

# 10 Things You Need To Do Before Leaving Government

By Tammy Flanagan

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This week, I had the opportunity to attend the annual [Women In Federal Law Enforcement](#) conference. It included sessions devoted to “You and Your Federal Career.” The range of knowledge about retirement from the women in attendance--who ranged from relatively new employees to those retiring within the next five years--was very interesting.

A few attendees let me know that they were in fear of retirement, which is mandatory at age 57 for federal law enforcement officers. Some admitted they had waited too long to really understand the basics of retirement planning and were worried about their future.

With that in mind, this week I thought I’d present a list of 10 things you need to do to be prepared for before leaving your federal career behind.

- 1. Figure out when you’re eligible to retire.** There are specific age and service requirements for federal retirement -- and there are additional provisions for those considering early or deferred retirement under special provisions such as law enforcement retirement and disability.
- 2. Determine if all of your federal service is creditable for retirement.** In order to be credited towards your length of service for retirement eligibility and computation of your federal retirement benefit, your service must be documented and meet the test of creditable service. Some of your service may not be creditable unless you pay a service credit deposit to the retirement system.
- 3. Know your high-three.** Your retirement benefit is computed based on the average of your highest three years of basic pay (usually the last three years of your career.) Make sure you understand the calculation and the definition of the basic pay rates that are used to compute your high-three.
- 4. Ask yourself what happens after you’re gone.** One of the most important decisions you will make when you file for retirement is choosing the kind of retirement benefit you want--one payable only during your lifetime, or one reduced during your lifetime to provide a survivor annuity to someone else. Also, there are spousal and dependent children benefits payable under Social Security, and spouses and children can benefit from the proceeds from your Thrift Savings Plan account. Make sure you understand all of these benefits.
- 5. Track down your paperwork.** Have you maintained a set of beneficiary designation forms for your lump-sum retirement benefits, Federal Employees Group Life Insurance, TSP funds, and unpaid compensation? Do you have a copy located where your beneficiaries can find it? Has it been updated after your last major life event (marriage, death of a prior beneficiary, divorce, birth or adoption of a child)?
- 6. Understand the role Social Security will play in your retirement.** Have you determined if the replacement of your pre-retirement income will be 15 percent, 50 percent, or somewhere in between? It depends on whether you are a high wage earner or a low wage earner, and whether you claim the benefit at age 62 or closer to age 70. If you have dependents, have you considered how much of a benefit they might be entitled to from your Social Security earnings record?

**7. Add up your investments.** You've been diligently saving in the TSP, right? Set a goal for how much you'll need to have in your account to provide adequate retirement savings and a possible stream of income. And make sure you understand how to properly diversify and rebalance your TSP account to achieve your retirement goals.

**8. Consider your insurance needs.** What will you do when you turn 65 and qualify for Medicare? Have you reevaluated your life insurance needs lately to determine if you have too much or not enough coverage? Will you meet the five-year test to continue your federal health and life insurance coverage if you are planning to retire from federal service? Have you thought about the possibility of needing long-term care?

**9. Know the difference between being eligible to retire and being able to afford to retire.** Consider, for example, the difference in your retirement income if you work another three to five years. If you are considering leaving federal service before retirement, consider the value of the benefits you will lose compared to those available at your next employer. One benefit that may not be available in your next job is a pension like the one that's included in your federal basic benefit.

**10. Think about life after retirement.** This is a critical issue. Many people plan for life after high school, after college, after marriage and after having children, but simply assume that life after retirement will just happen. It's important to visualize the kind of life you'd like to live in retirement so you'll know how long you'll have to work and how much money you'll need to live out your dreams.

How do you go about addressing all of these issues? You can start by reviewing some of the columns I've written over the years. Here's an [index by topic](#).

In addition, if you're under the Federal Employees Retirement System, you can attend a webinar series called "FERS: Three Irreversible Mistakes." It airs June 25, July 2 and July 9, at 2 p.m. ET. I've partnered with Micah Shilanski, a certified financial planner, to produce the webinars. [Click here to register](#).

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