

FSRDS and FSPS Retirement Planning Guide

Retirement is a complex process that involves making financial and other decisions that will significantly affect your future whether to withdraw Thrift Savings Plan (TSP) funds, continue Federal Employees Group Life Insurance (FEGLI) and/or the Federal Employees Health Benefit (FEHB) program; how to accommodate the rights of a former spouse, or ensure your spouse will have a survivor annuity. It is essential that you research your options and plan ahead; we recommend you start five years before you intend to retire, and check back in again one year before your retirement date to familiarize yourself with the retirement process.

Five Years before Retirement

The 5-year period prior to retirement is important, especially since certain benefits (e.g., health insurance) require at least 5 years of participation before they can be continued into retirement. A basic factor in determining whether an employee is eligible for retirement, and in computing his/her annuity benefit, is the total number of years and months of the employee's creditable service. Sorting out the creditability of prior civilian or military service well in advance of retirement will ensure an employee's records are correct, any annuity estimates the employee runs on Employee Retirement Portal (ERP) are accurate, and his/her retirement application is processed expeditiously. Applying for prior service credit does not obligate an employee to pay. Five years before retirement, employees should familiarize themselves with the eligibility requirements for retirement and resolve any outstanding issues.

Ensure health benefits continue into retirement

Employees may continue their health benefits enrollment into retirement only if they meet all of the following conditions:

- The employee must retire on an immediate annuity;

- The employee must have been continuously enrolled or covered as a family member in a plan under FEHB (or the Military Health System, TRICARE):
 - For the 5 years of service immediately preceding retirement; or
 - For all service since his or her first opportunity to enroll. Note: If covered by the military health plan, the employee must be enrolled in FEHB at separation.

If employees believe they will not meet the five-year requirement noted above, they should contact GTM/RET to determine if they will be eligible for Temporary Continuation of Health Benefits at retirement.

Ensure life insurance continues into retirement

An employee may retain BASIC life insurance as a retiree if all of the following are met:

- The employee retires from a position in which he/she is insured;
- The employee does not convert to an individual policy when the basic insurance as an employee would otherwise cease;
- The employee has not received a full payment of basic life insurance as a living benefit;
- The employee retires on an immediate annuity; and
- The employee has been insured under the FEGLI program for the 5 years of service immediately preceding retirement OR the full period(s) of service during which basic life insurance was available, if less than 5 years.

An employee may retain OPTIONAL life insurance as a retiree if:

- The employee is eligible to continue basic insurance coverage; and

- The optional insurance was in force for not less than the 5 years of service immediately preceding retirement OR for the full period(s) of service during which optional life insurance was available, if less than 5 years.

Resolve all outstanding prior service issue

If employees have prior civilian or military service for which no deposit has been paid, they should email HRSC@state.gov to apply for credit for prior service. Employees should ensure that all service is documented in their OPF, including transcripts of service at the Central Intelligence Agency, Congress, international organizations, etc.

- If the employee has service for which a deposit or redeposit is owed, the agency retirement counselor will advise the employee about the effect of payment or nonpayment of the deposit/redeposit on his or her annuity.
- If the employee wants to make a deposit for post-1956/1976 military service, the agency retirement counselor will advise the employee on the amount and methods of payment; such deposits must be made prior to separation for retirement.

Determine retirement eligibility date/how to maximize your annuity

To clarify retirement planning options, employees should request from their agency retirement counselor verification of the first date on which they will have met the age and service requirements for retirement, and at what point their annuity will be maximized, e.g., determine if you should wait until age 65 if you have less than 20 years of service, etc.

Ensure agency retirement counselor has a copy of any divorce decree

Employees should send a copy of any divorce decrees and property settlement agreements to their agency retirement counselor to obtain a letter of determination of benefits. Waiting until

retirement to send these documents could result in delay processing your annuity.

