

SDFM Mini-PDI

FERS Retirement Planning



DEREK JAMESON, FRC

Jameson and Associates

ABX Member

Your Family Bank Authorized Representative

WHO IS ABX?



- National Corporate Partner With Numerous Government Unions & Associations
- 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

WHO AM I?

- Owner of Jameson and Associates
- American Benefits Exchange Member
- Federal Retirement Consultant
- Your Family Bank Authorized Representative
- Over 22 years experience in Financial Problem Solving
 - Retirement planning
 - Estate planning
 - Asset protection



ARE YOU 100% SURE YOU WILL HAVE A GREAT RETIREMENT OR DO YOU HAVE SOME DOUBT?



YOU DON'T KNOW WHAT YOU DON'T KNOW

ABX FEDERAL RESOURCES

THERE'S NO EXCUSE: Your Guide to
Maximizing Your Federal Employee
Benefits

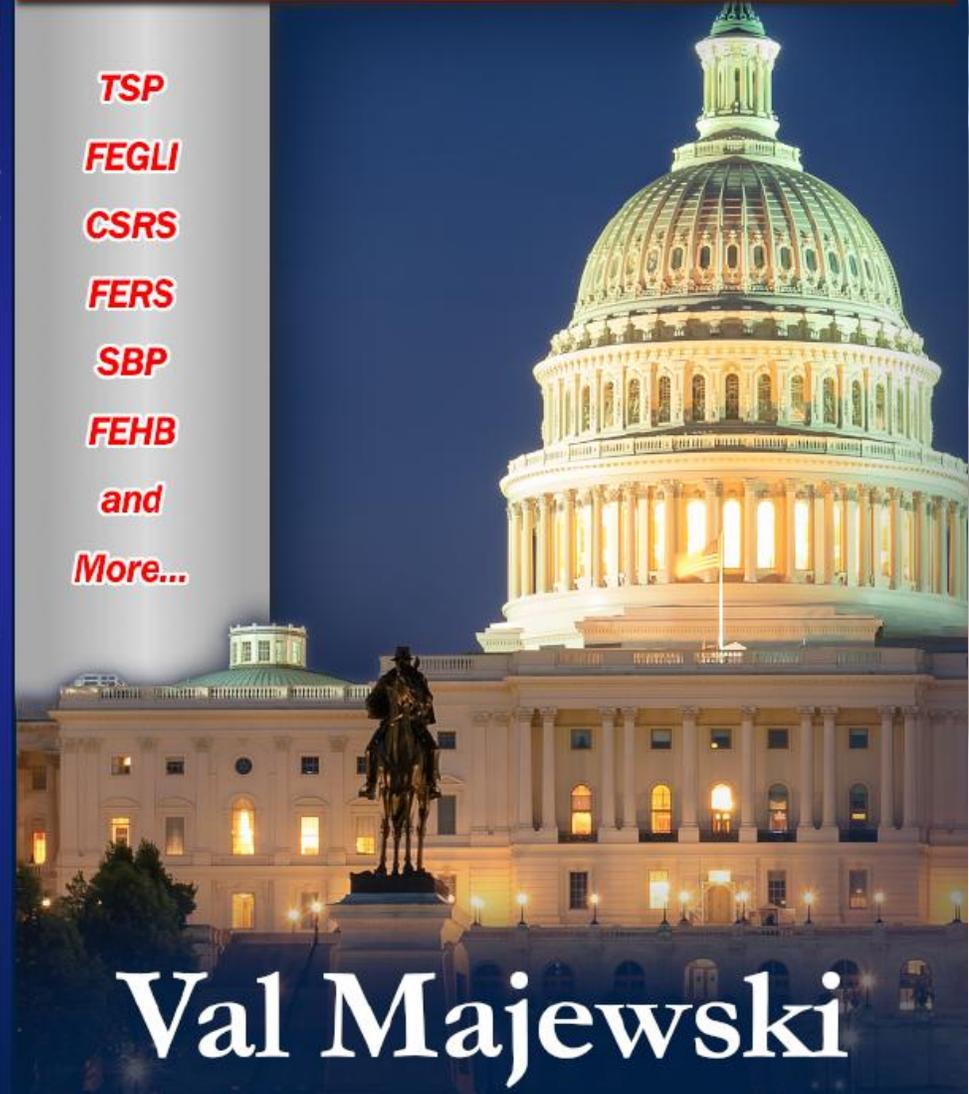
THERE'S NO EXCUSE

Your Guide to Maximizing Your Federal Employee Benefits

TSP
FEGLI
CSRS
FERS
SBP
FEHB
and
More...

