

Focus on Retirement Planning

Slouching Toward Retirement?

Foreign Service employees count themselves fortunate: their retirement benefits are good and, for most, retirement promises to be comfortable financially. Given this expectation, some employees and their spouses put off planning for retirement and finding out what lies ahead for them until the actual time comes. Then some wish they had done things differently, or simply fail to realize that they could have provided for a more comfortable retirement.

Being prepared for retirement requires keeping complete and accurate payroll, personnel and service computation date records; obtaining service credit for other federal employment. It also means ensuring that potential family changes like death, divorce or remarriage are reflected in a timely way in health coverage and survivor benefits; and assessing what financial, life insurance and long-term care insurance needs will be for the retiree as well as for a surviving spouse.

The State Department provides considerable information for employees and their spouses. RNet, an online resource at <https://rnet.state.gov>, provides a retirement planning guide, comprehensive retirement information, retirement forms and a very useful Q&A forum under "AskRNet". The Foreign Service Institute's (FSI) Transition Center offers a mid-career retirement planning course, for employees 10-15 years away from retirement, in addition to the retirement planning seminar, for employees within 5 years of retirement, and the Job Search Program for employees at retirement.

Choosing the best date to retire can make a difference in the annuity level an employee will receive. At least one year before retirement, employees should ask the Retirement Office to make annuity calculations for them based on three different dates. They should also consult with their retirement counselors in HR/RET about specific issues affecting their retirement and time limits for making changes (particularly upon divorce and remarriage) well before retirement. It may also be wise to talk to a financial adviser about financial planning and tax considerations involved with lump-sum payments and state taxation of federal annuities, Thrift Savings Plan (TSP) funds and Social Security benefits.

While the State Department does provide resources and counseling, it does not relieve employees or retirees of the consequences of errors made by the department resulting in overpayments. It is up to the retiree to be vigilant, and try their best to understand the obscure and complicated legal areas around such issues as the Foreign Service Pension System and Social Security Annuity Supplement.

AFSA also provides a wealth of retirement resources and assistance to members. We publish guidance about retirement issues and benefits in the *Foreign Service Journal* and *AFSA Newsletter*, and by e-mail and online at www.afsa.org/retiree. Each year our retiree counselors provide retirement related assistance to hundreds of AFSA members.

Increasingly important, AFSA also works to keep its members informed about threats to federal retirement benefits. With the large federal deficit Congress will continue to look for ways to cut the deficit and cuts to federal employee benefits will continue to be at risk. Changes in the federal retirement systems, the Federal Employees Health Benefit Program, Medicare, Social Security and the Thrift Savings Plan could affect future and current federal employees.

With all this in mind, plan ahead and become well informed about your retirement future. AFSA will provide guidance and assistance to help you understand and deal with your particular retirement issues, and will keep a watchful eye on legislative threats to those entitlements. But the more attention you pay to your own needs in advance of retirement, the easier it will be for you and for us to help you.