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
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
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
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
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

Review https://www.opm.gov/healthcare-insurance/
Retirement Basics
<table>
<thead>
<tr>
<th>Defined Benefit Retirement</th>
<th>Defined Contribution Retirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSRS &amp; FERS</td>
<td>TSP &amp; Board of Regents &amp; private employers</td>
</tr>
<tr>
<td>“Controlled” by <strong>employer</strong></td>
<td>“Controlled” by <strong>employee</strong></td>
</tr>
<tr>
<td>No account exists with the employee’s name and amount of contributions.</td>
<td>Each employee has an account with employee and employer contributions.</td>
</tr>
<tr>
<td>No investment choices to make.</td>
<td>Employee makes investment choices.</td>
</tr>
<tr>
<td>Promises a specified monthly income for life after retirement (and for spouse).</td>
<td>No promise of a specified income – employee determines the stream of income at retirement.</td>
</tr>
<tr>
<td>Rare in today’s workplace. (A pension)</td>
<td>Common in today’s workplace.</td>
</tr>
</tbody>
</table>
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!