Val Majewski

THERE'S NO EXCUSE ★ ★ Your Guide to Maximizing Your Federal Employee Benefits





Save Thousands on Your FEGLI Option B Costs

Which Direction is Best for You?



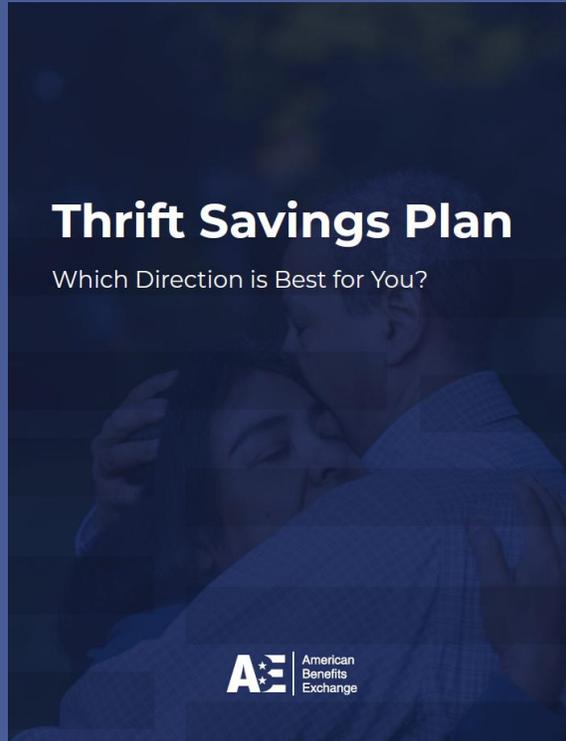
Your Spouse and Your Federal Government Pension Plan

Is Pension Maximization Right for You?



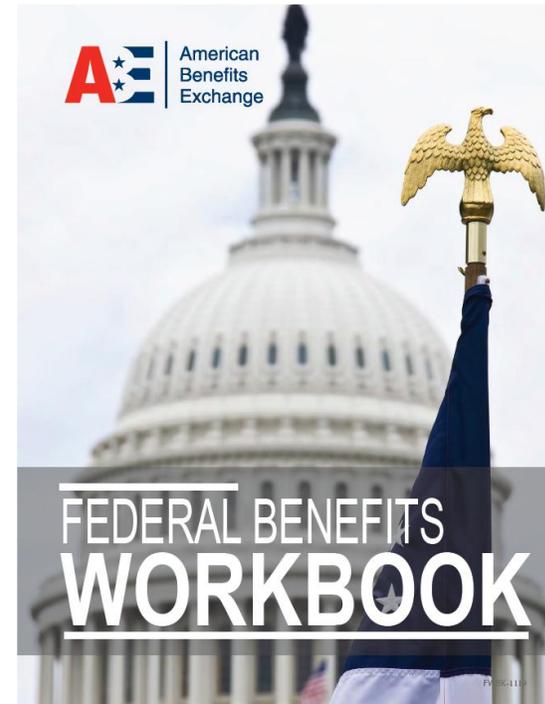
Thrift Savings Plan

Which Direction is Best for You?



