


American
Benefits
Exchange
An AMERILIFE Company

HOW TO MAXIMIZE YOUR BENEFITS & RETIREMENT

SDFM Aviation Chapter August Lunch and Learn

1

WHO IS ABX?



- Specialize in educating & training federal employees on their benefits & retirement information
- Offer guidance & solutions to issues within your benefits structure
- Attend & present at local, regional, & national events

2

WHO AM I?



DEREK JAMESON

- Owner of Jameson and Associates
- Over 20 years experience in Financial Problem Solving
 - Retirement planning
 - Estate planning
 - Asset protection planning
- **Federal Retirement Consultant**
- Safe Money Retirement Expert
- Long time musician/brand new grandfather

3

QUESTION

Are you 100% sure you are going to have a great retirement OR do you have some doubt?

4

YOU DON'T KNOW WHAT YOU DON'T KNOW



5

SCHEDULING YOUR PERSONAL BENEFITS & RETIREMENT REVIEW



6


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RESOURCES








7


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RESOURCES





8

AGENDA



- FEGLI
- Federal Retirement Systems
- Thrift Savings Plan

9



10

FEGLI

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- BASIC – Base Rate + \$2,000
 - \$0.16 per \$1,000 per pay period
- Option A – Flat \$10,000
- Option B – May choose 1 to 5 multiples of Base Rate
- Option C – May choose 1 to 5 units

11

FEGLI OPTION B EXAMPLE

- Employee Age = 43
- Base Rate of Pay = \$97,875
- Option B - 5x
- TOTAL COVERAGE = \$490,000

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12

Fegli Example

Age Group	BI Weekly Factor	BI Weekly Cost	Monthly Factor	Monthly Cost
Under 35	\$0.02		\$0.043	
35 - 39	\$0.02		\$0.043	
40 - 44	\$0.03	\$14.70	\$0.065	\$31.85
45 - 49	\$0.06	\$29.40	\$0.130	\$63.70
50 - 54	\$0.10	\$49.00	\$0.217	\$106.33
55 - 59	\$0.18	\$88.20	\$0.390	\$191.10
60 - 64	\$0.40	\$196.00	\$0.867	\$424.83
65 - 69	\$0.48	\$235.20	\$1.040	\$509.60
70 - 74	\$0.86	\$421.40	\$1.863	\$912.87
75 - 79	\$1.80	\$882.00	\$3.900	\$1,911.00
80+	\$2.88	\$1,411.20	\$6.240	\$3,057.60

Cost Over 20 Years:

\$37,726

Cost Over 30 Years:

\$111,361

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13

Fegli Review

- BASIC has low costs
- EXTRA BENEFIT ceases at age 45
- OPTION A: flat fee for extra \$10,000
- OPTION B: up to 5x salary
- OPTION B gets very expensive as employee ages
- OPTION C: family coverage up to 5 units
- Options in RETIREMENT

14

SCHEDULING YOUR PERSONAL BENEFITS & RETIREMENT REVIEW

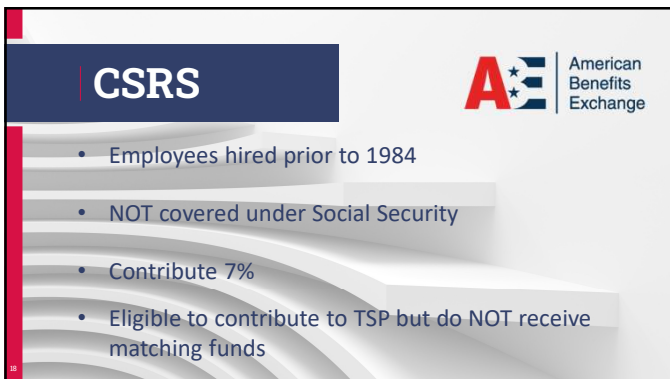
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16



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18

FERS




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- Employees hired after 1983
- Automatically covered under Social Security
- If hired prior to 2013, contribute 0.8%
- Eligible for 5% TSP match

19

FERS - RAE




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- Employees hired in 2013
- Revised Annuity Employees
- Contribute **3.1%**
- Do not see a change in calculation of retirement benefits

20

FERS - FRAE



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- Employees hired after 2013
- Further Revised Annuity Employees
- Contribute **4.4%**
- Do not see a change in calculation of retirement benefits

21

ELIGIBILITY



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- Age 60 with at least 20 years of service
- Age 62 with at least 5 years of service
- 30 years of service & MRA

22

FERS PENSION CALCULATION

HIGH 3 = Average of the
highest 3 consecutive
years of base pay

“HIGH 3”
X
1% or 1.1%
X
YEARS OF SERVICE

ANNUAL
RETIREMENT
ANNUITY

Under 62 = 1%
Age 62+ & 20yrs = 1.1%

23




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FERS SUPPLEMENT

24

WHAT IS IT?




