

## **FERS MID-CAREER SEMINAR**

### **Registration**

#### Federal Employment Benefits

*Tom Haley, Retired Benefits Officer  
U.S. Department of Agriculture*

### **BREAK**

#### Federal Employment Benefits (continued)

### **BREAK**

#### Federal Employment Benefits (continued)

*Frank Boys, President  
Minnesota Federation of NARFE Chapters*

### **LUNCH**

#### Developing Investment Strategies

*Charles Buck, Buck Financial Advisors, CFP*

### **BREAK**

#### Estate Planning 101

*Christopher Burns, Estate Attorney; Henson & Effron*

### **Wrap-up**

Please refer to the start times and the venue location for all classes. The start times are located on the FEB Registration Website or call the FEB at 612-713-7200. v. 1.19.11



**MID-CAREER PLANNING  
FERS**

**PARTICIPANT GUIDE**

**Instructor: Tom Haley**

# BENEFITS AGENDA

*How much planning time do I have? Clues come from understanding the qualifying requirements for retirement:*

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*How much money will I have at retirement? Understanding the annuity computation will provide a good starting point:*

<b>CSRS</b>	Pages 6-7
<b>CSRS OFFSET</b>	Pages 6-7
<b>FERS</b>	Pages 6-7

*Any special things I need to do to maximize return?*

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<b>POST-1956 MILITARY PURCHASE</b>	Page 10

*Within Government how do I supplement the annuity?*

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*What about other benefits?*

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# OPTIONAL RETIREMENT FERS

## WHO ARE FERS EMPLOYEES?

Permanent employees hired after December 31, 1983 or rehired with a break in service of more than 1 Year and who had less than 5 years of CSRS coverage as of the date of rehire. Also, CSRS and CSRS-Offset employees who transferred to FERS during the 1987-1988 or 1998 Open Seasons.

On your last Personnel Action (SF-50), in the block for Retirement Plan (30), you will have a "K" if you are covered by FERS.

COST:           7.65% (Social Security @ 6.20% + 1.45% HITS Tax) (4.2% in 2012)  
                  .80% To FERS Retirement Fund  
                  -----  
                  8.45% Total cost to fund future annuity plus Social Security and  
                  Medicare Part-A

Optional retirement eligibility **requires** attainment of qualifying age and service.

## QUALIFYING COMBINATIONS

AGE	SERVICE
MRA	30 YEARS (INCLUDES CREDITABLE MILITARY SERVICE)
60	20 YEARS (INCLUDES CREDITABLE MILITARY SERVICE)
62	5 YEARS
MRA	10 YEARS (HOWEVER, 5% PER YEAR PERMANENT REDUCTION FOR EACH YEAR UNDER AGE 62)

The MRA (Minimum Retirement Age) will gradually be increasing based on year of birth. Birth dates through 1947, remain age 55, just like CSRS.

For 1948, age 55 years and 2 months; For 1949, age 55 years and 4 months, etc.  
For 1953 through 1964, age 56 is the MRA.  
For 1965, age 56 years and 2 months; For 1966, age 56 years and 4 months, etc.  
For 1970 and after the MRA is age 57.

# **DISABILITY RETIREMENT FERS**

## **MINIMUM REQUIREMENTS**

- ♥ 18 MONTHS OF CIVILIAN SERVICE
- ♥ MUST FILE WITH SOCIAL SECURITY OFFICE FOR SOCIAL SECURITY DISABILITY RETIREMENT

It must be proven to the Office of Personnel Management's (OPM) satisfaction that a medical condition has caused the inability to perform duties, resulting in less than adequate performance.

Annual physicals are required by OPM to verify continued disability.

If found to be recovered medically, the annuity will continue for 1 Year.

You cannot earn in any 1 Year, more than 80% of the current salary of the position you retired from.

If found restored to earning capacity, the annuity will terminate as of June 30 of the following year.

## **DISABILITY ANNUITY COMPUTATION**

**First Year:** 60% of the High-3 Years of Salary Average minus 100% of any Social Security Disability payable.

**Each Year After:** 40% of the High-3 Years of Salary Average minus 60% of any Social Security Disability payable.

**AT AGE 62 THE ANNUITY IS RECOMPUTED USING:**

Actual service plus the Years on Disability Retirement  
(as a new length of service)

X

Actual High-3 at retirement plus the COLAs while on disability  
(as a new high-3 years of salary average)

Regular Social Security (Old age at 62) would also now start.

## **DISCONTINUED SERVICE FERS**

### **MINIMUM REQUIREMENTS**

- ♥ Age 50 with at least 20 years of creditable service
- ♥ Any age with at least 25 years of creditable service

AND

- ♥ Your job is abolished

OR

- ♥ You face directed reassignment outside your commuting area

AND

- ♥ There are no comparable positions within two grades of your current position within your commuting area.

When the above requirements are met, the Annuity formula is calculated the same way as for Optional Retirement.

**THERE IS NO REDUCTION FOR BEING UNDER AGE 55.**

**NOTE:** For employees who had more than 5 years of CSRS coverage before transferring to FERS, the 2% per year reduction for years under age 55 will apply to the portion of the combined CSRS/FERS annuity represented by the CSRS years.

**EARLY-OUT Retirement eligibility uses the same requirements as above except that in that situation, Management identifies positions, locations or organizational structures which need reducing and then asks employees who meet the above requirements to let Management know if they would be interested in retiring.**

**DISCONTINUED SERVICE RETIREMENT is involuntary;**

**EARLY-OUT RETIREMENT is voluntary.**

# **DEFERRED RETIREMENT FERS**

## **MINIMUM REQUIREMENTS**

- ♥ 5 YEARS OF CREDITABLE CIVILIAN SERVICE AND AGE 62
- ♥ 20 YEARS OF CREDITABLE CIVILIAN SERVICE AND AGE 60
- ♥ 30 YEARS OF CREDITABLE CIVILIAN SERVICE AND MRA (55-57)
- ♥ 10 YEARS OF CREDITABLE CIVILIAN SERVICE AND MRA (55-57)  
WITH A 5% PERMANENT PER YEAR REDUCTION FOR EACH  
YEAR UNDER AGE 62

Deferred Retirement occurs when:

You resign your position,  
Leave your contributions in the Retirement Fund,  
And file for an annuity when you meet any of the above age and service  
requirements.

**Deferred Retirement is forfeited if you withdraw your retirement  
contributions any time after resigning.**

The annuity is computed in the same manner as for an Optional Annuity (Years of Service times the High-3 Years of Salary Average), but using the High-3 at the time of resignation.

Drawbacks to Deferred Retirement:

Loss of entitlement to Group Life and Group Health Insurance;

The negative effect of inflation on the High-3 Years of Salary Average.

**If you die between Resignation and the Deferred Retirement eligibility AND you had at least 10 Years of creditable service (including creditable military service) at the time of resignation, your spouse is entitled to an annuity equal to 50% of the annuity you would have received if you had met the minimum age requirements at the time of death.**

If you do not have 10 years of creditable service at the time of resignation, then your survivor is entitled to a refund of your FERS contributions.

# ANNUITY COMPUTATIONS

## CSRS CSRS-OFFSET

## FERS

Amount of Annuity is Figured On:  
High-3 Years of Salary Average X Length of Creditable Service

### CSRS FORMULA

*1.50% X HIGH-3 X 5 YEARS*

*1.75% X HIGH-3 X 5 YEARS*

*2.00% X HIGH-3 X YEARS OVER 10*

### FERS FORMULA

1% EACH YEAR OF SERVICE

(1.1% EACH YEAR OF SERVICE  
IF AGE 62 AND OVER 20 YEARS  
OF SERVICE)

PLUS

### FERS ANNUITY SUPPLEMENT

If you have at least one calendar year under FERS and are retiring on an Immediate Unreduced Annuity, you receive (between MRA and 62) a substitute for the portion of future Social Security represented by the FERS service.

