 54: $1.80 per multiple
  - Age 55 - 59: $2.88 per multiple
  - Age 60 - 64: $5.27 per multiple
- After age 65, or at retirement if you retire after 65, Option C is free

No Reduction

- Your coverage level will not reduce unless you change your election
- Monthly premiums increase with age and continue past your 65th birthday
  - Age 65 - 69: $6.13 per multiple
  - Age 70 - 74: $8.30 per multiple
  - Age 75 - 79: $12.46 per multiple
  - Age 80+: $16.90 per multiple

CHAPTER 06 OF 09

The Thrift Savings Plan

TSP Options After Retirement · Keep It Where It Is · Partial Distribution · Total Distribution · IRA vs TSP

The Thrift Savings Plan (TSP) is another component of the Federal Employee Retirement System. It is similar to a private employer-sponsored retirement plan (like a 401(k)). Your agency contributes 1% of your basic pay to your TSP account. These are called Agency/Service Automatic Contributions, and you don't need to make employee contributions to receive them. You are generally 100% vested in this contribution after 3 years of employment (2 years for some positions); if you leave before that, you forfeit this amount.

In addition, you receive Agency/Service Matching Contributions on the first 5% of pay you contribute every pay period. The first 3% is matched dollar-for-dollar; the next 2% is matched at 50 cents on the dollar. This means that when you contribute 5% of your basic pay, your agency or service contributes an amount equal to 4% of your pay to your TSP account. You are immediately vested in these contributions. Together with the Agency/Service Automatic (1%) Contribution explained above, your agency/service puts in a total of 5%. This is free money, it's wise to take full advantage of it.

Contribution limits (elective deferral limits) for the TSP are set by the IRS and adjusted annually. For 2026, the most you can contribute is $24,500 (this amount doesn't include employer-matching contributions). In the years you turn 50 and older, you can make an additional $8,000 in catch-up contributions. In the years you turn 60, 61, 62, and 63, that catch-up contribution limit rises to $11,250. Just be sure to lower it back to $8,000 when you turn 64. Plan strategically if you want to max out your TSP contributions. Hitting the goal too early will automatically halt contributions, which means you could lose a few pay periods of the 5% agency match.

Active federal employees aged 59½ or older can make age-based in-service withdrawals from their TSP, meaning you can access your funds while still employed. You are only allowed four in-service withdrawals per calendar year, and they must be at least 30 days apart.

When you retire or separate from civil service, you can keep your TSP as long as you have a vested balance of at least $200. While you won't be able to make contributions, you can roll an eligible retirement account into your existing TSP account. This is convenient for people who want to consolidate their retirement funds.

TSP Options After Retirement

Keep It Where It Is

You retain control of your fund allocation. Also, if you separate from service during or after the year you reach age 55, you won't face a 10% early withdrawal penalty. If you don't need to tap into your TSP balance, you can let it grow until you turn 73 and have to begin required minimum distributions (RMDs). RMDs are not required for a Roth TSP since these accounts are post-tax - meaning the IRS isn't concerned about when you withdraw money since they already took their cut. Installment Payments You can elect to receive monthly, quarterly, or annual installment payments from your TSP account, but the amount must be at least $25. You retain control over your investment choices and can make changes as desired. Payments will continue until you stop them or the account balance is exhausted. If, let's say for tax purposes, you choose to have installments come from only your Roth TSP, once that account balance is zero, the installments will begin to be distributed from your traditional TSP and vice versa. Installment payments can be a fixed amount or computed for you based on the IRS life expectancy tables. Life expectancy payments are based on your age and account balance at the end of the preceding year. They are recalculated each January.

Partial Distribution

Partial distributions must be at least $1,000. You can take a partial distribution even if you're receiving installment payments. Partial distributions are commonly used to roll a portion of your TSP into a qualified retirement plan that offers more investment options and gives you more flexibility on how you structure your withdrawals.

Total Distribution

Just like the name suggests, the full balance of your TSP will be distributed, your account balance will be zero, and you will lose access to the TSP permanently. Keep in mind that if you are taking a withdrawal from a traditional TSP, it is subject to taxes. Rolling your TSP into a qualified retirement account will not incur any tax until you begin withdrawals, but you must be 59½ when you begin withdrawals to avoid the 10% penalty.

IRA vs TSP

In the TSP, your withdrawals are distributed from the funds in proportion to how you invest. During a down market, you might want to take a distribution solely from your G Fund to minimize losses, but the TSP doesn't allow that. And though the TSP offers a mutual fund window, the fees associated can be high, and the fund options limited. Not sure what to do? You can always roll a portion of your TSP balance into an IRA and leave enough behind ($200 - but allow for fluctuations) to keep your account open. This way, if you change your mind, you can roll funds back into the TSP. Important: If you roll your funds into an IRA, you won't be able to withdraw them penalty-free until you are 59½. With the TSP, you get penalty-free withdrawals if you separate during or after the year you turn 55.

