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Correction Reason:	CORRECTED COPY: CORRECTED TEXT PARA 1
Subject:	RETIREMENT PLANNING FIVE YEARS OUT

1. Some 30 percent of the State Department's American employee workforce is eligible to retire within the next five years. If you are in that group or will soon join it, now is the time to begin planning for that key life transition. The five-year period prior to retirement is especially important since some benefits require at least five years of participation before they can be continued into retirement. Planning considerations at the five year mark include:

-- Ensure continuation of Federal Employees Health Benefits (FEHB): To continue FEHB enrollment for themselves and any family members into retirement, employees must meet these conditions: a) retire on an immediate annuity and b) have been continuously covered in a plan under FEHB (or the military health system TRICARE) for the five years immediately preceding retirement or the full period of service during which health insurance was available, if less than five years. Employees not meeting the five-year requirement may be eligible for Temporary Continuation of Coverage (TCC) for themselves and any family members at retirement.

-- Ensure continuation of Federal Employees Group Life Insurance (FEGLI): To retain FEGLI coverage as a retiree, employees must meet these conditions: a) retire on an immediate annuity and b) have been insured under FEGLI at either the same level or a higher level of coverage for the five years immediately preceding retirement or for the entire period during which the basic life insurance and, if applicable, optional coverage was available, if less than five years. A decision at retirement will be whether to maintain, lower, or drop that previous coverage.

-- Review retirement benefits: Employees may use the Employee Benefits Information System (EBIS) software tool on HR Portal to generate an individualized estimate of their annuity as of any potential retirement date. For employees in the FSPS or FERS retirement systems, EBIS can also estimate the annuity supplement for those retiring before age 62. The Social Security Administration website at www.ssa.gov can generate an individualized estimate of Social Security benefits. The Thrift Savings Plan website can generate estimates of post-retirement TSP withdrawals under different scenarios. Armed with all that information, employees can determine if their retirement income will match or exceed their projected post-retirement expenses. If there is a gap, employees may need to adjust one or more aspects of their retirement plans.

-- Resolve prior service issues: If you had federal civilian or military service prior to joining the Department of State, you can advance your retirement eligibility date and increase your Foreign Service or Civil Service pension by obtaining credit for that service. Employees must apply for prior service credit for retirement purposes -- a process that is distinct from the process by which prior service time is automatically added to a new employee's Service Computation Date (SCD) for leave accrual purposes. Your retirement SCD is different from your leave SCD listed on your SF-50 forms if you had prior service for which you have not applied for retirement credit. In most cases, credit is obtained by making a deposit to cover the employee retirement contributions (plus interest) that were not made originally. While no deposit is required to transfer Civil Service retirement credit to the Foreign Service retirement fund (or vice versa), employees must proactively request that transfer. The process, which usually requires action by either a military pay center or the Office of Personnel Management (OPM), often takes six or more months. Employees should resolve their prior service issues long before they retire, especially if they plan to retire voluntarily at first eligibility. For more information, consult the "Information" tab in EBIS. To request or apply for prior service credit, e-mail HRSC@state.gov.

-- Send HR/RET a copy of any divorce decree: Divorce decrees and property settlement agreements can impact the division of retirement benefits. Unfortunately, sometimes state court orders fail to meet federal standards or one party contends that the order has a different meaning than its plain meaning. In such cases, the parties sometimes must return to court to correct the problem. To check in advance for such problems, employees should send a copy of any divorce decrees and property settlement agreements to HR/RET long before they plan to retire. Either scan and e-mail the documents to HRSC@state.gov or send to 1999 Dyess Avenue, Building 644-E, Charleston, SC 29405. HR/RET will provide Foreign

Service employees with a divorce determination letter. HR/RET will forward documentation provided by Civil Service employees to OPM for its review and response if the employee provides HR/RET with the current mailing addresses and Social Security Numbers for both the employee and the former spouse.

