



In-The-Know Monthly eNewsletter

### **Did You Know?**

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When I'm presenting a retirement planning class, one of the most common things I hear seminar attendees ask is:

*Why didn't someone tell me about these things years ago?*

It's never too early to take a retirement planning class for many reasons. But until you have a chance to take one, I'll cover just a few of the things that Federal employees are often surprised to hear in class.

#### Retirement Coverage

Did you know that it only takes 5 years of creditable Federal civilian service to be vested for retirement pension purposes? If you leave Federal service for more than 3 days before you are vested under FERS (Federal Employees Retirement System) you won't qualify for a pension, and if you returned to Federal service later, you would most likely have to pay more to earn your Federal pension.

#### Service Computation Dates

Did you know that Leave SCDs are not always the same as Retirement SCDs? Do you know how to verify what your Retirement SCD is? Hint: It's not on your SF-50s (Personnel Actions) and it's not on your Earnings & Leave Statements... those are your Leave SCDs.

#### Summary of Federal Service

Did you know that you can request a Summary of Federal Service from your agency retirement office to ascertain what your agency currently has on file for you in regards to what periods of Federal service will be used to determine both retirement eligibility and the computation of your pension? Requesting and then

reviewing this document years before you separate for retirement can alleviate 90% of the problems that cause delays in retirement processing, and it could answer 90% of the questions you might have regarding how your Federal service affects your retirement.

### Military Deposit Service

Did you know that if you are retired from the Military Reserve, you can still make a deposit for your creditable active duty service under CSRS or FERS without impacting or waiving your Military Reserve retirement? And if you are retired from active duty, it might be worth looking into paying a military deposit under CSRS or FERS if a significant amount of your military retirement income comes from the Veteran's Administration, OR if your active duty retirement is based on combat disability, OR if you are retired enlisted and plan to have a 6-figure salary before you separate from Federal service, OR if your taxable active duty retirement is less than \$3,000/month gross. If you're a military academy graduate, those 4 years in the academy usually aren't part of your military retirement, so it's certainly worth looking into paying that military deposit even if you decide to keep your active duty military retirement separate from your CSRS or FERS retirement

### Best Date to Retire

Did you know that if you are preparing to retire from Federal service and you have a decent private sector salary job lined up somewhere else upon separation, October 31st (if FERS) or November 1st, 2nd, or 3rd (if CSRS) might be a good date for you to retire. You could maximize your unused annual leave which is usually paid out in a lump-sum payment within 2 or 3 pay periods from the date of your separation by having it all paid out in a year in which you might be in a smaller tax bracket. And if you are FERS and eligible for the FERS Annuity Supplement, retiring on October 31st could allow you to keep more months of the Supplement payment due to the way OPM applies the "annual earnings test".

### Survivor Benefits

Did you know that if you pass away as a FERS employee with at least 18 months of creditable service, a surviving spouse would qualify for a Basic Employee Death Benefit (BEDB) and if they are under your Federal health insurance plan at the time of your death, they would also be allowed to maintain Federal health insurance at the same rates that full time employees pay. Also, if a CSRS employee (with 5+ years of creditable service) or a FERS employee (with 10+ years of creditable service) passes, the surviving spouse would qualify for a monthly survivor benefit payment (with no reduction for early age) potentially payable for the rest of their life.

If you are a married FERS employee and you are thinking about leaving Federal service mid-career, if you have at least 10+ years of creditable service before you separate, your surviving spouse would qualify for the monthly survivor benefit upon your death (if you passed away before returning to or retiring from Federal service).

Are you familiar with the 4 beneficiary forms that cover many of the Federal benefits (other than monthly payments) payable upon your death? Do you know where these are maintained and how to update them?

### Federal Employees Health Benefits

Did you know that if you are a Fed married to a Fed, you would be allowed to obtain your own FEHB coverage in retirement even if you were covered by your spouse's FEHB plan for the last 5 years of your Federal career leading up to the date of your separation for an Immediate Retirement?

Did you know that Tricare (military health insurance) can help you meet the “5-year test” that OPM uses to determine eligibility to keep FEHB in retirement? But if you don’t have FEHB coverage on the date of your separation for an Immediate Retirement, you won’t be able to sign up for it later. Did you know that once you’re retired, you can immediately suspend FEHB for Tricare and keep it suspended indefinitely... and if you wanted to, you could unsuspend FEHB during any open season in retirement?

Did you know that this article only scratches the surface of things that are often overlooked or unknown to many Federal employees? For a continued discussion of this topic, please contact James via email at [james@federalretirementinfo.com](mailto:james@federalretirementinfo.com) and ask him for a copy of the entire “Did You Know?” article.

*Federal Benefits instructor with NITP for over 10 years, James Marshall presents full day seminars to agencies covering all aspects of CSRS and FERS retirement benefits, FEHB and FEGLI, the TSP, FSA’s, Medicare, Long Term Care and Social Security. James is also owner of Federal Retirement Planning, LLC which is a company that assists individuals with all sorts of Federal benefit related inquiries.*