The Top 10 MISTAKES MADE BY FEDERAL EMPLOYEES

REQUESTING YOUR PERSONAL BENEFITS & RETIREMENT REVIEW



Federal Employee Retirement Estimate
FERSplus.com
 01/24/2022

Federal Employee
Sample Federal with FERSU

You Retire In

Year	Month	Day
3	0	8
Age 65	1	0

Employee Information		Calculated Service Time			
		Year	Month	Day	
Date of Birth	01/01/1960	Service Time at Retirement	30	1	0
Retirement System	FERS	Sick Leave at Retirement	0	0	0
Employee Type	Regular	Total Service Credit	30	1	0
Retirement Service Comp Date	01/01/1995				
Special Hire Date (LEO, Fw, Ar)	n/a				
Military Service Time Purchased	n/a				
FERS Transfer Date	n/a	Current Service Time	27	0	23
Sick Leave at Transfer	0				

FERS Annuity

Your annuity is determined by your salary and service time. FERS annuity is based on 1% of your High-3 Average Salary – that is, the average of your highest-three consecutive salaries. The High-3 is then multiplied by years and full months of service including unused sick leave. Partial months are ignored and not used in the calculations.

If you are at least 62 at retirement and with at least 20 years of service, your annuity is calculated using a rate of 1.1%. Your annuity is calculated at a higher rate if you retire under a special provision such as law enforcement officers, firefighters or air traffic controllers.

To retire with a full annuity, you must have reached your MRA (Minimum Retire Age). The MRA ranges from 55 to 57 and varies depending on when you were born. You are eligible to retire at your MRA with 30 years of service, or at age 60 with 20 years of service, or at age 62 with 5 years of service.

You can retire with a reduced annuity if you retire under MRA+10 (MRA with at least 10 years of service). The reduction is 5% for each year under age 62 that you retire. This reduction is permanent.

More information on FERS annuity can be found at www.opm.gov/retirement-services/fers-information.

Assumptions		Annuity	
Current Salary	\$95,256	Current Annuity	\$28,884
Salary COLA	1.00%		\$2,407 per month
Current Sick Leave Hours	0	Survivor Annuity	\$1,337 per month
Projected Sick Leave Saved	0.00		
Retirement Date	01/31/2025	Reduction for Early Retirement	\$0 per month
High 3 Average Salary	\$97,000	Reduction for Survivor Annuity	\$267 per month
Annuity COLA	1.00%		
Survivor Annuity Percent	50%		

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AGENDA

- RETIREMENT SYSTEMS
 - CSRS / FERS
 - REQUIREMENTS
 - CALCULATIONS
- FERS SUPPLEMENT
- RETIREMENT INCOME PLANNING
 - SUPPLEMENTAL RETIREMENT

AGENDA

- **THRIFT SAVINGS PLAN**
 - OVERVIEW
 - FUNDS
 - CONTRIBUTIONS
 - OPTIONS NEARING & ENTERING RETIREMENT
- **DEBT ELIMINATION**
 - BEING FINANCIALLY FREE

RETIREMENT SYSTEMS

SYSTEMS

- CSRS
- CSRS OFFSET
- FERS
- FERS-RAE
- FERS-FRAE

CSRS

- Employees Hired Prior To 1984
- **NOT** Covered Under Social Security
- Contribute 7%
- Eligible To Contribute To TSP But
DO NOT Receive Matching Funds

FERS

- Employees Hired After 1983
- **Automatically** Covered Under SSA
- If Hired Prior To 2013, Contribute **0.8%**
- Eligible For 5% TSP Match

FERS-RAE

- Employees Hired In 2013
- Revised Annuity Employees
- Contribute 3.1%
- **DO NOT** See A Change In Calculation
Of Retirement Benefits

FERS-FRAE

- Employees Hired After 2013
- Further Revised Annuity Employees
- Contribute 4.4%
- DO NOT See A Change In Calculation Of Retirement Benefits

RETIREMENT ELIGIBILITY

WHEN CAN YOU LEAVE WITH FULL BENEFITS?

