

## Beware of Hucksters

By Tammy Flanagan

September 17, 2015

I've conducted a lot of retirement planning seminars over the course of my career. I've taught at least 3,000 federal employees the basics about their benefits in the past year -- over 100,000 during my career. There aren't very many of us who conduct such classes for federal employees, so it's not surprising that thousands miss out on agency-sponsored pre-retirement planning classes.

There are many good reasons to attend an agency-sponsored seminar. First, there's access to seasoned professionals and the materials they bring, with no sales pitch. There also are opportunities to ask questions—and to learn from answers to colleagues' questions. Perhaps most important, such sessions give employees some needed time and space to focus on retirement planning.

Consider these [retirement statistics](#):

- From 2005 to 2014, 275,059 employees retired from the Federal Employees Retirement System (average age: 60.6 years; average length of service: 28.2 years).
- During the same period, 331,973 employees retired under the Civil Service Retirement System (average age: 59.8 years; average length of service: 33.8 years).

Although the vast majority of retirees were covered under CSRS or FERS, there are a few other retirement plans for federal employees including the DC Police and Firefighters system and the Foreign Service Retirement System. I have a feeling that many of the 609,584 retirees who left federal service between 2005 and 2014 were not afforded pre-retirement training before they walked out the door for the final time.

There are other options for pre-retirement planning outside of an agency sponsored training event:

**Do it yourself:** books, web sites, magazines

**Webinars:** I conduct two types of Web-based training options that include sponsored training, such as the webinars I conduct for the [Federal Long Term Care Insurance Program](#), the [National Active and Retired Federal Employees Association](#) and the [National Institute of Transition Planning](#); and fee-for-service training, such as the webinars I have presented with Micah Shilanski at [www.plan-your-federal-retirement.com](http://www.plan-your-federal-retirement.com). Those are financed by agencies through training funds or by participants who pay a fee.

**Free lunch seminars:** Be careful of these—they are often accompanied by a high pressure sales pitch.

**One-on-one training and counseling:** Agencies may offer limited retirement benefits counseling. Paid consultants, while expensive, may offer valuable advice, but be wary of hucksters vs. financial professionals who have a fiduciary responsibility to look out for your best interest.

The purpose of pre-retirement planning and training is to accomplish the following:

- Gain an understanding of financial readiness for retirement.

- Learn how to prepare for the emotional transition to a new chapter of life.
- Become familiar with the factors that influence the value and cost of a variety of retirement benefits, including the CSRS or FERS retirement benefit, the Thrift Savings Plan and Social Security retirement benefits.
- Become familiar with “what-if” situations and options for reacting to life events.

There’s another option for preparing for your future as well—form your own retirement club. I recently learned of one at the Food and Drug Administration where employees took matters into their own hands to prepare themselves for life after a federal career. This club was started by employees, not HR professionals. Susan Yu, a consumer safety officer and one of the founding members of the club, will retire on Nov. 30. “One of the things that working for the FDA has taught us is to discover a problem and solve it,” she said. She works with a tenacious group of people dedicated to protecting and promoting the public health who also wanted to become better prepared for retirement.

One of the things they did was add the retirement club to the Health and Human Services Department’s Yammer social media site as a public group. According to Yu, Yammer is a lot like Facebook. People can comment and bring up discussion items. She can add documents that people can use such as instructions for retirement, presentations, and interesting articles.

Another founding club member, Linda Amendt, noted that speakers at club meetings have included financial consultants; a former benefits officer at HHS, now retired from federal service; and a current benefits officer at FDA. The club meets on the main FDA campus in Silver Spring on the 1st Tuesday of the month at lunch time. Yu and Amendt also have assistance from other members in crafting and disseminating meeting materials.

“We are booked until February 2016 with speakers,” Amendt said. “Many professionals are interested in introducing themselves to the federal audience in hopes of gaining future clients.” Thanks to a variety of list-serve resources, the group keeps up with OPM’s benefit announcements and advertises free training that becomes available. Recently, the club picked up another 200 members in addition to the 200 or so existing members.

This grassroots organization definitely seems to be filling a need. Yu and Amendt wanted me to share information about their group to inspire other employees to prepare for one of life’s most rewarding events.

*This column was updated to clarify that the author has instructed 3,000 federal employees this year alone. She has taught more than 100,000 over the course of her career.*

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<http://www.govexec.com/pay-benefits/retirement-planning/2015/09/beware-hucksters/121316/>