Take the Retirement Planning Workshop

Employees who have not already done so should take the Retirement Planning Workshop (FSI course RV 101) to learn about annuity, financial and estate planning, and tax issues, and the possibilities for employment after you retire. Information on schedules and enrollment is available at <https://sis.fsi.state.gov/> on State's intranet or via internet at <https://www.state.gov/transition-center-webinars-and-videos/>

One Year before Retirement

One year before the first date of eligibility for retirement, employees should review their retirement benefits and understand the advantages and disadvantages of various retirement dates. This can best be accomplished at a meeting with your agency retirement counselor. Employees should make an appointment at least several days in advance, and inform the counselor of your estimated date of retirement. At the meeting, employees should:

Review retirement benefits

Run and review a copy of your most recent personal statement of benefits, including an estimate of your annuity based on several different retirement dates. Obtain information about any non-Foreign Service pensions for which you might be eligible (e.g., Civil Service, Social Security).

Verify retirement records

Employees should review their e-OPF to ensure completeness/accuracy of records. Make sure the e-OPF includes:

- SF144, Statement of Prior Federal Service (if previously completed);
- The beginning and ending dates of each period of creditable civilian service;
- The effective dates for each promotion or within-in grade increase during service that might be used to compute the high-3 average salary;

- Dates of pay changes or earnings during non-deduction service to compute the deposit due;
- A record of time actually worked during any intermittent or WAE ('when actually employed') service;
- Documentation of creditable military service.

Confirm survivor and insurance beneficiaries

Discuss with your retirement counselor the Designation of Beneficiary for retirement contributions (DS-5002), if applicable, to make sure the form reflects present wishes. You should also determine the completeness and accuracy of Life Insurance Records, including a record of the current Federal life insurance coverage on SF 2817, Life Insurance Election, and, if appropriate, the current Designation of Beneficiary for life insurance (SF-2823) .

Determine eligibility to continue FEHB coverage

If not eligible to continue Federal Employees Health Benefits (FEHB) coverage after retirement, discuss with the counselor your right to elect Temporary Continuation of Health Benefits Coverage under FEHB.

Maximize contributions to TSP

Set your TSP contribution rate to reach the IRS annual contribution ceiling by the date you will retire. Be sure to include "catch-up" contributions if you have reached age 50. You may adjust your TSP contributions at any time at <http://www.tsp.gov/>

Maximize lump sum annual leave payment

FSRDS participants should retire on December 31 or the first three days of January, if they want to maximize their annual leave payment. In that way, employees will be paid for the entire balance of unused annual leave, even if it exceeds your ceiling. If you have enough unused annual leave to extend beyond the date the annual cost of living adjustment (COLA) goes into effect, your lump sum payment will be calculated at the higher salary rate, even if you

were never paid at that rate. For this reason, many employees do not take annual leave during their last year of duty.

Maximize credit for sick leave

In FSRDS, unused sick leave is creditable toward retirement. Creditable sick leave (calendar years, months and days) is added to the total of regular service, and odd days are dropped. Only years and months of service count toward length of service for retirement purposes. Sick leave does not affect the high-three average salary calculation, and is not used in determining when an employee is eligible to retire. However, unused sick leave may be credited without regard to the 35-year limitation on length of service under FSRDS.

At the meeting, the Retirement Counselor should:

- Provide an estimate of your retirement annuity, with and without a survivor benefit.
- If you have prior service for which a deposit or redeposit is owed, advise you about the effect of payment or nonpayment of the deposit/redeposit on your annuity.
- If you want to make a deposit for post-1956 military service, emphasize the deposit must be made prior to separation for retirement.
- Determine if employee has any Social Security covered earnings.
- Advise employee what happens if they do not pay for military service and are eligible for Social Security at age 62, or if they are 62 at retirement.
- Advise employee about the possible effects of the Government Pension Offset (GPO) and/or the Windfall Elimination Penalty of the Social Security law. [Note: FSRDS Offset employees are exempt from the GPO.]
- Advise the employee that he/she may make direct payment of their health and

life insurance premiums to State Department, if their annuity is not sufficient to cover the cost of the premiums.

