FFEBA

Federation of Federal Employee Benefit Advocates

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TWO-PAGE OVERVIEW

Federal employee benefits, *in plain English.*

The three income sources, when you can retire, what the TSP and Social Security add, and the handful of decisions that matter most.

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Federal employee benefits: *a plain-English overview.*

Federal employees under FERS have one of the most complete retirement packages in the workforce. Understanding how the pieces fit together is the first step to using what you have earned.

The three-legged stool

FERS retirement is built on three income sources: your pension (the annuity), the Thrift Savings Plan (TSP), and Social Security. Together they are designed to replace a meaningful share of your working income in retirement.

Your pension

Guaranteed lifetime income based on your years of service and High-3 salary. It does not depend on the market and it does not run out.

The TSP

The federal 401(k). You contribute, your agency adds up to 5%, and the balance grows tax-deferred. Its value depends on contributions, fund choices and markets.

Social Security

FERS employees pay the full Social Security tax through their careers and receive full benefits.

Your pension

Your FERS annuity is calculated from your years of service and your High-3 average salary, the highest 36 consecutive months of basic pay. The standard formula is 1% per year of service. Retire at 62 or older with at least 20 years and the multiplier rises to 1.1%, a 10% increase that is worth real money over a long retirement. Unused sick leave is added to your service time for the annuity calculation, even though it cannot make you retirement-eligible.

When you can retire

Your options depend on age and years of service. The most common paths to a full, unreduced annuity are 62 with 5 years, 60 with 20 years, or your Minimum Retirement Age (MRA, between 55 and 57 depending on birth year) with 30 years. You can retire earlier with reduced benefits, or defer retirement if you leave federal service before meeting the requirements.

The TSP

The TSP works like a 401(k). Your agency automatically contributes 1% of your pay and matches up to another 4% when you contribute 5% yourself, so the full agency contribution is 5% of your salary. The 2026 contribution limit is $24,500, with catch-up contributions available starting at age 50. In retirement you can leave your TSP where it is, take installment payments, make partial withdrawals, or roll it into an IRA for more flexibility.

Social Security

FERS employees earn full Social Security benefits. You can file as early as 62 with a permanent reduction, or wait until your full retirement age (67 for those born in 1960 or later) for an unreduced benefit. Delaying past full retirement age increases your benefit by 8% a year up to age 70.

Health and life insurance

If you have been continuously enrolled in FEHB for the 5 years before your retirement, or since you first became eligible, you can carry your federal health coverage into retirement with the government still paying roughly 75% of the premium. FEGLI life insurance has the same five-year rule. Both are significant benefits that most private-sector retirees do not have.

A few things worth knowing

- **The Retiree Annuity Supplement** bridges your income between early retirement and Social Security eligibility, but it ends at 62 and is subject to an earnings test.
- **COLAs** on your FERS pension do not begin until age 62.
- **Your retirement date** matters more than most people realize. Retiring at the end of a pay period, the end of a month and the end of the leave year can maximize your sick leave credit, remove income gaps and increase your lump-sum annual leave payout.

The bottom line

Federal benefits are generous, and they are also complex. Small decisions, such as your retirement date, your survivor annuity election, your TSP contribution strategy and when you file for Social Security, have lasting consequences. Working with someone who specializes in federal benefits is, for most federal employees, the difference between a good retirement and a great one.

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.

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