

# Is FERS Better? Readers Weigh In

By Tammy Flanagan

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Last week's column, [Unlocking the Secrets of FERS](#), received a huge response. I figured it would, since I attempted to point out the benefits of coverage under the Federal Employees Retirement System over the Civil Service Retirement System for certain federal workers. That's always a subject of hot debate.

It was encouraging to see many people recognize that any comparison of FERS and CSRS must take into account that CSRS was designed as a single benefit plan that stands alone, while FERS is a three-tiered plan featuring a basic benefit, Social Security and Thrift Savings Plan investments. So evaluating the two systems, as one reader noted, "is a little like comparing apples and oranges."

But readers of the column certainly had their opinions and perspectives on CSRS and FERS. Here's a recap of some of the comments I received.

## **CSRS Fans**

- "I retired CSRS after 34+ years. I'm really happy with my pension. A few of my peers switched to FERS in one of the open enrollment periods and all are sorry they did."
- "No kidding, CSRS and FERS are as different as night and day. CSRS is way better. This article did nothing to change that fact."
- "People were shocked I was retiring at 55; in fact some of the senior leaders were trying to convince me to stay. 'No thank you' was my cordial response."
- "Since my only time under Social Security was my two years in the Army, CSRS was the best system for me. Counting my military time and unused sick leave, I retired with over 42 years service and currently have a much larger net (but not gross) income than when I was working. I did manage to put a few hundred thousand in the TSP and will start drawing that when I turn 70."

## **FERS Fans**

- "If your salary is over \$100K and you've invested in the TSP for 30+ years, then it's certainly possible, if not likely, you'll be making over six figures in retirement benefits when you add the pension, TSP and SS."
- "With the combination of FERS, Social Security and TSP, my income in retirement will be a bit more than what I make now (not six figures, but close). That's assuming there are no changes to FERS for current employees or any more Social Security changes. Since I have a couple more decades until retirement, I wouldn't be surprised if that were to happen, unfortunately."
- "I'm on track (fingers crossed!) to retire five years from now (at the earliest) with over six figures in retirement benefits, at about 80 percent of my current salary."
- "My friend retired CSRS with 80%. I retired with FERS with 42% (law enforcement). He did not contribute to the TSP and I contributed the max for 29 years. When I am 59 1/2 I will begin withdrawing my TSP with monthly payments and will surpass the monthly income of my CSRS friend. I will have close to \$1 million in the TSP -- and don't forget Social Security."

- “I’m happy with FERS... That, combined with the TSP match and Social Security, gives me more options than CSRS employees.”

### **Words of Caution**

- “I think this whole argument on which system is better depends on numerous factors, such as salary, number of years contributing to the TSP, asset allocation within the TSP, and of course the performance of the market over time.”
- “One of my pet peeves with FERS is the diet COLA, where I personally believe it is applied backward. CSRS starts out with a higher base pension, to which the COLA is applied immediately. FERS has diet COLA on a much smaller pension delayed to age 62. With the COLAs reversed, the difference between the FERS and CSRS pensions in the out years would narrow.”
- “Those ‘who know how to manage risk and volatility in their retirement savings’ are few and far between and employers have failed to provide the professional guidance and oversight they promised.”
- “I can almost see the zombie apocalypse now. The FERS retirees will be stalking the pet food aisle to find affordable substitutes to lower their food costs.”

### **Grass Isn’t Greener**

- “Not to belabor the differences of these two pension programs -- we all have it better than 99 percent of our non-gov neighbors.”
- “Having worked in the private sector for the first 10 years of my career, I absolutely love my FERS. I don't feel jealous thinking about CSRS, instead, I feel very fortunate to have spent the last 20 years as a federal employee. I really mean that. We have it good.”

### **TSP Talk**

- “With FERS, the TSP is the big unknown. If you're in FERS and not contributing the minimum to get the full agency match, then you're in serious trouble come retirement -- not to mention you're leaving free money on the table.”
- “I like to keep my TSP and invest in the various funds offered, but cannot dictate what fund (G) to take money out for monthly withdrawals during retirement. They simply take out of all the funds. So if the C, S, and I Funds, for example, are down, then I am withdrawing at a loss, rather than if they would just take from the G Fund, which supposedly never goes negative.”
- “As I understand it, the original selling point for the TSP was to give the participant control of their future. Too much control has been withheld or removed.”

If you’re looking to maximize your retirement savings by understanding how to better manage your TSP investments, I’ll be hosting an upcoming webinar series, [The Missing Key to the TSP](#), with certified financial planner Micah Shilanski. Registration is now open.

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<http://www.govexec.com/pay-benefits/retirement-planning/2015/01/fers-better-readers-weigh/104025/>