

How to Estimate Your Retirement

By Tammy Flanagan

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The Office of Personnel Management determines exactly how much each federal employee will get in retirement benefits when the time comes to leave federal service. But that process can take a long time. Currently fewer than 70 percent of new retirement claims received by OPM [are processed in less than 60 days](#). And once your application has been processed, it's too late to make sure you understand just how much money you'll have in retirement.

That's why it's important to get an estimate of your benefit long before you actually go out the door. You can get one from your agency, whether you're under the Civil Service Retirement System or the Federal Employees Retirement System. I'm often asked to review a CSRS or FERS retirement estimate to see if I can detect anything that might be missing or subject to question before an employee moves forward with his or her plans for retirement.

In addition to requesting such an estimate--which is a very important part of the retirement planning process--you can get informal estimates in a variety of ways:

- You can do your own estimate simply by using old-fashioned math: Compute your high-three average salary, multiply it by your length of federal service and apply the CSRS or FERS formula to determine your federal annuity benefit. You can [find the CSRS and FERS formulas here](#).
- You can use a variety of privately produced online calculators. Two examples are [FedCalc](#) and [FedRetireSoftware](#).
- You may find that your agency's payroll system has an online calculator that you can use to estimate your benefit. [Employee Express](#) users, for example, have access to a benefits statement that includes a retirement estimate. Some employees also can use the online Employee Benefits Information System to access their retirement benefits information.

OPM does not have a retirement calculator on its [website](#), nor does the agency provide any retirement counseling to federal employees other than the information found on the website. Instead, OPM delegates the task of producing retirement estimates and counseling to individual agencies. The reason is that the personnel records for federal employees are maintained by the agencies, along with payroll information. Due to a lack of automation and coordination between agencies and OPM, the information needed to compute an individual retirement benefit isn't available to OPM until after an employee retires.

Another problem is that the agency may not have some of the information necessary to provide the employee with an accurate estimate.

Regardless of the manner in which a retirement estimate is prepared, it needs to provide you with a good idea of how much of your current income will be replaced by the CSRS or FERS retirement benefit. Then you can add this to other sources of retirement income such as Social Security, military retirement benefits, private sector pensions and retirement savings plans such as the Thrift Savings Plan.

You're responsible for doing your own financial, estate planning and tax planning to be sure your retirement goals are realistic. Once you feel confident your retirement income will cover your expenses, then you know you can move forward with your plans.

All of that, of course, starts with a trustworthy estimate. Next week, we'll explore some of the reasons why agency estimates turn out to be inaccurate.

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