-- Maximize retirement savings: Employees are encouraged to set their TSP contributions to reach the IRS annual ceiling for contributions to tax-deferred accounts ($18,000 in 2015) or as close to that ceiling as their finances permit. Employees who have reached age 50 and are contributing at a rate that will reach the IRS maximum by the end of the year may make additional "catch-up" contributions (up to $6,000 in 2015). The amount of TSP contributions can be adjusted through Employee Express. The IRS ceiling does not apply to Individual Retirement Accounts, so employees may also make IRA contributions. Finally, most employees carry over the maximum allowed amount of annual leave at the end of the calendar year before they retire in order to maximize their final lump sum payment at retirement.

-- Evaluate retirement investment portfolio: TSP bond funds that offer the safety of capital preservation may not generate long-term gains that out-pace inflation. Over short periods of time, stock funds can dramatically under-perform bond funds. However, over long periods, stock funds have historically out-performed bond funds. Thus, in selecting a TSP portfolio, employees must decide how much risk they are willing to take. A key consideration is time horizon. Employees who plan to remain invested in the TSP for several decades while retired may want to take more risk now in their TSP account to increase the likelihood of generating gains over time that out-pace inflation. Use the TSP website to make inter-fund transfers to redistribute past contributions among the various TSP investment funds or to change the allocation of future bi-weekly contributions.

-- Review Beneficiary Designations: Every year, there are unfortunate cases of death benefits not being paid to the immediate next-of-kin because the employee did not update their beneficiary designations after marriage, divorce, or other relationship changes. Are your beneficiary designations up-to-date for life insurance, lump sum salary payment, and TSP savings? If you are not sure, check your online e-OPF to see if the beneficiary forms that you may have signed years ago reflect your current wishes. The forms are: retirement benefits (SF-3102 for FERS, SF-2808 for CSRS, or DS-5002 for FSPS and FSRDS), Federal Employees Government Life Insurance (SF-2823), and unpaid compensation (SF-1152). TSP beneficiary designations are maintained by TSP, so contact TSP or submit a new designation (TSP-3) if you are unsure of what is currently on file. If any forms are incorrect or missing, submit new designation forms to HRSC@state.gov. New TSP-3 forms should be sent directly to TSP as explained on the form. Current annuitants must send any updated FEGLI beneficiary designation form directly to OPM.

-- Take retirement planning courses: Employees who have not already done so (or who did so more than five years ago) are encouraged to take the FSI Career Transition Center's four-day Retirement Planning Seminar (RV101) to learn about topics including annuities, financial and estate planning, TSP, Social Security, Medicare and the FEHB, long term care insurance, and the psychology of transition. Civil Service and Foreign Service employees at any point in their careers may attend the one-day courses Annuities, Benefits and Social Security Workshop (RV104) and Financial Management and Estate Planning Workshop (RV103). RV104 and RV103 are also embedded in the four-day Retirement Planning Seminar (Days Two and Three of RV101, respectively). Course descriptions, course materials, and links to registration are on the OpenNet at http://fsi.m.state.sbu/sites/tc/CTC/default.aspx. A schedule of course dates is on the Career Transition Center Internet site at http://www.state.gov/m/fsi/tc/c6958.htm.

-- Do your homework: Comprehensive Foreign Service and Civil Service retirement information is on the HR Online EBIS (Retirement) site. EBIS has written information as well as over six hours of online seminars on retirement benefits, financial planning, TSP, Social Security, and FEGLI. OPM administers Civil Service retirement programs, so Civil Service annuitants may also consult www.opm.gov for retirement information. Foreign Service retirement information is available on HR/RET's internet site The Retirement Network at www.rnet.state.gov. RNet offers a wealth of information, including a searchable database of Frequently Asked Questions as well as retirement planning guides. Finally, the HR Portal on the Department's intranet features a retirement section that provides detailed retirement planning information, including copies of HR/RET-issued ALDACs and Department Notices.

2. If questions remain after reviewing this message and the online retirement planning resources, please contact HRSC@state.gov.

3. Minimize considered.

Signature: Kerry

Drafted By: HR/RET:JNALAND

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