1 _____

AGE 60 WITH
AT LEAST 20
YEARS OF
SERVICE

2 _____

AGE 62 WITH
AT LEAST 5
YEARS OF
SERVICE

3 _____

30 YEARS OF
SERVICE &
MINIMUM
RETIREMENT
AGE (MRA)

RETIREMENT ELIGIBILITY

EARLY RETIREMENT

1 _____

**DEFERRED
RETIREMENT**

(Retire BEFORE reaching MRA)

2 _____

MRA + 10

3 _____

**POSTPONED
RETIREMENT**

(Retire AFTER reaching MRA)

MINIMUM RETIREMENT AGE

IF BORN	MRA
Before 1948	55
In 1948	55 & 2 mo.
In 1949	55 & 4 mo.
In 1950	55 & 6 mo.
In 1951	55 & 8 mo.
In 1952	55 & 10 mo.
1953 through 1964	56
In 1965	56 & 2 mo.
In 1966	56 & 4 mo.
In 1967	56 & 6 mo.
In 1968	56 & 8 mo.
In 1969	56 & 10 mo.
1970 & After	57

FERS PENSION CALCULATION

HIGH 3 = Average Of The
Highest 3 Consecutive
Years Of Base Pay

Under 62 = 1%

Age 62+ & 20yrs = 1.1%

EARLY RETIREMENT REDUCTION:
5% FOR EACH YEAR UNDER AGE 62

“HIGH 3”

X

1% or 1.1%

X

YEARS OF
SERVICE

ANNUAL
RETIREMENT
ANNUITY

FERS SUPPLEMENT

WHAT IS IT?

- Designed To Help Bridge The Gap Between Retirement & When Social Security Begins
- Entitlement For FERS Employees Who Retire With **FULL** Benefits Prior To Age 62
- Automatic
- Continues Until Age 62 When SSA Eligible

WHO IS ELIGIBLE?

- FERS Employees Who:
 - Retire Voluntarily With **FULL** Benefits
 - Retire On An **Immediate** Annuity
- Employees May Still Be Eligible If:
 - They Retire Involuntarily Before Attaining MRA Due To Major Reorganization OR Reduction In Force (RIF)

WHO IS NOT ELIGIBLE?

- FERS Employees Who:
 - Receive A **Deferred** Benefit
 - Receive A **Disability** Benefit
 - Receive An Immediate **MRA+10** Benefit

FERS SUPPLEMENT

CALCULATION:

$$\begin{array}{r} \text{FERS SERVICE YEARS} / 40 \\ \times \text{AGE 62 SOCIAL SECURITY BENEFITS} \\ \hline \text{FERS SUPPLEMENT} \end{array}$$

FERS SERVICE = 30 YEARS

AGE 62 SS - \$2,000

$$\begin{array}{r} 30 / 40 \\ \times \underline{\$2,000} \\ \$1,500/\text{mo} \end{array}$$

