

REVIEWING YOUR RETIREMENT PLAN

Whether you have been retired for a few months or many years, please review the topics listed below to determine if any course corrections are needed in your retirement plans. Please note that there is more detailed information on many of these topics on AFSA's Retirement Services page at www.afsa.org/retirement.

- **Review and Update Annuity Records:** You can view and print your monthly annuity statements and annual form 1099-R on the Annuitant Express website at www.employeexpress.gov. Getting these records online is far quicker than calling or writing the State Department's Retirement Accounts Division to ask that office to mail you the document.

If you move to a new address, want to change federal and/or state tax withholding, or want to change where your annuity is electronically deposited, you need to provide the new information to the State Department. You also can perform most of these functions via the Annuitant Express website except for changing your direct deposit or financial allotment information. Instructions for accessing Annuitant Express are in the HR/RET annual annuitant newsletter and in this directory.

- **Keep Beneficiary Designations Updated:** Federal survivor benefits are paid to whomever is designated on beneficiary designation forms even if there are other instructions in the person's will. Every year, there are cases of benefits not going to the immediate next of kin because the annuitant neglected to update their beneficiary designations after marriage, divorce, or other relationship change. If you are not sure if your forms reflect your current wishes, simply submit new forms to supersede prior designations:
 - *Retirement Benefits:* Obtain DS-5002 from <https://Rnet.state.gov> under "Forms" and email to HRSC@state.gov and mail to HR Service Center, 1999 Dyess Ave, Building E, Charleston SC 29405.
 - *Federal Employees Government Life Insurance (FEGLI):* obtain SF-2823 from <https://Rnet.state.gov> under "Forms" and mail to OPM Retirement Operations Center, P.O. Box 45, Boyers PA 16017-0045.
 - *Thrift Savings Plan (TSP):* obtain TSP-3 from www.TSP.gov and mail to Thrift Savings Plan, P.O. Box 385021, Birmingham AL 35238.
- **Review Thrift Savings Plan (TSP) Fund Allocations:** If you are in the FSPS retirement system, then the TSP is a key component of your retirement financial security. Since retirement income depends in part on the rates of return of the specific TSP fund or funds in which you invest, from time to time you should review the risk-versus-reward balance in your TSP fund allocations to make sure that it is still appropriate to your specific situation. If you or your survivor anticipate drawing on your TSP savings 20 or more years from now, most experts recommend investing in funds with relatively high average rates of return (the C, S, I, and/or long-range L funds) to increase the chances that your TSP savings will generate gains in the coming decades that outpace inflation. You can make an inter-fund transfer to redistribute your balance at www.tsp.gov.

Consider talking with a financial advisor before making a major financial move and/or watch a recent video available at www.afsa.org/video of an expert presentation on TSP.

- **Review Estate Planning Documents:** Most Foreign Service retirees have estate planning documents such as a will, trust, power of attorney, and/or medical directive. But if many years have passed or you have moved to a new state of residence since the documents were written, estate planners suggest having a local attorney review those documents and update them if there have been significant changes in your own situation or in state laws or procedures.
- **Social Security - When to Launch:** Retirees nearing age 62 face the important decision of when to apply for Social Security benefits. You can get estimates of your future Social Security retirement and survivors benefits by using the My Social Security feature at www.ssa.gov. After benefits begin, you can use My Social Security to update your address and direct deposit information. The initial sign-up process for My Social Security involves verifying your identity by answering questions about data in your credit history. If needed, check your own records before answering the questions since giving wrong answers can get you locked out from online registration.
- **Medicare at Age 65?** Many retirees nearing age 65 find it difficult to decide whether to enroll in Medicare Part B, which covers outpatient care, preventive services, ambulance services and durable medical equipment. Most retirees would find it to be an easy “yes” decision except for the fact that coverage can be costly – in 2020 it is \$144.60 per person, per month in most cases, but can go up to \$491.60 per person, per month, depending on your income. Weighing the pros and cons of enrolling in Medicare can get complicated. An expert is Paula Jakub, CEO of the American Foreign Service Protective Association, which administers the FEHB Foreign Service Benefit Plan. Ms. Jakub’s presentation at AFSA on the subject can be viewed at www.afsa.org/video. (AFSPA is unaffiliated with AFSA.)
- **Annuity Supplement Earnings Test:** Retirees in the FSPS retirement system who are under age 62 receive an annuity supplement. For those who have reached their minimum retirement age (between age 55 and 57 depending on year of birth), that supplement is subject to a reduction through an annual earnings test. Those retirees must submit a form DS-5026, “Statement of Entitlement to FSPS Annuity Supplement” to the HR Service Center in early January each year or else their annuity supplement will be suspended in February. The form and associated instructions are in the HR/RET annual annuitant newsletter.
- **Report Marital Changes:** Post-retirement divorce, marriage or death of a spouse or former spouse are occasions to change your survivor annuity election by removing a former spouse or adding a new spouse. In addition, you will likely want to update your beneficiary designations for life insurance, annuity, and TSP savings. You may also wish to adjust your Federal Employees Health Benefits election. Delays in reporting marital changes will delay, or in some cases permanently prevent, the benefits adjustment and the associated change in your annuity. Promptly report post-retirement marital changes to the HR Service Center.
- **If you Divorce:** Foreign Service spouses enjoy a default statutory entitlement to benefits under the Foreign Service Act if they meet certain requirements. The default entitlements can be altered through a court order or spousal agreement. However, the order or agreement must