- Counsel the employee that the retirement application and related forms have important information within them and that this information should be considered carefully before completing the process.
- Advise the employee of the most advantageous days of the month to retire.

Agencies should not and are not expected to contact the IRS on behalf of the employee. Agencies should refer employees to the Internal Revenue Service (IRS) for information about the taxation of annuity and other retirement benefits. Employees may obtain any IRS publication, including Publication 721, Tax Guide to U.S. Civil Service Retirement Benefits, by calling 1-800-829-3676. Other tax information can be obtained by calling 1-800-829-1040. IRS tax forms and publications also are available from the IRS web site (www.irs.gov)

FSRDS Offset

Annuities for employees covered by FSRDS Offset are computed in the same manner as if they were covered under FSRDS only. The annuity is reduced (offset) when the employee becomes eligible for Social Security. The offset is applied when the basic requirements for Social Security are met (usually at age 62), even if the employee does not apply for Social Security. If the employee is not eligible to receive Social Security at age 62, there is no offset until or unless he or she later becomes eligible to receive Social Security.

Disability Retirements

If the employee is retiring on disability, the employee's agency normally sends the retirement application, evidence supporting the disability claim, and preliminary retirement records to Department of State Office of

Retirement. GTM/RET will forward the completed application to the State Department's Office of Medical Services (MED), which reviews and determines if the employee qualifies for disability retirement. If the employee is eligible, the GTM Bureau will notify the employee and authorize payment of a disability annuity by ANP.

Six Months before Retirement

Clear up indebtedness to your agency

Examples of indebtedness:

- Outstanding travel advances;
- Overpayments of salary;
- Indebtedness for failure to return or damage to Government property;
- Advanced leave.

Consider TSP withdrawal options, if applicable

An employee who is participating in TSP should weigh the relative financial advantage of different ways of withdrawing TSP funds and consider the tax effects of each option.

- Leave money in TSP account (i.e., defer election);
- Transfer the money to an IRA or other eligible retirement plan;
- Receive the account balance in a lump-sum payment;
- Receive monthly installments from TSP;
- Receive one of several types of annuities, each of which may be combined with other features.

The law requires that TSP participants begin receiving minimum distributions by April 1 of the year after the later of: (a) the year the individual attains age 70 1/2, or (b) the year he or she leaves Government service. For additional information, employees should access the tsp website: www.tsp.gov.

Request documentation of Social Security coverage

If an employee has Social Security covered earnings, he/she should obtain a Request for Earnings and Benefit Estimate Statement (Form

SSA-7004) from their local Social Security office or from the Social Security web site, www.ssa.gov, or by calling 1-800-SSA-1213. Employees who request this form from Social Security will receive a free statement that provides information on eligibility for Social Security benefits and estimates of these benefits as of specified dates. This statement should be included with your retirement application.

Submit information on divorce(s)

If the employee has divorced during the Foreign Service career, he/she should send a copy of the divorce decree and property settlement documents to his/her agency retirement counselor at this time to receive a determination of benefits. Waiting to submit your divorce papers may delay the first 'and subsequent' annuity payments. The employee must also send complete contact information for the former spouse.

Examine survivor benefit options

The employee should become familiar with the options he/she has for spouse, former spouse and other survivor benefits, i.e.:

- Types of survivor elections that may be made
- Requirements the spouse must meet to be eligible for survivor benefits;
- Necessity of spousal consent, if the employee wants to provide less- than-maximum survivor benefits;
- Cost of survivor benefits and the amount of survivor benefits payable;
- Effect of court-awarded benefits to former spouses;
- Ability to increase or decrease the amount of the survivor annuity for up to 30 days after the first regular monthly annuity check;
- Ability to increase the amount of survivor benefits within the 18-month period following retirement and the effect of such a change;

- Requirements that must be met for the surviving spouse to continue health insurance coverage after the retiree's death, including the ability to pay health benefit premiums directly to Department of State;
- Under what circumstances survivor benefits terminate, and the effect of termination on other benefits;
- Ability to designate survivor benefits to a former spouse;
- Survivor elections available if the individual marries (or remarries) after retirement.