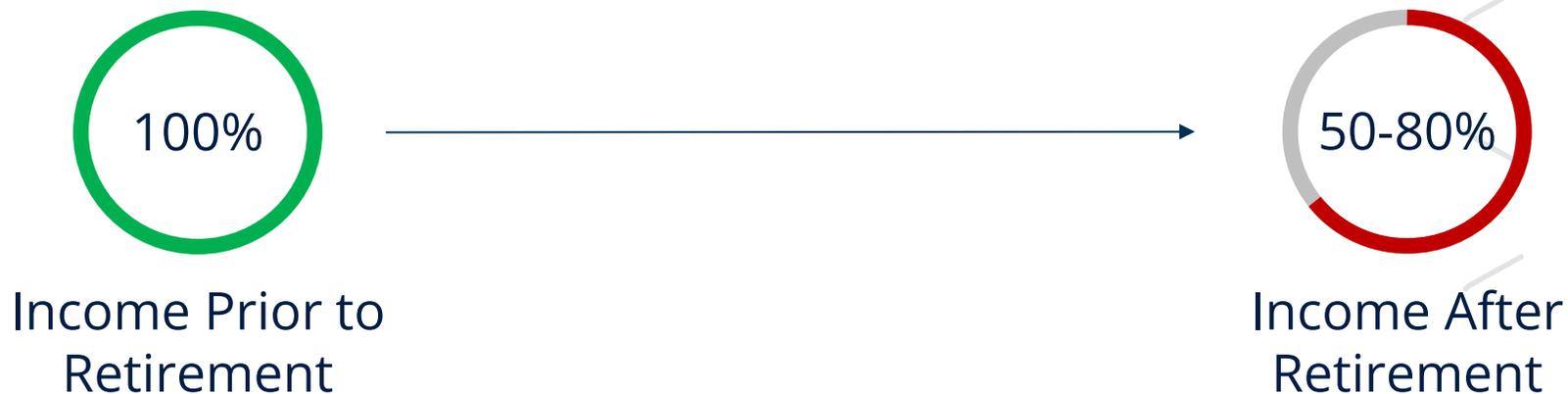
EARNINGS TEST

- Earned Income Limit Before Seeing A Reduction In FERS Supplement & Social Security (W2 & Business Income)
- 2025 Limits
 - Prior To FRA = \$23,400
 - Year In Which You Hit FRA = \$62,160

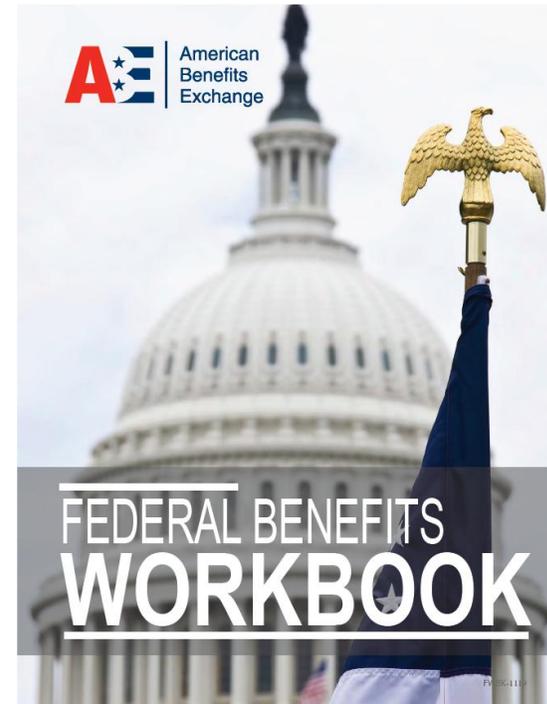
RETIREMENT INCOME SOURCES

RETIREMENT INCOME

- CSRS / FERS Retirement Annuity
- FERS Supplement / Social Security
- TSP
- Supplemental Accounts (if any)



HOW DO YOU KNOW WHERE YOU STAND?



Federal Employee Retirement Estimate
 FERSplus.com
 01/24/2022

Federal Employee
 Sample Federal with FEGLI

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SUPPLEMENTAL RETIREMENT

- Do You Need To Save More For Your Future?
- How Much Are You Looking To Save Each Pay Period Or Month?
- How Long Are You Looking To Save For?
- 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 Debt Recently?

THRIFT SAVINGS PLAN

TSP

- Government Version Of 401k
- Est. 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

TSP FUNDS

G FUND

- US Treasury Securities
- The G Fund's investment objective is to ensure preservation of capital and generate returns above those of short-term U.S. Treasury securities.

TSP FUNDS

F FUND

- Low Risk
- The F Fund's investment objective is to match the performance of the Bloomberg U.S. Aggregate Bond Index

TSP FUNDS

C FUND

- Moderate To High Risk
- The C Fund's investment objective is to match the performance of the Standard and Poor's 500 (S&P 500) Index, a broad market index made up of stocks of 500 large to medium-sized U.S. companies.