include specific language to be valid—even some Washington, D.C.-area divorce attorneys are unaware of this. A State Department explanation of the rules was contained in ALDAC Cable 19 STATE 53266, which is posted on AFSA's Retirement Services page. Promptly report any post-retirement divorce to the HR Service Center (including providing a copy of any divorce decree, property settlement agreement or other relevant court order).

- **Review Health Insurance:** Many Foreign Service members settle on one Federal Employee Health Benefits (FEHB) provider early in their career and don't take advantage of the annual open season opportunities to change providers. That is a missed opportunity to get the best insurance for your needs and to potentially save money by switching to a different insurance plan. Each year, during the mid-November to mid-December open season, AFSA provides its members with free online access to the Consumers' Checkbook Guide to Federal Health Plans. The Guide rates over 200 health insurance plans and provides an easy-to-understand summary of the plans to help simplify your choice.
- **Consider Optional Medical Insurance:** Retirees who do not have optional federally-sponsored dental, vision or long-term care insurance may still apply for coverage. Apply for long-term care insurance (subject to medical underwriting) anytime at www.ltcfeds.com. Apply for dental or vision insurance during open season at www.opm.gov/healthcare-insurance/dental-vision/.
- **Reemployment Rules:** If you return to federal employment in a part-time or full-time basis after retirement, a variety of rules impact how much you can earn. If you ever have questions about those rules, please consult the HR/RET annual annuitant newsletter or RNet internet site. If you do not find the answer there, you may ask the HR Service Center. Information on post-retirement legal and ethical restrictions can be found on the AFSA website at www.afsa.org/retirement-services. Reemployed annuitants (RAEs) must not exceed their hours or earnings limits. To avoid exceeding the earnings limit, the employee may request a "salary/annuity limitation audit" be done by the Retirement Accounts Division by emailing PayHelp@state.gov.
- **Brief your Survivor:** Ensure that your next of kin knows how to report your death so that survivor's benefits may be paid. To initiate a survivor annuity, receive the federal life insurance payout, and/or continue their Federal Employees Health Benefits, the survivor(s) must first submit documentation to the HR Service Center. Until they do so, annuity payments will stop. So please explain this to your next of kin(s) and show them the information sheet in this directory on reporting deaths.
- **Create a Clear Paper Trail for your Next of Kin:** If you have served as executor of a family member's estate, you know that the process can be time-consuming, particularly when it is difficult to find documentation. Therefore, it may be helpful to put copies of all relevant information such as your will and signed documents concerning your benefits and beneficiaries in one location for your next of kin(s) to easily access (it is advisable to keep the originals, of course, in a safe deposit box or other secure location, about which you also should brief your survivor(s)). In addition, with more bills and financial statements being paid or delivered electronically, it is often no longer possible for the next of kin to allow a month's worth of mail to arrive to discover what needs to be done. Thus, a useful rainy-day activity is to make or review your list of your financial accounts, insurance, etc. (including website addresses and account passwords) and place it, again, where your next of kin(s) can find it.