### CSRS SHORTCUT

LENGTH OF SERVICE

Minus 2  
X 2

EX.: 30 YEARS OF SERVICE  
30 MINUS 2 = 28  
28 X 2 = 56

30 YEARS OF SERVICE  
ACTUALLY EQUALS  
56.25% OF THE HIGH-3.

It applies the Social Security Formula, using actual pay for years under FERS and "deemed" pay for years prior to FERS, and multiplies it by years of FERS Civilian Service divided by 40.

It is subject to the Social Security earning limitation of \$14,640 for the year 2012.



## HIGH-3 SALARY AVERAGE COMPUTATION

The High-3 Years of Salary Average is the highest pay obtained by averaging the rates of basic pay (including locality pay) in effect during any 3 consecutive years of service, with each rate weighted by the time it was in effect.

For most employees, the last 3 years of employment represent the highest 3 years. This formula is applied uniformly, whether CSRS, CSRS-OFFSET or FERS.

### COMPUTATION

YEAR/MO/DAY	SALARY	X	FACTOR = EARNINGS DURING THIS PERIOD
1995/08/03 <u>1995/01/08</u> 06-26	\$52,408	X	.572222 = \$29,989
1995/01/07 <u>1994/01/09</u> 11-29	\$50,105	X	.997222 = \$49,966
1994/01/08 <u>1993/01/10</u> 11-29	\$48,702	X	.997222 = \$48,567
1993/01/09 <u>1992/08/04</u> 05-06	\$46,508	X	.433333 = \$20,153
			\$148,675
			<b><u>DIVIDED BY 3 = \$49,558</u></b>

## **DEPOSIT FERS**

A deposit is money paid to the Retirement Fund to purchase a period of service that was not covered by retirement deductions (e.g. temporary positions).

The interest charged is always at the Variable Interest Rate.

### 3% THROUGH 1984

13.000% - 1985	1993 – 7.125%	2001 – 6.375%	2009 – 3.875%
11.125% - 1986	1994 – 6.250%	2002 – 5.500%	2010 – 3.125%
9.000% - 1987	1995 – 7.000%	2003 – 5.000%	2011 – 2.750%
8.375% - 1988	1996 – 6.875%	2004 – 3.875%	2012 – 2.250%
9.125% - 1989	1997 – 6.875%	2005 – 4.375%	
8.750% - 1990	1998 – 6.750%	2006 – 4.125%	
8.625% - 1991	1999 – 5.750%	2007 – 4.875%	
8.125% - 1992	2000 – 5.875%	2008 – 4.750%	

**NO DEPOSIT PAYMENT IS ALLOWED FOR SERVICE PERFORMED  
AFTER  
DECEMBER 31, 1988**

## **EFFECT OF NON-PAYMENT**

Service time will NOT count toward Retirement Eligibility

AND

Will NOT count toward Annuity Computation.

FERS employees must make a deposit for non-covered service occurring before January 1, 1989 in order for it to be creditable for Retirement purposes.

## **REDEPOSIT FERS**

A redeposit is money paid to the Retirement Fund to purchase a period of service that was previously refunded.

The interest charged is always at the Variable Interest Rate.

### 3% THROUGH 1984

13.000% - 1985	1993 – 7.125%	2001 – 6.375%	2009 – 3.875%
11.125% - 1986	1994 – 6.250%	2002 – 5.500%	2010 – 3.125%
9.000% - 1987	1995 – 7.000%	2003 – 5.000%	2011 – 2.750%
8.375% - 1988	1996 – 6.875%	2004 – 3.875%	2012 – 2.250%
9.125% - 1989	1997 – 6.875%	2005 – 4.375%	
8.750% - 1990	1998 – 6.750%	2006 – 4.125%	
8.625% - 1991	1999 – 5.750%	2007 – 4.875%	
8.125% - 1992	2000 – 5.875%	2008 – 4.750%	

## **EFFECT OF NON-PAYMENT**

Service time **WILL** count toward Retirement Eligibility

**BUT**

Will **NOT** count toward Annuity Computation

It will count for purposes of leave and reduction-in-force.

## SICK LEAVE

Sick leave constitutes the only temporary disability program the Government has in its Benefits package. At retirement CSRS and CSRS-OFFSET employees receive additional service credit for unused sick leave. FERS employees receive one-half credit if retiring before the year 2014. After that they will receive the same full credit that CSRS and CSRS-OFFSET employees receive now. The charts on this page and the next reflect the days and months value of unused sick leave hours.

### MONTHS

Days	MONTHS					
		One	Two	Three	Four	Five
0	0	174	348	522	696	870
1	6	180	354	628	701	875
2	12	186	369	533	707	881
3	17	191	365	539	713	887
4	23	197	371	545	719	893
5	29	203	377	561	725	899
6	35	209	383	557	730	904
7	41	214	388	562	736	910
8	46	220	394	568	742	916
9	52	226	400	574	748	922
10	58	232	406	580	754	928
11	64	238	412	586	759	933
12	70	243	417	591	765	939
13	75	249	423	597	771	945
14	81	255	429	603	777	961
15	87	261	435	609	783	957
16	93	267	441	615	788	962
17	99	272	446	620	794	968
18	104	278	452	626	800	974
19	110	284	458	632	806	980
20	116	290	464	638	812	986
21	122	296	470	643	817	991
22	128	301	475	649	823	997
23	133	307	481	655	829	1003
24	139	313	487	661	835	1009
25	145	319	493	667	841	1015
26	151	325	499	672	846	1020
27	157	330	504	678	852	1026
28	162	336	510	684	858	1032
29	168	342	516	690	864	1038

## SICK LEAVE CHART (CONTINUED)

Days	MONTHS					
	Six	Seven	Eight	Nine	Ten	Eleven
0	1044	1217	1391	1565	1739	1917
1	1049	1223	1397	1571	1745	1919
2	1055	1229	1403	1577	1751	1925
3	1061	1236	1409	1583	1757	1930
4	1067	1241	1415	1588	1762	1936
5	1072	1246	1420	1594	1768	1942
6	1078	1252	1426	1600	1774	1948
7	1084	1258	1432	1606	1780	1954
8	1090	1264	1438	1612	1786	1959
9	1096	1270	1444	1617	1791	1965
10	1101	1275	1449	1623	1797	1971
11	1107	1281	1455	1629	1803	1977
12	1113	1287	1461	1635	1809	1983
13	1119	1293	1467	1641	1816	1988
14	1126	1299	1472	1646	1820	1994
15	1130	1304	1478	1652	1826	2000
16	1136	1310	1484	1658	1832	2006
17	1142	1316	1490	1664	1838	2012
18	1148	1322	1496	1670	1844	2017
19	1154	1328	1501	1675	1849	2023
20	1159	1332	1507	1681	1855	2029
21	1165	1339	1513	1687	1861	2035
22	1171	1345	1519	1693	1867	2041
23	1177	1351	1525	1699	1873	2046
24	1183	1357	1530	1704	1878	2052
25	1188	1362	1536	1710	1884	2058
26	1194	1368	1542	1716	1890	2064
27	1200	1374	1548	1722	1896	2070
28	1206	1380	1554	1728	1901	2075
29	1212	1386	1559	1733	1907	2081

## **FERS POST-1956 MILITARY SERVICE**

Pure FERS employees **do not** receive credit toward their civilian retirement for military service unless they purchase it.