TSP FUNDS

S FUND

- Moderate To High Risk
- The S Fund's investment objective is to match the performance of the Dow Jones U.S. Completion Total Stock Market Index, a broad market index made up of stocks of small-to-medium U.S. companies not included in the S&P

TSP FUNDS

I FUND

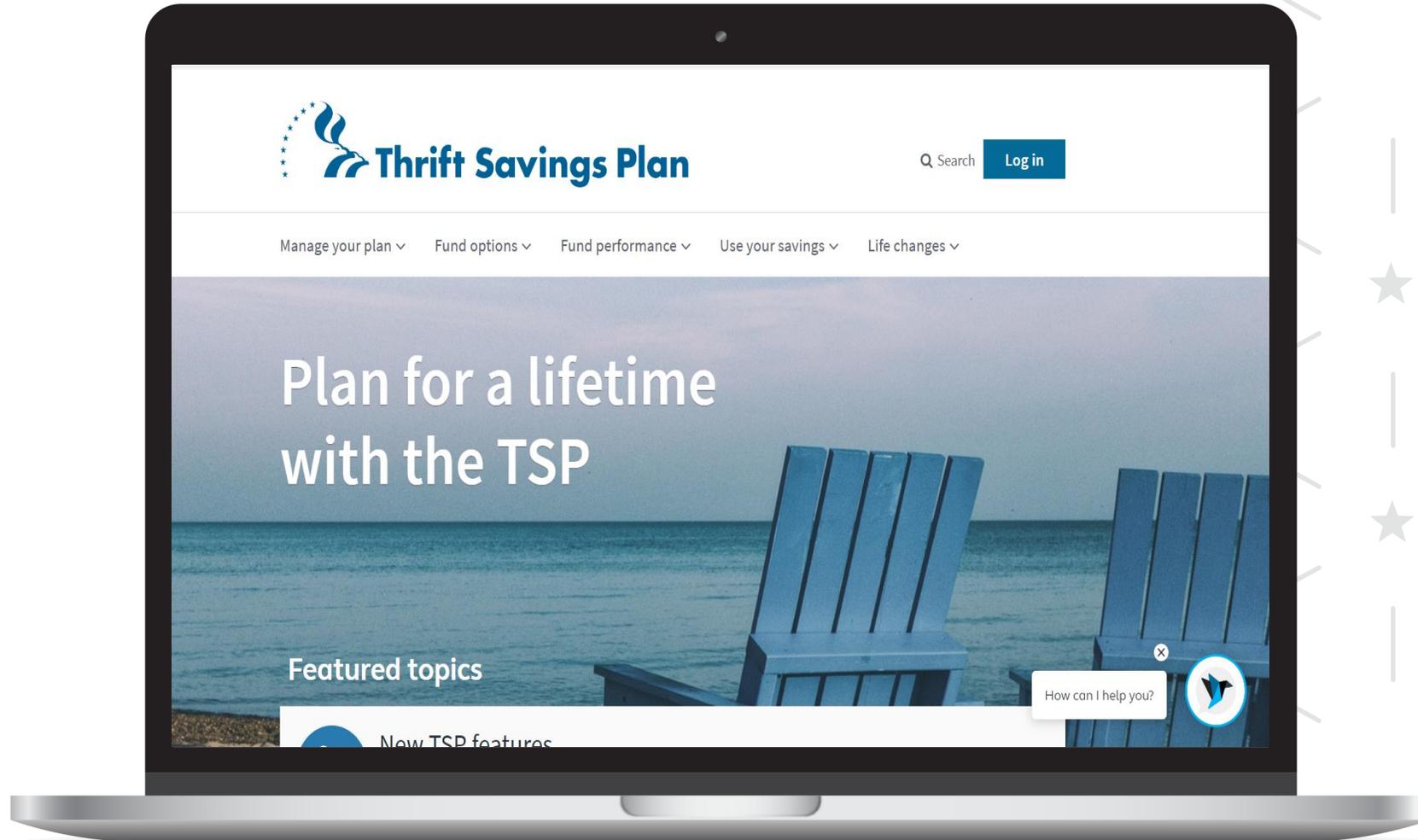
- Moderate To High Risk
- The I Fund's investment objective is to match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index

TSP FUNDS

L FUNDS

- Range In Risk
- Each of the ten L Funds is a diversified mix of the five individual funds (G, F, C, S, and I). They were designed to let you invest your entire portfolio in a single L Fund and get the best expected return for the amount of expected risk that is appropriate for you

