



NARFE Membership Provides:

Legislative Representation

NARFE's national legislative program is advanced in Congress by a team of registered lobbyists backed by an informed network of grass-roots activists in every state and congressional district, and a member-supported Political Action Committee. The Association's strong supporters and years of experience on Capitol Hill and in federal agencies have made NARFE a name respected by members of Congress and a key player in the federal community.

NARFE Magazine

NARFE's award-winning monthly magazine for active and retired federal employees gives current information about legislative issues that affect you, an in-depth look at federal benefits and financial planning topics, questions and answers and more!

NARFE Federal Benefits Institute

The NARFE Federal Benefits Institute has a full slate of live and recorded webinars, issue briefs and tools designed to help you take charge of your federal benefits and prepare for a secure future. These resources are always free to NARFE members. In addition, NARFE Federal Benefits Institute staff of benefits experts are available to personally answer questions about federal benefits by phone or email.



NARFE Member Perks

NARFE Membership entitles you to special rates on insurance, wellness, travel, moving, products, services, and more!



Don't make the same mistakes!
Protect your earned benefits.

Join NARFE today!

As the only organization solely dedicated to the general welfare of all federal workers and retirees, NARFE delivers valuable guidance, timely resources and powerful advocacy. For nearly a century, NARFE has been a trusted source of knowledge for the federal community, Capitol Hill, the executive branch and the media.

National Active and Retired Federal Employees Association



606 North Washington Street
Alexandria, Virginia 22314-1914

800-456-8410

NARFE.org



The 10 Worst Mistakes
Federal Employees
Can Make





The 10 Worst Mistakes Federal Employees Can Make

The decisions you make in retirement are important. Here are the 10 Worst Mistakes federal employees can make.

1. Not attending a pre-retirement seminar

Many agencies offer retirement planning seminars. These classes offer exclusive information that will help you prepare for a successful retirement from federal service. Take the classes every five years to stay up to date on things like changing laws and regulations, especially because federal retirement options are so complex. Having the right information well before your retirement gives you time to avoid unnecessary delays in retirement processing and reduce the chance of a financial shock from unforeseen offsets and lower-than-expected income.

2. Missing the chance to contribute to the Thrift Savings Plan

Civil Service Retirement System (CSRS) employees who do not contribute to the tax-deferred Thrift Savings Plan (TSP) miss the opportunity to increase their retirement income. Federal Employees Retirement System (FERS) employees who do not contribute are missing out on government contributions to their TSP accounts and the growth of a critical part of their retirement package. FERS employees especially should begin making contributions to the TSP as soon as they can, because the TSP is intended to make up about one-third of their income in retirement. Also, FERS employees forfeit valuable agency matching dollars if they are not contributing at least 5 percent of their basic salary into their TSP each pay period.

3. Forfeiting the opportunity to pay your military service credit deposit

Employees must pay their military service credit deposits to their employing agencies *before* they retire. They cannot pay the Office of Personnel Management after they retire. CSRS employees hired before Oct. 1, 1982, must pay the deposit to assure retirement credit continues if they are eligible for Social Security at age 62, or their date of retirement if later than age 62. CSRS employees hired after Oct. 1, 1982, must pay the deposit to have military service included in their annuity computation. FERS employees must pay the military deposit to get credit for military service for both retirement eligibility and retirement computation purposes.

4. Not purchasing long-term care insurance coverage at the right age

Long-term care insurance (LTCI) rates are based on a person's age when he or she applies (younger people pay less per month, but pay longer). But it's important to know that acceptance rates among younger employees are significantly higher than for older employees and retirees. Since you also need to be able to pay the premiums after you retire, you need to have a good idea of what your net retirement income will be. If you are healthy, it may be best to wait until you are in your 50s to consider purchasing long-term care insurance. At that point, you will have a better grasp of your expected post-retirement financial situation, the assets you'll need to protect and the amount of long-term care insurance you can afford.

5. Mismanaging your sick leave

Both FERS and CSRS employees receive credit for their unused sick leave toward their retirement. But sometimes, there may be many hours of sick leave that won't be. Don't wait until you are applying for retirement to find out how many hours of sick leave won't be used to calculate your CSRS or FERS annuity. Instead, estimate the maximum sick leave balance you could have upon separation 2 or 3 years prior to retirement. Then, ask your agency retirement office to help you determine how many of those hours would be excluded. With this information, you will know how many hours to consider leaving in for retirement computation purposes and how many hours to consider using before retirement since unused sick leave is not paid out after separation.

6. Leaving annual leave calculations to the last minute

Most federal employees are capped at 240 hours of annual leave that they can carry over from one year to the next—anything over that at the end of the leave year becomes “use it or lose it” hours. An employee who carries their leave hours into a new payroll calendar year and plans to retire the following December 31 can be paid a lump sum for those hours plus additional leave accrued to a total of up to approximately 440 hours. As long as you leave

federal service prior to the first day of the new payroll calendar of the leave year, all of the unused annual leave hours will be paid out shortly after separation. But if you continue federal service into the new payroll calendar year, any hours of annual leave above the carry-over limit will be lost.

7. Failing to have five years of FEHB coverage before retiring

A federal employee covered by a spouse's private-sector health plan who opts not to enroll in the Federal Employees Health Benefits (FEHB) program while employed or is enrolled in the FEHB less than five years immediately prior to retirement cannot continue to carry FEHB as a retiree. To preserve this valuable benefit, employees should consider FEHB enrollment at least 5 years before separating for retirement. Open seasons and qualified life events continue to allow retirees to make changes to their FEHB plans as needed. Maintaining this coverage in retirement could help you save thousands of dollars in health care costs, especially when you consider that private-sector health plans rarely continue into retirement.

8. Neglecting to elect a survivor benefit when you retire

Electing a survivor benefit for a spouse at retirement or upon marriage (or remarriage) after retirement will entitle a surviving spouse to a monthly annuity and to continue FEHB coverage. As long as your spouse is on your FEHB plan and is eligible for at least a minimum survivor benefit, he or she would be allowed to maintain FEHB coverage in the event of your death.

9. Expecting to receive a full Social Security retirement

If you have a CSRS component in your upcoming retirement, the Windfall Elimination Provision (WEP) can significantly reduce your earned Social Security benefits. Under the Government Pension Offset (GPO), CSRS annuitants could lose all of the Social Security benefit that a spouse or former spouse earned for them. To prepare for this, educate yourself on these issues, adjust your retirement budget accordingly and work with NARFE's advocacy team to repeal or modify these laws.

And the WORST MISTAKE Federal Employees Can Make:

10. Not Joining NARFE Before Retirement

As hard as federal agencies try to educate employees about their benefits, there is a gap in knowledge and understanding on the part of many employees. NARFE helps bridge that gap with resources from the NARFE Federal Benefits Institute, one-on-one help from NARFE's federal benefits experts, the monthly *NARFE Magazine*, e-newsletters that keep you up to date on legislative actions that affect you and your benefits, and much more.