CHAPTER 07 OF 09

Social Security

Cost-of-Living Adjustments (COLAs) and Earnings Test

Social Security is the final component of the Federal Employee Retirement System. It is funded by a 6.2% Social Security tax that you pay on your earnings, and your employer matches. For 2026, the annual taxable maximum for Social Security is $184,500; any earnings over this amount will not be subject to Social Security tax. You need 40 quarters of coverage (10 years of work) during which you contributed to Social Security to qualify for benefits. The Social Security Administration has an online retirement benefits estimator where you can get an idea of what your monthly check will be. When To File Waiting until you reach your Normal Retirement Age (also known as Full Retirement Age) will allow you to receive an unreduced benefit. Normal Retirement Age is 67 for those born in or after 1960.

You're eligible to file for Social Security when you turn 62, but doing so results in a permanent reduction of your benefit. The reduction of your benefit is based on the number of months prior to Normal Retirement Age that you file. The reduction is calculated at a rate of 5/9 of 1% per month for the first 36 months, and 5/12 of 1% per month for each additional month. All of those fractions basically boil down to the fact that if you file for Social Security when you turn 62, your benefit will be reduced by 30%. The good news is that you have 12 months after filing to change your mind. You can withdraw your application, pay back any benefits you received, and reapply at a later date.

If your annuity, TSP withdrawals, and other sources of income are enough to fund your retirement, waiting until after your Normal Retirement Age to file for Social Security will boost your monthly benefit. Known as delayed retirement credits, your benefit will increase ⅔ of 1% for each month after the month you reach Normal Retirement Age. In other words, your benefit will increase 8% each year you delay filing until you reach age 70, and the increases stop. Bottom line - waiting until you're 70 to file for Social Security benefits will raise your monthly payment by 24%.

Cost-of-Living Adjustments (COLAs) and Earnings Test

COLAs, calculated annually, protect the purchasing power of your monthly benefit from being eroded by inflation. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is a tool used by the Bureau of Labor Statistics to gauge inflation. The CPI-W for the third quarter of

the current year is compared to the CPI-W for the third quarter of the last year in which a COLA was calculated, and the difference dictates the amount of your COLA.

Like the Retiree Annuity Supplement, Social Security benefits have an earnings test. The amount you're allowed to earn before your benefit is reduced depends on your age. For those under Normal Retirement Age, the amount is $24,480 annually (2026). Your benefits will be reduced by $1 for every 2$ you make over that amount. For those reaching Normal Retirement Age in 2026, the amount is $65,160 annually and only applies to earnings made in the months prior to the month you reach Normal Retirement Age. Your benefits will be reduced by $1 for every 3$ you make over that amount. Once you reach Normal Retirement Age, the earnings test no longer applies.

CHAPTER 08 OF 09

Planning your retirement

Choosing Your Retirement Date · End of a Pay Period · End of the Month · End of the Year or Leave Year · Be Prepared · Section A – Identifying Information · Section B – Federal Service · Section C – Marital Information · Section D – Annuity Election · Section E – Insurance Information · Section F – Other Claims Information · Section G – Information About Your Unmarried Dependent Children · Section I – Applicant's Certification

It's never too early to start planning for retirement - ideally, it should begin the day you're hired. Contributing to your TSP to get the 5% agency match is a great first step on the road to financial readiness. As you get further along in your career and closer to meeting age and service requirements, there are some decisions you'll want to make that will greatly influence your retirement. If you've opted for insurance coverage under a spouse's private plan, but want the benefit of carrying FEHB into retirement, make sure you sign up in time to meet the 5-year requirement. Remember, the 5-year requirement is from the day your coverage begins, not the day you sign up.

Choosing Your Retirement Date

The perfect retirement date is a widely discussed and dissected topic. There have been multiple articles dedicated to several strategies you can employ to ensure you pick the right date. So, what exactly is the right date, and why does it matter?

End of a Pay Period

FERS employees have to work an entire pay period to accrue annual leave or sick leave for that pay period. If you only work eight of the 10 days, you will not receive prorated leave. This might not be that important to some pre-retirees, but others may want those 4 extra sick leave hours to boost their annuity calculation and 8 annual leave hours to increase their lump sum payout.

End of the Month

When you retire, your annuity starts on the first day of the following month. If you retire on June 30, your annuity payments begin on July 1, which means you never experience a gap in payment. If you

retire on June 15, your annuity payments begin on July 1, and you will need to go 15 days prior to getting paid.

