

# **Federal Benefits Update**

**October 19, 2021**

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**Federal Benefits Manager**

# Topics

- Quiz
- Voluntary Separation Incentive Program
- Are you ready to retire?
- Open seasons
- Retirement basics

**True or false: I need to use all my sick and vacation leave before I retire, or it will be “lost.”**

False:

K-State will pay you for up to 480 hours of sick leave and up to 240 hours of vacation leave in your last direct deposit - subject to federal and state tax and Social Security – if FERS.

Any sick leave over 480 hours will be added to your months of service and will increase your monthly retirement annuity.

Any vacation leave over 240 hours will be lost.

**True or False:** I have “extra protection” in my K-State employment because I have federal benefits. Therefore, K-State employment policies don’t apply to me.

False:

You are K-State employees with federal benefits. K-State/local extension unit employment policies determine everything but your federal health and life insurance and retirement benefits.

**True or False:** I will pay the same portion of my federal health insurance in retirement as I pay now.

True:

Now, the **employee** pays 1/3 of the cost and K-State pays 2/3.

In retirement, the **retiree** will pay 1/3 of the cost and the federal government will pay 2/3.

The premiums will be paid monthly, rather than bi-weekly.



**True or false:** If I die while still employed my spouse will receive a monthly survivor benefit from CSRS or FERS.

True:

**FERS:**

50% of the retirement that the employee had earned up to date of death.

AND one time 50% of salary plus \$35,000.

**CSRS:**

55% of the retirement that the employee had earned up to the date of death.



**True or false:** When I retiree I will continue to be paid bi-weekly.

False:

The retirement annuity for CSRS or FERS will be paid monthly, generally on the first of the month.

What is the maximum amount of a **retiree's** annuity that can be left to a spouse if the **retiree** dies first?

## **CSRS – 55%**

The retiree's annuity is reduced about 10% while retiree is living to provide this survivor benefit.

## **FERS – 50%**

The retiree's annuity is also reduced about 10%.



**True or False:** At age 65 I don't need to enroll in Medicare as I will still have my Federal Employee Health Benefit.

It depends.....

- Part A – hospice & hospital stays, no cost  
Yes, enroll
- Part B – doctor visits, lab tests, etc., monthly cost  
Maybe, enroll
- Part C – prescription drugs  
No need to enroll  
(FEHB provides better coverage)

# Medicare Part B

- Costs \$148.50 per month minimum
- Combination of FEHB and Medicare Part B provides almost 100% coverage – employee pays very limited co-pays and deductibles (would still pay co-pays for prescription drugs).
- There is a penalty if you don't enroll at age 65 OR at the time of retirement, if later than 65.

# Voluntary Separation Incentive Program

- K-State employment policy, not federal benefit
- Lump sum cash payment of 2022 budgeted salary
- At least 62 years old
- At least 10 years at K-State
- For tenured faculty
- Available funds from retirements used to create merit salary pools
- Faculty notified by November 19



# Are You Emotionally Ready to Retire?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

Every Sunday night, as I anticipate returning to work, do I look forward to finishing tasks, seeing friends and colleagues and perhaps learning something new?

Or, do I dread another week of tedious tasks and difficult people?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

Have I thought carefully about my financial picture? What expenses am I prepared to cut if money becomes tight?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

What do my already retired friends, relatives and colleagues think (about their retirement)?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

Would I like part-time work for a more gradual retirement, or is “cold turkey” better for me?

Is part-time work even realistic in my field?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

Do I have hobbies or interests that could fill my time?

Is there volunteer work that I would like to do?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

What friends do I have now that involve neither my career nor my spouse?

From *The Wall Street Journal* – April 12, 2021

# Am I Ready to Retire?

What role is my spouse/significant other playing in my decision about retirement?

From *The Wall Street Journal* - April 12, 2021

# Am I Ready to Retire?

Do my spouse and I have similar ideas about travel or where to live in retirement?

From *The Wall Street Journal* – April 12, 2021

# Benefits of Scheduling Your Days in Retirement

Bruce Horovitz

From *The Wall Street Journal*

April 12, 2021



**K-STATE**  
Research and Extension

# Benefits of Scheduling

Use mornings to:

- Exercise
- Be spiritual
- Be curious and creative
- Work

From *The Wall Street Journal* – April 12, 2021

# Benefits of Scheduling

Use afternoons to:

- Learn
- Socialize
- Give back
- Embrace nature

From *The Wall Street Journal* – April 12, 2021

# Benefits of Scheduling

Use evenings to:

- Engage in media
- Retain friendships
- Relax at home

From *The Wall Street Journal* – April 12, 2021

# Open Seasons

# Open Seasons

- Flexible Spending Account – October 1 – 31
- Federal Employee Health Benefit (FEHB)  
November 8 – December 13

# FEHB Open Season

- No change desired – no action necessary.
- Some changes allowed outside Open Season
  - Add spouse if he/she loses coverage.
  - Change plans if child turns 26.
  - Others.....
- Dental/vision insurance will be available after retirement.

# FEHB Open Season

- Will receive a new insurance card.
- Updated plan info available at [fepblue.org](http://fepblue.org)

# FEHB - BCBS

Three coverage types:

Standard Option

Basic Option

FEP Blue Focus – was new in 2019

# FEHB

Watch for enrollment email from Stacey

Watch for plan info from BCBS

Review [fepblue.org](https://www.fepblue.org)

Review <https://www.opm.gov/healthcare-insurance/>

# Retirement Basics

## Defined Benefit Retirement

## Defined Contribution Retirement

CSRS & FERS

TSP & Board of Regents & private employers

“Controlled” by **employer**

“Controlled” by **employee**

No account exists with the employee’s name and amount of contributions.

Each employee has an account with employee and employer contributions.

No investment choices to make.

Employee makes investment choices.

Promises a specified monthly income for life after retirement (and for spouse).

No promise of a specified income – employee determines the stream of income at retirement.

Rare in today’s workplace.  
(A pension)

Common in today’s workplace.



# Sources of Federal Retirement Income

- CSRS
  - CSRS annuity (up to 80% of pre-retirement income)
  - Thrift Savings Plan – optional, no employer contribution
- FERS
  - FERS annuity – (30 to 40% of pre-retirement income)
  - Social Security OR FERS Annuity Supplement to age 62
  - Thrift Savings Plan – with employer contribution

# Action Steps in Planning for Retirement

- Have a cash flow plan for the first 2-8 months.
- Determine how much, if any, life insurance you need and explore options including FEGLI.
- Determine the percent of survivor benefit you will leave for your spouse.
- Consider how leave payout will impact taxes.
- If FERS, begin research on when/how to access Social Security and Thrift Savings Plan.
- What else?

# Planning for Retirement

- Confidentiality
- Meet in person, via Zoom, phone or email
  - 2 to 3 years prior to project income
  - 1 year prior to update income
  - Six weeks prior to sign documents
- Announce retirement
- Retire
- Six weeks later – first direct deposit for 60%
- Three months later – retirement processed



# Stacey's Cell

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Goal – No Surprises!