*The cost is 3% of the military pay received plus interest.*

Employees who transferred to FERS with more than 5 years of creditable service under CSRS are treated the same as a CSRS employee and for them the cost is 7% of military pay received plus interest.

To start the purchase process, contact your Personnel or Human Resources Office and tell them you want to purchase your Post-1956 military service. They will send you a **SF-3108** and a “Form for Estimated Earnings During Military Service.”

Complete the **SF-3108** and return it to Personnel; send the “Estimated Earnings” form to your appropriate Military Finance Office. When they return it to you, send it to Personnel and they will calculate the payment due and notify you of payment methods.

For pure FERS employees, purchase of the military time serves to lengthen your civilian service credit and, perhaps, allow you to retire earlier than you had planned.

**VARIABLE INTEREST RATES  
CIVILIAN DEPOSIT/REDEPOSIT  
POST-1956 MILITARY PURCHASE**

<b>1984</b>	<b>3.000%</b>
<b>1985</b>	<b>13.000%</b>
<b>1986</b>	<b>11.125%</b>
<b>1987</b>	<b>9.000%</b>
<b>1988</b>	<b>8.375%</b>
<b>1989</b>	<b>9.125%</b>
<b>1990</b>	<b>8.750%</b>
<b>1991</b>	<b>8.625%</b>
<b>1992</b>	<b>8.125%</b>
<b>1993</b>	<b>7.125%</b>
<b>1994</b>	<b>6.250%</b>
<b>1995</b>	<b>7.000%</b>
<b>1996</b>	<b>6.875%</b>
<b>1997</b>	<b>6.875%</b>
<b>1998</b>	<b>6.750%</b>
<b>1999</b>	<b>5.750%</b>
<b>2000</b>	<b>5.875%</b>
<b>2001</b>	<b>6.375%</b>
<b>2002</b>	<b>5.500%</b>
<b>2003</b>	<b>5.000%</b>
<b>2004</b>	<b>3.875%</b>
<b>2005</b>	<b>4.375%</b>
<b>2006</b>	<b>4.125%</b>
<b>2007</b>	<b>4.875%</b>
<b>2008</b>	<b>4.750%</b>
<b>2009</b>	<b>3.875%</b>
<b>2010</b>	<b>3.125%</b>
<b>2011</b>	<b>2.750%</b>
<b>2012</b>	<b>2.250%</b>

## THRIFT SAVINGS PLAN

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees.

It was established by Congress to provide Federal employees with the same savings and tax benefits that private corporations offer their employees.

TSP benefits are separate and distinct from annuities of the CSRS and FERS programs.

### CSRS and CSRS-OFFSET

No Government Contribution

No Government Match

Employee can contribute  
Up to \$17,000 in 2012

Tax Deferred  
Tax **SHELTERED**

### FERS

Government contributes 1%  
automatically

Government matches:

First 3% of Employee Contribution  
Dollar for Dollar; next 2% of  
Employee Contribution \$.50 per  
Dollar contributed.

Employee can contribute  
Up to \$17,000 in 2012

(With the Government contributing  
up to 5% additional in matching)

Tax Deferred  
Tax **SHELTERED**

**(P.L. 107-304 "Catch-up/over 50" allows \$5,500  
extra in 2011 via payroll deduction)**



## **THRIFT SAVINGS PLAN INVESTMENTS**

### Investment Options:

**G Fund** (Government Securities)  
**F Fund** (Fixed Income)  
**C Fund** (Common Stock)                      **L Fund** (Lifecycle)  
**S Fund** (Small Cap)  
**I Fund** (International)

The **G FUND (Government Securities Investment Fund)** is invested in special issues of U.S. Treasury Securities.

The **F FUND (Fixed Income Investment Fund)** is invested in the Barclays U.S. Debt Index Fund, which tracks the Lehman Brothers Aggregate (LBA) index.

The **C FUND (Common Stock Investment Fund)** is invested in the Barclays Equity Index Fund which tracks the S&P 500 stock index.

The **S FUND (Small Capitalization Stock Index Fund)** is invested in the Barclays Extended Market Index Fund which tracks the Wilshire 4500 stock index.

The **I FUND (International Stock Index Fund)** is invested in the Barclays EAFE Index Fund which tracks the Europe, Australasia, Far East (EAFE) stock index.

**TOTAL TSP ASSETS (JANUARY, 2012) of \$310,000,000,000.**

**4.3 Million Participants**

### **NEWER FEATURES:**

- 1) Complete and Total Upgrade Allowing for Daily Valuation;
- 2) Quarterly Participant Statements

All Employees can do **INTERFUND TRANSFERS** (moving already contributed balances from one Fund to another) with a TSP-50. You may use a Paper TSP-50 from your Personnel office or the TSP website at ([www.TSP.gov](http://www.TSP.gov)); or do it Electronically at the TSP website; or call the Thriftline at 1-877-968-3778 (toll-free).

## C, F, G, S AND I FUND RETURNS

	<i>C FUND</i>	<i>F FUND</i>	<i>G FUND</i>	<i>S FUND</i>	<i>I FUND</i>
1988	11.84%	3.63%	8.81%		
1989	31.03%	13.89%	8.81%		
1990	<u>-03.15%</u>	8.00%	8.90%		
1991	30.77%	15.75%	8.15%		
1992	7.70%	7.20%	7.23%		
1993	10.13%	9.52%	6.14%		
1994	1.33%	<u>-2.96%</u>	7.22%		
1995	37.41%	18.31%	7.03%		
1996	22.85%	3.66%	6.76%		
1997	33.17%	9.60%	6.77%		
1998	28.44%	8.70%	5.74%		
1999	20.95%	<u>-0.85%</u>	5.99%		
2000	<u>-09.14%</u>	11.67%	6.42%		
2001	<u>-11.94%</u>	8.61%	5.39%		
2002	<u>-22.05%</u>	10.27%	5.00%	<u>-18.14%</u>	<u>-15.98%</u>
2003	28.54%	4.11%	4.11%	42.92%	37.94%
2004	10.82%	4.30%	4.30%	18.03%	20.00%
2005	4.96%	2.40%	4.49%	10.45%	13.63%
2006	15.79%	4.40%	4.93%	15.30%	26.32%
2007	5.54%	7.09%	4.87%	5.49%	11.43%
2008	<u>-36.99%</u>	5.45%	3.75%	<u>-38.32%</u>	<u>-42.43%</u>
2009	26.68%	5.99%	2.97%	34.85%	30.04%
2010	15.06%	6.71%	2.81%	29.06%	7.94%
2011	2.11%	7.89%	2.45%	<u>-3.38%</u>	<u>-11.81%</u>