Finalize your retirement date

The employee should finalize the date of retirement at this time. If FSRDS and FSRDS Offset employees are retiring voluntarily, they should retire on the last day of the month or any one of the first three days of the month, so that their annuity will start to accrue immediately, i.e., the following day. In general, the first annuity payment is received on the first day of the second month after your effective date of retirement. If the employee is retiring involuntarily, he/she may retire any day of the month; the annuity will begin the next day.

Three Months Before Retirement

Waive Military Retired Pay

If the employee wants to waive his or her military retired pay in order to receive retirement credit for military service, the employee should notify the Military Finance Center in writing at least 90 days, but not later than 60 days before, the planned retirement date. A copy of the waiver request and any response from the Military Finance Center should be attached to the employee's retirement application. The employee should retain copies of these documents for his or her personal records.

Complete and transmit the retirement package

At least 90 days before the date of retirement, the employee should complete and transmit the

retirement package through the e-Retirement module on ERP.

Ensure all forms requiring original signatures are forwarded to GTM/RET

Forms requiring original signatures are: SF-2823 FEGLI Designation of Beneficiaries, and DS-5002 Designation of Beneficiaries for Retirement. If the employee is electing less than the maximum survivor benefit for the spouse, the employee and the spouse must sign the JF-37 and have it notarized. Scan/e-mail or Fedex these forms to your GTM/RET retirement counselor. [All forms are available on ERP.]

Ensure your Social Security statement is in the retirement package: Send this statement with the forms requiring original signatures.

Obtain retiree ID card

If you wish to obtain a Retiree ID Card, you must complete Form DS-1838 and arrange an appointment with the ID Office. You can begin the process by contacting gtm_retiree_badges@state.gov.

Take care of final administrative matters

State employees must complete a number of other matters before retirement.

- Travel and shipment of effects. Travel and shipment of effects to the separation address must be accomplished within twelve months of the date of separation if traveling from overseas, six months if separated from a domestic assignment. Travel orders authorizing domestic to domestic moves are valid for an initial period of six months. They may be extended for an additional six months for a maximum of twelve months. Travel orders authorizing international moves are valid for an initial period of one year. They may be extended for an additional six months for a maximum of eighteen months. Requests for extensions should

be submitted to your HR technician in GTM/EX. All storage entitlements expire 90 days from the separation date. For details on travel and shipment of effects, please visit the Transportation and Travel Management Division's webpage at <http://almopsttm.a.state.gov/> or send individual queries to transportationquery@state.gov.

- Medical examinations. Foreign Service employees should initiate separation physicals for themselves and their dependents by contacting MED directly at <http://med.state.gov>, Telephone: 202-663-1779 or 202-663-1782. The purpose of this examination is to identify medical conditions that may have developed during service abroad. The separation examination process must be initiated prior to the date of separation and completed 90 days thereafter.

Persons living within 50 miles of Washington D.C. must have their separation examination done in MED, unless they are willing to cover the costs of the exam themselves. MED encourages separation physical examinations be done at one's home leave address. This enables the examinee to form a relationship with a new health practitioner at DOS expense. The separation medical exam may be taken at post if there are adequate facilities.

- Diplomatic passports and Department of State badges Diplomatic passports of the employee and eligible dependents need to be canceled prior to your effective date of retirement. Please have them canceled at the Passport Office, Room 1252, HST Building.
- If you are retiring from the Department, your Department of State badge must be turned in to your Bureau Executive Office on your last day, and you need to complete the form OF-109, Separation

Statement. You can obtain this form on www.RNet.state.gov under the Foreign Service Retirement Package. If you are retiring from overseas, your Department of State badge and the OF-109, Separation Statement, should be turned into your Management Officer.