End of the Year or Leave Year

Retiring at the end of the year allows you to accrue additional annual and sick leave. You can carry over a maximum of 240 hours of accrued annual leave from the prior year. When combined with the possible 208 that you can accrue during the current year, that's an impressive lump sum payout. If maximizing your lump sum annual leave payout is the goal, make sure to retire before the end of the leave year (the 2026 leave year ends on January 9, 2027). This is the last date to use or lose any leave over 240 hours. Another benefit to this strategy is that you will receive your lump sum payment for accrued annual leave in the next year, which means it will be taxed in the next year, when you potentially have a lower income due to retirement. The end of the year is a popular time to retire, and results in OPM receiving a flood of applications. This could lead to delays in processing, but hopefully, the new digital retirement system will alleviate some of the backlog.

Be Prepared

In 2024, the Office of Personnel Management (OPM) processed approximately 92,000 retirement applications. Mistakes or missing information in your retirement application can significantly delay processing, postponing your access to full benefits. The most common mistakes include incomplete personal identification details, incorrect marital status documentation, and discrepancies in federal service records. Check your OPF/eOPF regularly to ensure all creditable service is properly documented. For immediate retirement, FERS employees use the SF-3107 (www.opm.gov/forms/pdf_fill/sf3107.pdf), with a concise four-page explanation. Below is a breakdown of what you can expect.

Section A – Identifying Information

Provide your full name, date of birth, Social Security number, home address, phone number, and email. You'll also confirm U.S. citizenship and indicate if you're applying for disability retirement.

Section B – Federal Service

List the department or agency you're retiring from, your position title, pay plan, occupational series, and intended retirement date. Specify if you received an honorable discharge from the military and whether you're receiving or entitled to military retired pay (reserve retired pay counts as "No").

Section C – Marital Information

Check "No" if unmarried; otherwise, check "Yes" and include your spouse's name, date of birth, Social Security number, etc. For divorced applicants, if benefits are owed to a former spouse, check "Yes" and attach relevant court orders.

Section D – Annuity Election

Initial the box for your preferred annuity: a reduced annuity with maximum survivor benefits (50%), a reduced annuity with partial survivor benefits (25%), or an annuity payable only during your lifetime. Alternatives include benefits for a former spouse or someone with an insurable interest.

Section E – Insurance Information

To continue health insurance, you must have been enrolled for five consecutive years before retirement (or since your first enrollment opportunity). Check "Yes" if eligible, then answer if a court order mandates coverage for children. For FEGLI (life insurance), the same five-year rule applies. Indicate eligibility and initial your benefit choice. Spouses cannot be excluded by law, but unmarried retirees can designate a former spouse or insurable interest.

Section F – Other Claims Information

Complete this only if you're receiving or have applied for workers' compensation from the Department of Labor due to a job-related injury or illness.

Section G – Information About Your Unmarried Dependent Children

Listing names, birth dates, and disabilities of dependent children is optional but helpful for OPM in case of your death.

Section I – Applicant's Certification

Certify under penalty of law that your application is accurate to the best of your knowledge. Answer Yes, No, or Not Applicable to questions about military service, survivor elections, insurance, workers' compensation, taxes, and court orders; essentially a final review to catch oversights.

Additionally, three schedules ask Yes/No questions about military service, military retired pay, and workers' compensation benefits.

Completing your retirement application can be a lengthy process. Be sure to give yourself plenty of time before your selected retirement date. Missing signatures are one of the most common reasons for delays, so double-check your application. Once you retire, you will lose access to your eOPF file. It is recommended that you download a copy before your separation date.

CHAPTER 09 OF 09

What happens after you file

Agency and Payroll Processing 30-45 Days · OPM Intake 10-15 Days · OPM Processing 10-90 Days · Retirement Finalized

OPM provides a 3-5 month timeframe for processing retirement applications. However, the recent implementation of digital retirement processing is expected to dramatically reduce this. During processing, you will:

- Receive interim payments generally equal to 60-80% of your estimated annuity.
- Continue any healthcare coverage you elected to take into retirement.
- Have access to Services Online so you can track your retirement processing.

Agency and Payroll Processing 30-45 Days

- Your agency completes your retirement package and submits it to the payroll office.
- Your payroll office issues your final paycheck and lump-sum payment for any unused annual leave.
- Your payroll office assembles your retirement records and sends them to OPM.

OPM Intake 10-15 Days

- OPM receives your retirement information from your agency payroll office.
- OPM assigns you a Retirement Claim number, also known as a CSA number.
- OPM issues your first interim payment, if eligible.
- OPM sends you information to access Services Online.

OPM Processing 10-90 Days

- OPM issues monthly interim payments, if eligible.
- OPM reviews your case and calculates the annuity.

Retirement Finalized

- OPM issues any adjustment payment, if needed.

- OPM sends your first full annuity payment.
- OPM creates and sends you a personalized retirement booklet.

Your own numbers, *checked.*

This guide explains the rules. A free benefits review puts your own High-3, service history, TSP balance and retirement date into one plain-language picture with a Federal Retirement Consultant (FRC®), a professional trained on the federal system.

FFEBA.COM/BENEFITS-REVIEW

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