## THE MAGIC OF COMPOUNDING MARY AND MIKE

MARY (10% per annum interest)		MIKE (10% per annum interest)	
Year 1	\$2,000	Year 1	\$0
Year 2	\$2,000	Year 2	\$0
Year 3	\$2,000	Year 3	\$0
Year 4	\$2,000	Year 4	\$0
Year 5	\$2,000	Year 5	\$0
Year 6	\$2,000	Year 6	\$0
Year 7	\$2,000	Year 7	\$0
Year 8	\$2,000	Year 8	\$0
Year 9	\$0	Year 9	\$2,000
	\$0	Year 10	\$2,000
	\$0	Year 11	\$2,000
	\$0	Year 12	\$2,000
	\$0	Year 13	\$2,000
	\$0	Year 14	\$2,000
	\$0	Year 15	\$2,000
	\$0	Year 16	\$2,000
	\$0	Year 17	\$2,000
	\$0	Year 18	\$2,000
	\$0	Year 19	\$2,000
	\$0	Year 20	\$2,000
	\$0	Year 21	\$2,000
	\$0	Year 22	\$2,000
	\$0	Year 23	\$2,000
	\$0	Year 24	\$2,000
	\$0	Year 25	\$2,000
	\$0	Year 26	\$2,000
	\$0	Year 27	\$2,000
	\$0	Year 28	\$2,000
	\$0	Year 29	\$2,000
	\$0	Year 30	\$2,000
	\$0	Year 31	\$2,000
	\$0	Year 32	\$2,000
	\$0	Year 33	\$2,000
	\$0	Year 34	\$2,000
	\$0	Year 35	\$2,000
Year 36 – 40	\$0	36 – 40	<u>\$2,000 each year</u>
	<b>\$515,188</b>		<b>\$378,496</b>
	Mary invested \$16,000		Mike invested \$64,000

Her investment was \$48,000 less than Mike's, but she gains \$139,692 more than he does.

## **THRIFT SAVINGS PLAN LOAN PROGRAM**

You may Borrow from your TSP Account for:

- 1) **General Purposes:** Education, Medical, Etc. with No Documentation  
Repay the loan in 1 – 4 Years
- 2) **Primary Residence** with Documentation  
Repay in 1 – 15 Years

You can Withdraw from your TSP Account for:

- 1) **Financial Hardship** (with Documentation)
- 2) Take a **One-Time Single Payment** of all or part of your Account if you are over age 59 and one-half

**MINIMUM AMOUNT OF LOAN:** \$1,000

**MAXIMUM AMOUNT OF LOAN:** Limited to the equivalent of the  
Employee's Contributions to the Account.

**INTEREST RATE CHARGED:** Equals the G Fund rate in effect at the time the  
Loan is approved. The rate remains fixed and  
the interest you pay on the loan goes back into  
your **own** Account

**REPAYMENT OF LOAN:**

- 1) Must be repaid through regular Payroll Allotments within an agreed-upon time.
- 2) It can be repaid at any time without penalty.
- 3) Failure to repay the loan by the time of any separation results in notification to the Internal Revenue Service of the unpaid portion as Distribution subject to Income Tax and a potential 10% Early Withdrawal Penalty.

## **THRIFT SAVINGS PLAN PAYOUTS AT SEPARATION**

**CSRS participants** are always vested in their own contributions and the earnings on their contributions.

**FERS participants** are always vested in their own contributions, the earnings on their contributions, the matching contributions their Agencies make and the earnings on those matching contributions. After 3 Years of service the Agency Automatic 1% is also fully vested.

**You may leave your contributions in the TSP after retirement, but must withdraw your account by:**

- 1) April 1 of the year following the year in which you turn 70½  
OR
- 2) April 1 of the year following the year in which you separate from Federal Service, **whichever is later.**

**You may take a single Partial Withdrawal and leave the rest to be taken out as follows at a later date:**

### **OPTIONS FOR WITHDRAWAL:**

- 1) **Transfer** your TSP account to your own Eligible Retirement Plan:
  - a) Individual Retirement Account (IRA)
  - b) Individual Retirement Annuity (other than an endowment contract)
  - c) A Qualified Pension, Profit-sharing, or Stock Bonus Plan
  - d) An Annuity Plan Described in Section 403(a) of the IRS Code

**Note: You Now Can Transfer or Rollover Your Payment into a “Roth” IRA and Distributions Paid to Spouses upon the Death of the Participant Can be Transferred or Rolled Over ONLY to an IRA**

- 2) Have the Thrift Board purchase a life annuity for you (with MetLife)
- 3) Receive your balance in a single payment (20% will be withheld for taxes)
- 4) Receive a series of equal payments (20% will be withheld for taxes if you choose less than 120 payments (10 years), **OR use a combination of Numbers 2, 3, and 4 as a “Mixed Withdrawal”.**

♥ Accounts of less than \$200 will be automatically cashed out.

**The TSP does not withhold for State, City, County, or other Local income tax.**

## **THRIFT SAVINGS PLAN ANNUITIES**

The Plan provides several **life annuity** choices. A **life annuity** is a monthly benefit paid to you for life. You can choose to receive equal monthly payments as long as you live or choose initially lower payments that increase each year.

Some choices also provide benefits for surviving spouses.

The Thrift Board has selected **Metropolitan Life Insurance Company** to provide annuity benefits.

### Single Life

1. Level Payments
  - ♥ with no additional features
  - ♥ with Cash Refund Feature
  - ♥ with 10-year Certain Feature
2. Increasing Payments
  - ♥ with no additional features
  - ♥ with Cash Refund Feature
  - ♥ with 10-year Certain Feature

### Joint Life with Spouse

3. Level Payments
  - ♥ 100% survivor annuity
  - ♥ 50% survivor annuity
  - ♥ 100% survivor annuity with Cash Refund Feature
  - ♥ 50% survivor annuity with Cash Refund Feature
4. Increasing Payments
  - ♥ 100% survivor annuity
  - ♥ 50% survivor annuity
  - ♥ 100% survivor annuity with Cash Refund Feature
  - ♥ 50% survivor annuity with Cash Refund Feature

### Joint Life with Other Survivors

Person with insurable interest cannot be more than 10 Years younger
---

5. Level Payments
  - ♥ 100% survivor annuity
  - ♥ 50% survivor annuity
  - ♥ 100% survivor annuity with Cash Refund Feature
  - ♥ 50% survivor annuity with Cash Refund Feature

## **TSP TAX WITHHOLDING**

For Withholding Purposes, TSP Payments are Classified as:

- 1) **Eligible Rollover Distributions**
- 2) **Periodic Payments**
- 3) **Non-Periodic Payments**

### **ELIGIBLE ROLLOVER DISTRIBUTIONS (20% Tax Withholding)**

- A) Single Payment of the Entire TSP Account
- B) An In-Service Withdrawal Payment
- C) Automatic Cashout Payment (an Account that had less than \$3,500 in it)
- D) Monthly Payments Where the Account is Expected to Be Paid Out in Less than 10 Years) (unless the IRS Life Expectancy Table is Used)
- E) A Final Single Payment made After a Series of Monthly Payments
- F) Late Contribution Payments to An Account that Has Closed
- G) Death Benefits and Court Ordered Payments (Divorce cases)

**Avoid the Withholding by Asking for a Direct Transfer to Your IRA**

### **PERIODIC PAYMENTS (Withholding Based on Married-3, But You Can Adjust)**

- A) Monthly Payments Where the Account is Expected to be Paid Out in 10 Years or More
- B) Monthly Payments Computed According to the IRS Life Expectancy Table

Note: Payments You Receive from an Annuity that the TSP Purchases for you are also Periodic Payments. Your Annuity Provider (**MetLife**) will send you Withholding Information.