- Leave status- Upon arrival from post for consultations prior to retirement or to attend the Retirement Planning Workshop and/or the Job Search Program, please submit a completed DS-1707, Leave, Travel, and Consultation Status, to your GTM/RET Retirement Counselor.
- Financial disclosure- Senior officers subject to Financial Disclosure requirements must file the Termination Certificate Statement and the SF-278, Executive Branch Personnel Public Financial Disclosure Report, within 30 days from the date of separation if they have served in a position for 60 days or more in a calendar year.

Ensure Prior Civilian Service and post-1956 Military Service deposits have been completed - Your retirement counselor must verify with ANP that your deposit for post-1956/1976 military service has been completed or will be completed before you leave the agency's rolls. Otherwise, you cannot be retired.

Understand maximum annuity limitation - The basic FSRDS annuity cannot exceed 70 percent of the high-3 average salary, except for unused sick leave credit. For certain law enforcement officers, the limitation is 80% of the high-3 average salary. If an employee works beyond 35 years, s/he will receive a refund of retirement deductions, plus interest, withheld after 35 years of service. If the employee is under FSRDS law enforcement, the maximum annuity is based on 80% of the high three average salary, plus the annuity attributable to unused sick leave.

Ensure GTM/RET has your correspondence address

At retirement, GTM/RET sends each retiree a letter with their final annuity computation, a description of the payment process for lump-sum annual leave and other important issues. GTM/RET also mails the annual Annuitant Newsletter and FEHB Open Season information each November. Employees should ensure their correspondence address is kept up to date by contacting AnnuityPaySupport@state.gov or through www.employeeexpress.gov. Retirees will need their Social Security number and a Password, which is sent to each employee after retirement by OPM, to access employee express.

Submit direct deposit information

If you have not already included it in your retirement package, submit a direct deposit form (SF 1199A, Direct Deposit Sign-Up Form) or a voided check to: HR/RET, 2401 E St. NW, Room H-620, Washington, DC, 20522.

Submit TSP withdrawal forms

If you intend to make a TSP withdrawal election at retirement, submit a completed TSP-70 Request for Full Withdrawal, or TSP-77, Request for Partial Withdrawal When Separated, and Form TSP-3 Designation of Beneficiary to: TSP Service Office, Thrift Savings Plan, P.O. Box 385021, Birmingham, AL 35238. These TSP forms should be submitted no sooner than the day of retirement and preferably no later than 90 days after the date of retirement. If the employee intends to defer the withdrawal election, no forms are required.

Withdrawals are processed within 4 to 8 weeks after the TSP Service Office receives all properly completed withdrawal forms and separation data from the employee and the agency. For more details, please see the tsp website for details: www.tsp.gov

How your annuity is processed

GTM/RET adjudicates all Foreign Service retirement cases and determines the actual amount of the final annuity, based on the laws

and regulations in effect at the time of retirement and on the certified service history data.

Normally, the Department of State is able to complete the final adjudication of fully documented claims within 90 days of receipt of the retirement package. However, the processing time for each case will vary depending on a number of variables, including whether there are any outstanding prior service issues, complex divorce issues, the time of year the application is received and whether the retirement package submitted is fully developed and accurate. Once the retirement claim is finalized, the Office of Retirement provides each retiree a statement of benefits and other important information, including when annuity payments will begin. GTM/RET then sends the retirement application and related records to the State Department's Annuity Pay Support Division (ANP) in Charleston, South Carolina.

Annuity Payments/Income Tax withholding

ANP handles all retiree payments, including annuities, survivor benefits, insurance premiums, etc. Retiring employees may direct ANP to withhold federal income tax from their annuity by completing form W-4P. [Note: Federal taxes are withheld as if the retiree were married and claiming 3 withholding allowances unless the retiree instructs the Department of State to do something different.]