TSP.GOV



CONTRIBUTIONS

- Traditional: Pre-Tax
- Roth: Post-Tax
- Annual Maximum = \$23,500
- Catch-Up Contributions = \$7,500
- **SUPER Catch-Up Ages 60-63 = \$11,250**
- Agency Matching Deposited Into Traditional Account

RMDs

- Required Minimum Distributions Must Begin By April 1st Of The Year Following The Year In Which The Federal Employee Turns:
 - 70 ½ If Born 6/30/1949 Or Earlier
 - 72 If Born 7/1/1949 Thru 1950
 - 73 If Born 1951 Thru 1959
 - 75 If Born 1960 Or Later

TSP OVERVIEW

- 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

TSP DISTRIBUTIONS IN SERVICE

- LOANS
 - General Purpose – 12 to 60 month repayment
 - Residential – 61 to 180 month repayment
- WITHDRAWALS
 - Hardship – Negative cash flow, medical expenses, etc.
 - Age-Based – Age 59½

TSP DISTRIBUTIONS

OPTIONS

- LEAVE IN TSP
- LUMP SUM WITHDRAWAL
- INSTALLMENT PAYMENTS
- METLIFE ANNUITY
- ROLLOVER TO AN IRA

TSP DISTRIBUTIONS

ROLLOVER

- Opportunity To Separate Funds From Control & Management Of TSP
- In-Service & Separated
- Take Ownership – put it somewhere better suited for your needs

TSP DISTRIBUTIONS

ROLLOVER

- All Or Portion Directed To IRA Of Your Choice
- When Transferring To A Qualified Account:
 - **NO** Early Withdrawal Penalties
 - **NO** Taxes Due
 - **NO** Transfer Fees

WHAT TYPE OF IRA?

RISK TOLERANCE...

Possible Growth / Higher Risk

Slower Growth / Lower Risk

Stocks

Mutual
Funds

Variable
Annuity

Bonds

Cash

CDs

Fixed
Annuity

Indexed
Annuity

Broker

Bank

Insurance

46

Possible Loss

Safety

A American
Benefits
Exchange

ELIMINATING DEBT

ELIMINATING DEBT

WHY?

- Eliminate Payments
- Improve Cash Flow
- Reduce Volume Of Interest
- Retire Debt Free

EXAMPLE



CURRENT DEBT:
\$652,620

TOTAL YEARS:
20.2

\$1,061,655.43

... Is Your REAL Debt.

TOTAL INTEREST:
\$409,035

EXAMPLE

Current Payoff:
20.2 years

Your Family Bank® Payoff:
5.8 years

Interest Saved:
\$104,691

Freed Up Cashflow:
\$10,840/mo
(\$130,083/yr)

Potential Savings at Year 30:
\$5,992,807

or a combined savings and death benefit amount of
\$6,546,949

Last Payment Date	Total Payments	Debt Name	Interest Rate	Starting Balance	Minimum Payment	Payoff Balance	Rollup Deposit
Mar 2024	1	CREDIT ONE	29.15%	\$550	\$30	\$533	\$65
Mar 2024	1	FORTIVA	25%	\$500	\$35	\$475	\$65
Apr 2024	2	CAPITAL ONE CC	27.9%	\$813	\$50	\$750	\$115
May 2024	3	CARE CREDIT	25.9%	\$1,900	\$150	\$1,566	\$265
Jul 2024	5	TRACTOR SUPPLY	19%	\$2,100	\$40	\$2,065	\$305
Aug 2024	6	CREDIT ONE	29.15%	\$2,315	\$125	\$1,877	\$430
Nov 2024	9	MADIA - AA	20.0%	\$2,004	\$140	\$2,501	\$570
Dec 2029	70			\$652,620	\$10,840	\$455,856	\$10,840

ELIMINATING DEBT

WHY?

- Eliminate Payments - \$10,840 Per Month
- Improve Cash Flow – \$10,840 Now Available
- Reduce Volume Of Interest - \$204,691
- Save More For Retirement – Nearly \$6M



Thank you!

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