### **NON-PERIODIC PAYMENTS (10% Tax Withholding, But You Can Adjust)**

- A) Required Minimum Distributions Paid Either Separately or Together with an Eligible Rollover Distribution, a Transfer, or a TSP Annuity Purchase. This Would Occur Once Past 70 ½ and Separated from Federal Service.
- B) Minimum Distribution Payments Made to a Participant Who is also Receiving a Series of Monthly Payments. The First Payments Made During a Year will be considered the Minimum Distribution Payments for Tax Withholding Purposes Until the Required Minimum Distribution Amount for that Year is Reached. Subsequent Payments will be Treated as Either Eligible Rollover Distributions or Periodic Payments for Tax Withholding Purposes.
- C) Death Benefits Paid to Someone Other Than the Spouse
- D) Court Ordered Payments to Other than the Spouse, including Child Support

## FACTORS TO ESTIMATE TSP BALANCE

TSP Earning 4% Annual Rate of Return (Compounded Monthly)						
	1%	2%	3%	4%	5%	10%
<b>Years</b>						
5	.17	.28	.39	.47	.55	.83
10	.37	.61	.86	1.04	1.23	1.84
15	.62	1.03	1.44	1.74	2.05	3.08
20	.92	1.53	2.14	2.60	3.06	4.59

TSP Earning 7% Annual Rate of Return (Compounded Monthly)						
	1%	2%	3%	4%	5%	10%
<b>Years</b>						
5	.18	.30	.42	.51	.60	.90
10	.43	.72	1.01	1.23	1.44	2.17
15	.79	1.32	1.86	2.26	2.65	3.97
20	1.30	2.17	3.04	3.70	4.35	6.52

TSP Earning 10% Annual Rate of Return (Compounded Monthly)						
	1%	2%	3%	4%	5%	10%
<b>Years</b>						
5	.19	.32	.45	.55	.65	.97
10	.61	.86	1.20	1.45	1.71	2.57
15	1.04	1.73	2.42	2.94	3.46	5.19
20	1.90	3.17	4.44	5.39	6.34	9.51

*CSRS Employees contributing 3%, Use the 1% column.*

*CSRS Employees contributing 5%, Use the 2% column.*



## **SAVINGS BOND INFORMATION**

The latest United States Savings Bond and Notes Earnings Report and other useful information about U.S. Savings Bonds is now available at the Bureau of Public Debt's Internet Home Page:

[www.publicdebt.treas.gov](http://www.publicdebt.treas.gov)

You can download the Savings Bond Wizard™, an easy to use Program that lets you keep track of your Savings Bonds and value your portfolio.

**SERIES EE:** Sold at One-half of Their Face Value ( a \$100 Bond Costs \$50).

They Earn Interest for 30 Years, but are **Not Indexed to Inflation.**

Interest is Based on the Average Yield on Five Year Treasury Securities.

Earned Interest is Added to the Value Each Month and is Exempt from State and Local Taxes. Federal Tax can be Deferred until You Redeem the Bonds or They Stop Earning Interest.

**SERIES EE Denominations are: \$100, \$200, \$500, \$1,000;  
\$5,000 and \$10,000**

**SERIES I:** Sold at Their Face Value (a \$100 Bond Costs \$100)

They Grow in Value With **Inflation-Indexed Earnings** for up to 30 Years

They Increase in Value Each Month and Interest is Compounded Semi-Annually

Earnings are Exempt from State and Local Taxes and Federal Taxes Can be Deferred until You Redeem the Bonds or They Stop Earning Interest

**Series I Denominations are: \$50, \$75, \$100, \$500, \$1,000;  
\$5,000 and \$10,000**

The Earnings Report which contains Rate and Yield information for Series E and EE Bonds and Savings Notes, is also available by mail from the Bureau of Public Debt by sending a postcard asking for "Earnings Report" to:

**Bureau of the Public Debt  
200 Third Street  
Parkersburg, WV 26106-1328**

## **COST OF LIVING ADJUSTMENTS**

### **CSRS ANNUITANT**

Eligible at retirement for the Full Percentage based on the Consumer Price Index (CPI)

### **FERS ANNUITANT**

None until age 62, if retiring based on age and service.

At age 62, the formula is CPI minus 1 if the CPI is 3% or More;  
2% if the CPI is between 2% and 3%;  
And Actual CPI if it is less than 2%.

### **PAST CSRS COLAs**

December 1987 – 4.2%	December 1996 – 2.9%	December 2005 – 4.1%
December 1988 – 4.0%	December 1997 – 2.1%	December 2006 – 3.3%
December 1989 – 4.7%	December 1998 – 1.3%	December 2007 – 2.3%
December 1990 – 5.4%	December 1999 – 2.4%	December 2008 – 5.8%
December 1991 – 3.7%	December 2000 – 3.5%	December 2009 – 0.0%
December 1992 – 3.0%	December 2001 – 2.6%	December 2010 – 0.0%
March 1994 – 2.6%	December 2002 – 1.4%	December 2011 – 3.2%
March 1995 – 2.8%	December 2003 – 2.1%	
March 1996 – 2.6%	December 2004 – 2.7%	

### **COMBINED CSRS/FERS ANNUITANT**

CSRS rules apply to the CSRS component of the combined annuity;  
FERS rules apply to the FERS component of the combined annuity.

Cost of Living Adjustments (COLA) take effect on December 1 and appear in the January annuity check.

The initial COLA is pro-rated based on the number of months of annuity receipt during the CPI Review Period.

For Example: Your annuity commenced with the month of November, the last month of the CPI Review Period; you would receive 1/12<sup>th</sup> of the December 1 COLA in your January annuity check. The next year you would have been in receipt of annuity during all 12 months of the CPI Review Period, so you would receive the full COLA.

## **SURVIVOR BENEFITS (FERS) DEATH BEFORE RETIREMENT**

If you had at least 18 months of Civilian Service subject to FERS at the time of death, the following people may draw Survivor Benefits automatically:

**SPOUSE:** Must have been married to the employee for at least 9 Months at the Time of Death, or

Be Parent to a Child of the Marriage.

(Accidental death waives the Length of Marriage requirement)

**FORMER SPOUSE:** Must have been married to the employee for at least 9 Months, and

A Court Order must Expressly Provide for payment of a FERS Lump-Sum and/or Survivor Annuity to the Former Spouse.

**CHILDREN:** Must be Unmarried and

Under age 18, or

Under age 22, if a Full-time Student.

Any age if disabled before Age 18.

A Legally Adopted Child or one for whom a Petition of Adoption was filed by the Deceased is Eligible, as are Stepchildren who were dependent on the Deceased and Lived with Him or Her in a regular, Parent-Child Relationship.

Recognized Natural Children are also Eligible.

**NOTE:** The Survivor receives the Survivor Annuity for the rest of their life, unless they remarry before age 55. If, however, the marriage was at least 30 years in length, the Survivor Annuity continues. If a Survivor Annuity does stop, it can be restarted by notifying OPM when the subsequent marriage ends by death or divorce.