After Retirement

GTM/RET is the main point of contact for all Foreign Service employees after retirement. Annuitants should contact GTM/RET (HRSC@state.gov) if they marry, remarry, divorce, become reemployed in the federal government, want to change their designation of beneficiary forms, want to change health insurance carriers during Open Season, change their life insurance coverage, etc.. Annuitants should look to GTM/RET's website for information on the latest issues affecting retirees, as well as

appropriate forms and other information (www.RNet.state.gov).

Annuitant Newsletter

GTM/RET sends retirees an annual newsletter during the fall Open Season to inform them of changes in health insurance benefits plans and the COLA for the following year. The Annuitant Newsletter also includes Form DS-5026 to enable those receiving an FSPS Annuity Supplement to report income from the previous year to retain eligibility for the Supplement. Failure to report such income to GTM/RET by January 8 each year could result in cancellation of your Annuity Supplement.

Retirement contribution letter

ANP sends new Foreign Service retirees a retirement contribution letter by mail not later than January 31 of the year following their retirement. Annuitants should retain this important document in their personal records in order to calculate the portion of their yearly annuity that is not taxable. See: IRS publication #721, "Tax Guide to US Civil Service Retirement Benefits, Part II" at www.irs.gov or http://apps.opm.gov/tax_calc/index.cfm. If you do not receive a letter from the Retirement Accounts Division with the amount of your mandatory contributions by February 15 of the year following your retirement, you should contact ANP at AnnuityPaySupport@state.gov.

FSRDS Offset

GTM/RET monitors the FSRDS Offset program to adjust annuities when retirees turn age 62, and adjusts the annuities of those retirees who did not pay Peace Corps or military deposits and are eligible for Social Security.

Reemployment with the Federal Government

When a Foreign Service annuitant is reemployed in Federal service on a part-time, temporary or intermittent basis (WAE), annuity benefits may continue, subject to a cap on total compensation (WAE salary/annuity) per calendar year and a limit of 1,040 hours worked per appointment year. You can request an audit of your earnings

from the Retirement Accounts Division (PayHelp@state.gov) to avoid exceeding your salary/annuity cap.

If a Foreign Service annuitant is reemployed under a full-time Civil Service, Legislative, Judicial or Presidential appointment, payment of the employee's annuity is suspended. At the conclusion of the appointment, payment of the annuity will resume, together with intervening cost of living adjustments (COLAs).

It is the employee's responsibility to notify the Office of Retirement if reemployed with the Federal Government. Send a copy of the SF 50, Notification of Personnel Action, appointing you to the position. Employment on a personal services contract or in the private sector does not trigger suspension of one's annuity under the Foreign Service retirement systems.

Reports of Deaths

GTM/RET also manages survivor issues and advises annuitants and survivors on the full range of benefits. Deaths of annuitants or beneficiaries should be reported immediately to GTM/RET via HRSC@state.gov.

Changes to Tax Withholding

Retirees may start, change, or stop Federal income tax withholding and change or stop State income tax withholding by contacting Department of State's Annuity Pay Support Division at AnnuityPaySupport@state.gov. These transactions can also be completed at www.employeeexpress.gov. Retirees will need to set-up an account at Login.gov before gaining access.

Contacting GTM/RET

Annuitants can contact the Office of Retirement at:

- email: HRSC@state.gov
- phone: (866)224-9053 or 202-261-8960.
- mail: GTM/RET, 2401 E St. NW, Room H620, Washington, DC, 20522.

Contacting ANP

Annuitants can contact the Retirement Accounts Division at:

- email: AnnuityPaySupport@state.gov;
- phone: (843)308-5552; Fax: (843)308-5494; toll free:(800)521-2553
- mail: Annuity Pay Support Division, American Payroll and Pension Operations, U.S. Department of State, 1969 Dyess Avenue, Building 646B, P.O. Box 150008, Charleston, SC 29415-5008.