

## Retirement Estimate Guide

When you retire you will be placed in what is called the “**interim period**” for about 4 to 6 months while OPM adjudicates (finalizes) your retirement. During this time, OPM will pay you roughly 85% of the estimated annuity and deduct for Federal taxes only. OPM pays any FEHB, FEGLI, and survivor benefits premiums, if applicable, and then calculates what is owed at the end of the interim period. When your retirement is finalized, you’ll receive a [blue booklet](#) with details of your calculation. If you were underpaid, then OPM will pay what is owed to you in a lump sum along with your regular annuity check.

### **Don’t forget to add the [FERS Supplement](#) to your annuity!**

The FERS supplement is a percentage of what your age-62 [SS benefit](#) is estimated to be. It is paid automatically by OPM and does not affect your future SS benefit. If you are retiring prior to age 62 and eligible for the FERS supplement, you can add this amount to your estimated monthly annuity. OPM will not pay this until your retirement is finalized. You will receive the backpay for the supplement along with any portion of the annuity owed to you during the interim period. [OPM’s Services Online](#) will provide annuity statements.

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### Thrift Savings Plan

Your [Thrift Savings Account](#) is the third bucket of income that is part of the FERS 3-part retirement system. **TSP is not listed on your FERS estimate.** You will want to visit [www.TSP.gov](http://www.TSP.gov) or call to schedule withdrawal options no sooner than 30 days after retirement. When you



retire, you will be able to maintain your TSP account, make transfers into your account, and make interfund transfers, but you must be taking [the minimum distribution](#) by age 73 (75 starting in 2033).

If you have [an outstanding TSP loan balance](#), you will be able to continue to make loan payments on a monthly schedule, or pay in full, or allow the balance to be foreclosed and reported to the IRS

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### **FEHB**

Employees may continue [health insurance](#) coverage in retirement if they are covered for 5 continuous years before retirement (may add family members in retirement). **The annual open seasons that occur every fall and the costs of insurance premiums remain the same for employees and retirees.** If eligible, your health insurance coverage will transfer to OPM with your retirement package. For any qualifying life event changes (marriage, birth, etc.), you will be able to coordinate through OPM’s Services Online or provide an election form directly to OPM.

### **FEGLI**

On page 4 of the estimate provided by your specialist, you will see a breakdown of what [life insurance](#) will cost in retirement and the amount of coverage. There will be a few choices that you’ll want to consider if you have more than the basic coverage. See [SF 2818](#) on OPM’s website for more details. **Most employees will elect the 75% reduction for the Basic coverage and waive their Option B as they enter retirement.** Feel free to discuss the options with your retirement specialist.

#### ***If you have Basic FEGLI coverage . . .***

*The estimates provided by your specialist will have the 75% reduction option for the Basic coverage unless you’ve indicated otherwise. This means that you pay a low fixed rate until you turn 65 when the premiums will cease, and your insurable amount decreases 2% per month until it reaches 25% of its original amount (~3 years). The 50% reduction option and the no reduction option have fixed rates, but you continue to pay those fixed premiums after reaching 65.*

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### **Survivor Benefits (if married)**

In addition to FEGLI on page 4 of your estimate, you will see the options for the [survivor annuity](#) that you may elect to leave a spouse. If you are married, the default will be for your spouse to receive 50% (full) of your annuity upon your death but you may choose the 25% option (half) or no benefit. **A spouse’s ability to carry FEHB upon the retiree’s death is one of the most important reasons that some choose a survivor benefit.** Without any benefit elected for the spouse, the FEHB coverage for a spouse will terminate upon a retiree’s death. An election less than the full benefit requires a notarized form from your spouse at your retirement.

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## Federal Taxes

The estimate from your specialist shows a deduction for Federal taxes based your current payroll record. Most employees maintain the same deductions for taxes in retirement until they have become acclimated to their new income and/or see a tax advisor. You will be able to adjust the tax withholdings through OPM's website.

**TAX TIME**

## State Taxes

**State taxes will not be deducted until your retirement is finalized** and not before you log onto OPM Services Online to add that deduction. However, you may type/write a brief memo that states the specific amount to deduct from which state, and I'll add it to your retirement package.

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## Additional Deductions

### Dental/Vision

If you carry the dental/vision coverage through [Benefeds](#), the premiums will not be deducted until your retirement is finalized. You will be responsible for the payments in the meantime or you will lose coverage (see SF-3107). Benefeds will send you a letter after you retire with instructions on how to make payments and there are instructions on your retirement application. **If you are not enrolled in dental/vision, you may still participate after retirement by enrolling during open season or with a qualifying life event, but you must be eligible to carry FEHB in retirement.**

### Long Term Care

Long term care is handled similarly to the dental/vision insurance. You will need to pay your provider directly until OPM finalizes your retirement. If you are not carrying LTC as an employee, you may still enroll through [www.LTCFEDS.gov](http://www.LTCFEDS.gov).

### Flexible Spending Account

If you have an either FSA for medical or dependent care, you can still make claims for expenses incurred before retirement but not after. Any money remaining in your account will be forfeit. You will not be able to make claims or participate in FSA in retirement.

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## Retirement Process

Please contact your retirement specialist to request paperwork about 3 months prior to your anticipated retirement date. The week that you retire, your package will be forwarded to IBC who will then generate your Individual Retirement Record (IRR). Generally, IBC overnights your entire record with your paperwork to OPM 1-2 weeks after the pay period calculates. At this time, IBC will mail a letter with OPM's register number and date.

### Civil Service Annuitant Number

When OPM receives your package, they will assign a Civil Service Annuitant (CSA) number that you will need to use when communicating with OPM. This is the account number you will use to log into the Services Online (EEX equivalent).



### Annual Leave

If you have unused annual leave when you retire, it will be paid out to you 2 pay periods after you receive your last pay check. It will be deposited in the same account you had on file when you retired. Be prepared for a ~35-40% reduction before the net.

### Sick Leave

As you may already know, any unused [sick leave](#) you have is converted to days to be included in your service which then adds to the amount of your annuity. The number of sick leave hours used in my estimates comes from your current balance.