**SURVIVOR BENEFITS (FERS)  
DEATH BEFORE RETIREMENT  
PAYMENTS**

**SURVIVOR ANNUITY PAYABLE TO *SPOUSE***

**If you had between  
18 Months and 10  
Years of Service on  
Date of Death**

- 1) Lump-Sum Payment of \$30,792.98 Indexed to CSRS COLA  
**PLUS**
- 2) Lump-Sum Payment of the Higher of:
  - a) One-half of the Employee's Annual Basic Pay at the  
at the Time of Death,  
**OR**
  - b) One-half of the Employee's High-3 Years of Salary  
Average,  
**PLUS**
- 3) Any Social Security Benefits Payable  
**PLUS**
- 4) Any Thrift Savings Plan Death Benefits Payable

**If you had 10 or  
More Years of  
Service on  
Date of Death**

- All of the Above, if Payable,  
**PLUS**
- 5) A Survivor Annuity Equal to 50% of the Employee's Earned  
Basic Annuity at the Date of Death

**SURVIVOR ANNUITY PAYABLE TO *CHILDREN***

If the Spouse survives (One Living Parent) (Single Orphan)

Each Child receives the **Lesser** of:

- a) \$486 per Month, or
- b) \$1,460 per Month, Divided by the Total Number of Eligible Children

If no Spouse survives (No Living Parent) (Double Orphan)

Each Child receives the **Lesser** of:

- a) \$584 per Month, or
- b) \$1,752 per Month, Divided by the Total Number of Eligible Children

**The Dollar figures are Indexed Each Year for Inflation.  
Children's figures are Reduced by any Social Security Benefits payable.**

## SOCIAL SECURITY TERMINOLOGY

**CREDITS OF COVERAGE** (used to be called quarters of coverage)      **QCs**      Need 40 if born in **1929** or later. For **2012**, you earn 1 Quarter for each \$1,130 of Earnings. Annual earnings of \$4,520 earn the Maximum of 4 credits for a year.

**AVERAGE INDEXED MONTHLY EARNINGS**      **AIME**      The Total of All Social Security Covered Earnings (indexed for inflation) Divided by the Number of Months represented by the QCs required minus 5  
 40-5 = 35 Years  
35 Years = 420 Months

**WINDFALL ELIMINATION PROVISION**      **WEP**      Sliding scale of 90% down to 40%, reducing the First part of the Social Security formula if you are also entitled to a CSRS pension.  
  
**PURE FERS EMPLOYEES ARE NOT AFFECTED.**

**PRIMARY INSURANCE AMOUNT**      **PIA**      The amount of Social Security entitlement

Reduction for Early Retirement (if born before 1938). Figures are slightly lower for births after 1938	Age 65 = 100%	93 ¾%	88%
	Age 64 = 93 1/3 %	87 ½%	82%
	Age 63 = 86 2/3%	81 1/4%	76%
	Age 62 = 80%	75%	70%

## SOCIAL SECURITY EARLY RETIREMENT REDUCTIONS

<b>BORN IN</b>	<b>REACH AGE 62</b>	<b>FULL RETIREMENT AGE</b>	<b>PERCENT OF PIA AT AGE 62</b>
1938	2000	65 Years, 2 Months	79.2%
1939	2001	65 Years, 4 Months	78.3%
1940	2002	65 Years, 6 Months	77.5%
1941	2003	65 Years, 8 Months	76.7%
1942	2004	65 Years/10 Months	75.8%
1943 - 1954	2005 - 2016	66 Years	75.0%
1955	2017	66 Years, 2 Months	74.2%
1956	2018	66 Years, 4 Months	73.3%
1957	2019	66 Years, 6 Months	72.5%
1958	2020	66 Years, 8 Months	71.7%
1959	2021	66 Years/10 Months	70.8%
1960	2022	67 Years	70.0%

**For Those Born After 1960, Current Social Security Regulations Provide for 70% Primary Insurance Amount (PIA) at Age 62 and Full Benefits Only at Age 67**

# SAMPLE WORK RECORD SOCIAL SECURITY

Born: 1961

Begins Working in Private Sector 1986  
Begins Working for Government in 1992

Year	Actual	Indexed	Year	Actual	Indexed
1986	\$6,000	(\$18,000)	2008	\$60,000	(\$94,000)
1987	\$8,000	(\$21,000)	2009	\$65,000	(\$95,000)
1988	\$10,000	(\$22,000)	2010	\$67,000	(\$97,000)
1989	\$12,000	(\$23,000)	2011	\$68,000	(\$98,000)
1990	\$15,000	(\$25,000)	2012	\$70,000	(\$101,000)
1991 **	\$32,000	(\$55,000)	2013	\$72,000	(\$104,000)
1992	\$33,000	(\$56,000)	2014	\$74,000	(\$106,000)
1993	\$34,000	(\$56,000)	2015	\$75,000	(\$108,000)
1994	\$35,000	(\$57,000)	2016	\$80,000	(\$110,000)
1995	\$36,000	(\$60,000)	2017	\$82,000	(\$111,000)
1996	\$38,000	(\$63,000)	2018	\$84,000	(\$112,000)
1997	\$40,000	(\$65,000)	2019	\$86,000	(\$113,000)
1998	\$41,000	(\$68,000)	2020	\$88,000	(\$114,000)
1999	\$42,000	(\$71,000)	2021 **	\$90,000	(\$115,000)
2000	\$44,000	(\$73,000)	2022		
2001	\$46,000	(\$76,000)	2023	Early SS	Retirement
2002	\$50,000	(\$80,000)	2024		
2003	\$51,000	(\$82,000)	2025		
2004	\$53,000	(\$83,000)	2026		
2005	\$54,000	(\$86,000)	2027		
2006	\$56,000	(\$88,000)	2028	Full SS	Retirement
2007	\$58,000	(\$90,000)			

STEP 1 --- Add All the Figures in Parentheses for the Highest 35 Years

STEP 2 --- Divide Step 1 By 420 Months (which is Equal to 35 Years)

STEP 3 --- The Result is the Average Indexed Monthly Earnings (AIME)

## SOCIAL SECURITY FORMULA YEAR 2012

<p><b><u>90% of the First \$767 of AIME</u></b>  <b>PLUS</b>  <b><u>32% of the Next \$3,857 of AIME</u></b>  <b>PLUS</b>  <b><u>15% of Everything Over \$4,624</u></b></p>
--

**STEP 1**      \$2,796,000 (parenthesized figures)

**STEP 2**      \$2,796,000 ÷ 420 Months = **\$6,657 of AIME**

90% of First \$767      32% of Next \$3,857      15% of Everything Over \$4,624

\$767	\$3,857	\$6,657
x .90	x .32	<u>4,624</u>
<b>\$690</b>	<b>PLUS \$ 1234</b>	<b>PLUS \$2,033</b>
		x .15
		<b>\$304</b>

<p><b>\$690 PLUS \$1234 PLUS \$304 = \$2,228 Social Security PIA</b>  <b>(Primary Insurance Amount)</b></p>
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**EARLY RETIREMENT**

**At Age 62 the Payment would be 70% of \$2,228 or \$1,559 per Month**

**FULL RETIREMENT AGE**

**At Age 67 the Payment would be the full \$2,228 per Month**  
**(If you had waited until age 67 to begin drawing your Social Security)**



# FEDERAL EMPLOYEES GROUP LIFE INSURANCE DURING EMPLOYMENT

**BASIC INSURANCE - Your salary rounded to the Next Higher Thousand Plus \$2,000**

**Cost is \$.15 per Thousand per Pay Period**

## OPTION A (STANDARD) --- \$10,000 FACE VALUE

<u>AGE GROUP</u>	<u>BIWEEKLY</u>
UNDER AGE 35	\$0.30
AGE 35 THRU 39	\$0.40
AGE 40 THRU 44	\$0.60
AGE 45 THRU 49	\$0.90
AGE 50 THRU 54	\$1.40
AGE 55 THRU 59	\$2.70
AGE 60 AND OVER	\$6.00