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- Designed to help bridge the gap between retirement & when SSA begins
- Entitlement for FERS employees who retire with FULL benefits prior to age 62
- Automatic
- Continues until age 62 when SSA eligible

25

WHO IS ELIGIBLE?




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- FERS employees who:
 - Retire voluntarily
 - Retirement on an immediate annuity
- Employee may still be eligible if:
 - They retire involuntarily before attaining MRA due to major reorganization or RIF

26

WHO IS NOT ELIGIBLE?



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- FERS employees who:
 - Receive a Deferred Benefit
 - Receive a Disability Benefit
 - Receive an immediate MRA+10 Benefit

27

FERS SUPPLEMENT CALCULATION

$$\begin{array}{ccccc} \text{FERS} & & & & \text{AGE 62} \\ \text{Service} & / & 40 & \times & \text{SS Benefits} \\ \text{Years} & & & & \end{array}$$

28

FERS SUPPLEMENT CALCULATION

FERS Service = 30 years
Age 62 SS = \$1,000

$$30 / 40 \times \$1,000 = \$750$$

29

EARNINGS TEST



- Earned income limit before seeing a reduction in FERS Supplement Benefits (W2 & Business Income)
- 2024 Limit - \$22,320
- For every \$2 over the limit FERS Supplement is reduced by \$1

30

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31




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TSP

32

WHAT IS TSP?




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- Government version of 401k
- Established by Congress in the Federal Employees' Retirement System Act of 1986
- 1 of 3 Retirement Income sources
- CSRS – zero matching
- FERS – up to 5% matching
- Contributions may be allocated into 6 fund options

33

TSP FUNDS



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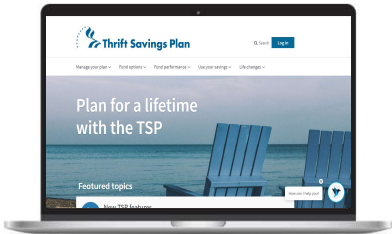
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34


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35

CONTRIBUTIONS



- Traditional: Pre-Tax
- Roth: Post-Tax
- Annual Maximum = \$23,000
- Catch-Up Contributions = \$7,500
- Agency Matching Deposited Into Trad Account

36

TSP OVERVIEW



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- Great for **ACCUMULATION**
 - 5% Matching
 - Investment choices depending on risk tolerance
 - Long term investment strategy
- Not so awesome when it comes to **PRESERVATION, CONSERVATION, & DISTRIBUTION**
 - Volatility is not ideal for those nearing or entering retirement

37

DISTRIBUTIONS



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- In-Service vs Separated / Retired
- Leave In TSP
- Take It Out
- Monthly Payments
- MetLife Annuity
- Roll It Out

38

TSP ROLLOVER OVERVIEW



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- Opportunity to separate their funds from control & management of TSP
- 59 ½ & Older
- Separated From Service
- Take Ownership

39

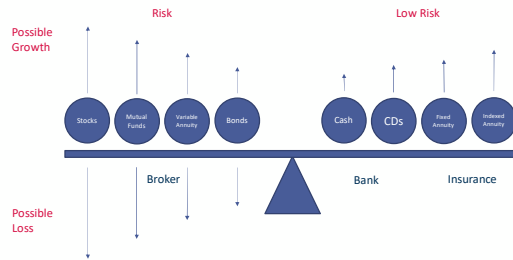
TSP ROLLOVER OVERVIEW



- All or a Portion and can be directed to an IRA of their choice
- When Transferring to a Qualified Account:
 - **No** Early Withdrawal Penalties
 - **No** Taxes Due
 - **No** Transfer Fees

40

WHAT IS YOUR RISK TOLERANCE?



41

WHAT IS IMPORTANT?



- Protection Against Risk
- Preservation of Principle
- Ensure Financial Security
- Flexibility & Control
- Accessibility
- Income They Cannot Outlive - **Creating Another Annuity Payment**
- Locking In Interest - **Once They Go Up, They Cannot Go Down**

42



RETIREMENT REVIEW

43

RETIREMENT INCOME SOURCES

- FERS Retirement Annuity
- Social Security / FERS Supplement
- TSP
- Supplemental Accounts

100%

Income Prior to Retirement

→

50-80%

Income After Retirement

44

SUPPLEMENTAL RETIREMENT



- Do you need to save more for the future?
- How much are you looking to save each pay period or month?
- How long are you looking to save for? Time until retirement?
- What are your ultimate goals for these funds?
- What is your overall risk tolerance for these funds?
- Are you concerned about your tax liabilities in retirement?
- Have you had a full review of your household's debt recently?

45

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46




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NEXT STEPS

47

NEXT STEPS



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Get a Complimentary Personalized Benefits Review & Debt Free Roadmap:

- Email, Call, OR Use QR Code to Schedule Time
- Be sure to document your questions or concerns
- Expect a follow up call or email

48

CONTACT INFO

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49



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50