## OPTION B (ADDITIONAL OPTIONAL)

**1 thru 5 Times Salary Rounded to Next Higher Thousand**

<u>AGE GROUP</u>	<u>BIWEEKLY PER \$1,000 OF COVERAGE</u>	
UNDER AGE 35	\$0.02	AGE 65-69 \$0.62
AGE 35 THRU 39	\$0.03	AGE 70-74 \$1.14
AGE 40 THRU 44	\$0.05	AGE 75-79 \$1.80
AGE 45 THRU 49	\$0.08	AGE 80 + \$2.40
AGE 50 THRU 54	\$0.13	
AGE 55 THRU 59	\$0.23	
AGE 60 AND OVER	\$0.52	

## OPTION C (FAMILY)

**(1,2,3,4 or 5) x \$5,000 on Spouse  
(1,2,3,4 or 5) x \$2,500 on Children**

<u>AGE GROUP</u>	<u>BIWEEKLY PER MULTIPLE</u>	
UNDER AGE 35	\$0.22	AGE 70-74 \$3.60
AGE 35 THRU 39	\$0.29	AGE 75-79 \$4.80
AGE 40 THRU 44	\$0.42	AGE 80 + \$6.60
AGE 45 THRU 49	\$0.63	
AGE 50 THRU 54	\$0.94	
AGE 55 THRU 59	\$1.52	
AGE 60 THRU 64	\$2.70	
AGE 65 THRU 69	\$3.14	

## FEDERAL EMPLOYEES GROUP LIFE INSURANCE

In the event of **Accidental Death**, FEGLI pays **DOUBLE** on **BASIC** and **OPTION A**, while you are **Working**.

**NO Double Indemnity** after Retirement.

While You are Employed, FEGLI also applies an **Age Multiplication Factor** to the **Basic Insurance** if You **Die Younger than Age 45**

<u>AGE</u>	<u>FACTOR</u>
35 OR LESS	2.0
36	1.9
37	1.8
38	1.7
39	1.6
40	1.5
41	1.4
42	1.3
43	1.2
44	1.1
45	1.0

### COMMON DISASTER CLAUSE

To Prevent Insurance Proceeds from going to the Estate in cases where Employee and Spouse Both Die within a Short Period of Each Other

On the SF-2823, FEGLI Designation of Beneficiary form, after Naming Your Designated Beneficiary (e.g. wife), add:

“if he (or she) survives me by at least (1 to 30) days.”

If Your Designated Beneficiary Dies Before the Specified Number of Days Elapses, the Insurance will be Paid According to the Natural Order of Precedence

### NATURAL ORDER OF PRECEDENCE

- 1) Widow or Widower
- 2) Children
- 3) Parents
- 4) Executor or Administrator of Estate
- 5) Any other Next of Kin Who are Entitled Under the laws of the Domicile of the Insured at the Time of Death

## **FEDERAL EMPLOYEES GROUP LIFE INSURANCE**

There are NO Regularly Scheduled Open Seasons for Life Insurance, as there are for Health Benefits and the Thrift Savings Plan. However, there is a Procedure for obtaining Additional Life Insurance if You have Previously Waived some of the Coverage.

It Requires that:

- 1) One Year must have Passed since You Declined the Coverage;
- 2) You Must Pass a Physical Examination Conducted by Your Doctor at Your Expense, and
- 3) The Office of Federal Employees Group Life Insurance Must Authorize Additional Insurance Based on the Results of Your Physical Examination.

**Upon Approval, You May Enroll for Basic and Add or Increase Options A and B. The Option C Insurance (Spouse and Children) Requires the Addition of New Family Members before it can be chosen.**

If You Wish to avail Yourself of this Opportunity, Contact Your Personnel or Human Resources Office and Request a **SF-2822, Request for Insurance**, form. Follow the Instructions on the Form Closely.

Remember also that Your Federal Employees Group Life Insurance also Provides Benefits for Accidental Dismemberment:

<b><u>EXTENT OF LOSS</u></b>	<b><u>% OF INSURANCE PAYABLE</u></b>
Sight of Both Eyes	100%
Sight of One Eye	50%
Both Hands	100%
One Hand	50%
Both Feet	100%
One Foot	50%
One Hand and One Foot	100%
One Hand or One Foot and Sight of One Eye	100%

The Office of Federal Employees Group Life Insurance must be Notified within 20 Days of the Loss,

Followed up with the **FE-6, Life Insurance Claim Form**, within 90 Days of the Loss

Name of Insured (please print) \_\_\_\_\_  
 Social Security Number of Insured \_\_\_\_\_

**INTER VIVOS TRUSTEE DESIGNATION**

**TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF  
 BENEFICIARY DATED \_\_\_\_\_**

I request that the amount payable under the FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM (Proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under (Name of Trust Agreement) \_\_\_\_\_ bearing the date of \_\_\_\_\_, executed by me.

I further request that in the case of the failure of said Trustee(s) to be appointed as such or to qualify as such for any reason, or the termination for any reason of the trust prior to my death that the Proceeds shall be paid to:

Name	Address	Relationship	Share
_____	_____	_____	_____
_____	_____	_____	_____

The Office of Federal Employees Group Life Insurance (OFEGLI) shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI'S liability under the Federal Employees Group Life Insurance Program.

\_\_\_\_\_  
 Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable.)

Date of execution (Month, day, year) \_\_\_\_\_

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary

\_\_\_\_\_  
 Signature of Witness                                      Number and Street                                      City, State, Zip Code

\_\_\_\_\_  
 Signature of Witness                                      Number and Street                                      City, State, Zip Code

Name of Insured (please print) \_\_\_\_\_  
 Social Security Number of Insured \_\_\_\_\_

**TESTAMENTARY TRUSTEE DESIGNATION**

**TO BE ATTACHED TO AND MADE PART OF DESIGNATION OF BENEFICIARY DATED \_\_\_\_\_**

I request that the amount payable under the FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM (proceeds) be paid to the Trustee(s) or Successor Trustee(s) as provided under my Last Will and Testament, and I further request that in the case of the failure of said Trustee to be appointed as such or to qualify as such by reason of non-probate of any Will to that effect or for any other reason whatsoever, the Proceeds shall be paid to:

Name	Address	Relationship	Share

The Office of Federal Employees Group Life Insurance (OFEGLI) shall not be responsible for the application or disposition of the proceeds by said Trustee and the receipt by said Trustee shall fully discharge OFEGLI's liability under the FEDERAL EMPLOYEES GROUP LIFE INSURANCE PROGRAM.

\_\_\_\_\_  
 Signature of Insured/Assignee (Only the Insured/Assignee may sign. Signatures by guardians, conservators or through a power of attorney are not acceptable).

Date of execution (Month, day, year) \_\_\_\_\_

Two Witnesses to Signature (A witness is not eligible to receive payment as a beneficiary

\_\_\_\_\_  
 Signature of Witness                                      Number and Street                                      City, State, Zip Code

\_\_\_\_\_  
 Signature of Witness                                      Number and Street                                      City, State, Zip Code

## FEDERAL EMPLOYEES GROUP LIFE INSURANCE AFTER RETIREMENT

### BASIC LIFE INSURANCE

May be Retained in Retirement if you have been Enrolled in **BASIC** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

#### CHOICE 1

75% Reduction

Reduces at age 65, or Retirement, if Later

Reduces by 2% per Month until it Reaches 25% of Face Value

Cost is \$.30/\$1000 per Month until Age 65. Then it is free.

#### CHOICE 2

50% Reduction

Reduces at age 65, or Retirement, if Later

Reduces by 1% per Month until it Reaches 50% of Face Value

Cost is \$.9650/\$1000 per Month until Age 65. Then it will Cost \$.60 per \$1000 per Month until Death.

#### CHOICE 3

No Reduction

Never Reduces

Cost is \$2.2650 per \$1000 per Month until Age 65. Then it will cost \$1.94 per \$1000 per Month until Death.

### OPTION A (STANDARD) (\$10,000 FACE VALUE)

May be Retained in Retirement if you have been Enrolled in **OPTION A** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll.

**Option A** Reduces at Age 65, or Retirement, if Later.

**Option A** Reduces by 2% per Month until it Reaches \$2,500

Cost is: \$5.85 per Month (Ages 55 – 59)

\$13.00 per Month (Ages 60 – 65)

## **FEDERAL EMPLOYEES GROUP LIFE INSURANCE AFTER RETIREMENT**

### **OPTION B (MULTIPLES [1 – 5] OF SALARY)**

May be Retained in Retirement if you have been Enrolled in **OPTION B** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

You may Retain the Highest Number of Multiples You Carried During the Last 5 Years

**Option B** Reduces at Age 65, or Retirement, if Later, by 2% per Month until it Reaches \$0, if you Do Not Elect to Continue it.

Cost is: \$0.498 per \$1000 per Month (Ages 55 – 59)  
\$1.127 per \$1000 per Month (Ages 60 – 64)  
\$1.343 per \$1000 per Month (Ages 65-69)  
\$2.470 per \$1000 per Month (Ages 70-74)  
\$3.900 per \$1000 per Month (Ages 75-79)  
\$5.200 per \$1000 per Month (Ages 80 +)

**YOU MAY NOW RETAIN  
OPTION B AND OPTION C  
AFTER AGE 65  
BY PAYING AN ADDITIONAL  
PREMIUM**

### **OPTION C (FAMILY) SPOUSE AND CHILDREN**

May be Retained in Retirement if you have been Enrolled in **OPTION C** for the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll

**Option C** Reduces at age 65 or Retirement, if Later, by 2% per Month until it Reaches \$0, if you Do Not Elect to Continue it.

Cost is: \$3.29 per multiple per Month (Ages 55 – 59)  
\$5.85 per multiple per Month (Ages 60 – 64)  
\$6.80 per multiple per Month (Ages 65 – 69)  
\$7.80 per multiple per Month (Ages 70 – 74)  
\$10.40 per multiple per Month (Ages 75 – 79)  
\$14.30 per multiple per Month (Ages 80 + )

## LIFE EVENTS

If you Already have BASIC, you may Elect **Option B** or Increase your Multiples of **Option B** and/or Elect **Option C**, or Increase Your Multiples of **Option C** based on a Life Event

<b>Life Event</b>	<b><u>Option B Multiples You May Elect</u></b> (Up to 5 Total)	<b><u>Option C Multiples You May Elect</u></b> (Up to 5 Total)	<b><u>Effective Dates</u></b>
<b>Marriage</b>	The number of Family members (spouse and eligible children*) you gain from the marriage		If you submit SF-2817 before the event: date of event AND, for Option B you are in a Pay and Duty Status
<b>Divorce</b>	The total number of eligible children	Acquiring a foster child counts as a life event for Option C purposes	If you submit SF-2817 after the event: date Human Resources Office receives form AND for Option B, you are in a Pay and Duty Status
<b>Death of Spouse</b>	The Total number of eligible children		
<b>Children</b>	The Total number of eligible children* acquired in this event		<b>Time Limit:</b> within 60 calendar days after date of event.

\*Acquiring a foster child does not count as a life event for Option B purposes.

### If I don't Already have this Coverage, When Can I Get It?

	<b><u>Open Enrollment</u></b>	<b><u>Wait a Year and Submit Acceptable Results of Phys. Exam.</u></b>	<b><u>Experience a Qualified Life Event</u></b>
<b>BASIC</b>	Depends on details of Open Enrollment	YES	NO
<b>OPTION A*</b>	Same as Basic	YES	NO
<b>OPTION B*</b>	Same as Basic	YES	YES
<b>OPTION C*</b>	Same as Basic	NO	YES

\*You must have Basic in order to elect any Optional Insurance.



## **FEDERAL EMPLOYEES HEALTH BENEFITS DURING EMPLOYMENT**

The Federal Employees Health Benefits program (FEHB) Offers a Practical Way to help meet the Costs of Health Care.

### **The Program provides:**

- 1) A Choice of Plans and Options;
- 2) A Government contribution of up to 75% of the Cost of Your Premium;
- 3) Payments for Your Share of the Premium through Payroll Deduction
- 4) Immediate coverage from the Date of Enrollment without a Medical Examination or Restrictions because of Your Age or Condition;
- 5) The Opportunity for Temporary Continuation of Coverage (TCC) or Conversion to Nongroup Coverage if Your Enrollment ends or a Covered Family Member loses Eligibility for Coverage;
- 6) For Continued Protection for You and Your Eligible Family Members After Your Retirement and/or Death, if Certain Conditions are Met.
- 7) Premium conversion – premiums are deducted before the application of taxes resulting in a lower taxable gross income each pay period.

**Open Seasons** are Conducted for 4 Weeks in **November** and **December** each Year with Effective Dates the Following **January**. **Enrollment and all Changes are allowed.**

Other Events which Allow some Change include **Marriage, Birth of a Child, Divorce, Transfer Out of a Servicing Area, etc.**

### **PRE-ADMISSION CERTIFICATION**

Always Remember to Confirm that your Doctor has Checked with Your Plan before You are Admitted to the Hospital. Failure to do so Could Result in Reduced Benefits of \$500.

### **CLAIM DENIAL**

If you have a Claim Denied, You have the Right to Reconsideration by the Plan and upon a Second Denial can Appeal to the **Office of Personnel Management (OPM)** in Washington, D.C. Your Appeal must be Filed within 90 Days of the Plan's Second Denial.

It Should Include All Claim Forms, Bills, Receipts and Correspondence Related to the Claim. Include A Statement of Willingness to Allow the Release Of Medical Evidence to **OPM**, if necessary, and Mail it to:

**Office of Personnel Management  
Office of Insurance Programs  
P.O. Box 436  
Washington, D.C. 20044**

## **FEDERAL EMPLOYEES HEALTH BENEFITS AFTER RETIREMENT**

You May Retain the Federal Employees Health Benefits (FEHB) coverage in Retirement if You have been Enrolled for at least the 5 Years Immediately Preceding Retirement or Since Your First Opportunity to Enroll.

The Federal Government will Continue to Pay its Share of the Premium at the **Same Rate** as it Does for Currently Employed Workers

As a Retiree, You will have the **Same Rights and Privileges** as Outlined for the Currently Employed Workforce.

**EXCEPT:** Retirees are not entitled to Premium Conversion (the pre-tax application of Health insurance premiums) nor can they reenter the FEHB after opting out, for reasons other than enrollment in a Medicare-related gap plan.

Always Remember that Health Benefits Coverage for Your Spouse, after Your Death, Depends upon the Existence of a Retirement Survivor Annuity.

**If You Die Before Your Spouse and You Did Not Provide a Retirement Survivor Annuity for Them When You Retired, The Health Benefits Coverage will End With Your Death**

If Your Spouse has Good Current Health Coverage Through an Employer in the Private Sector and You are Carried as a Dependent on his or her Policy, You might want to Find Out What Sort of Benefits that Private Employer Provides for its Retirees and Their Families.

Oftentimes, the Private Employer will Eliminate the Spouse (you) upon Their Employee's Retirement, or will Reduce Significantly the Benefits Available to Both.

Since the Government Does Not Draw this Distinction Between Worker and Retiree, You May Wish to Enroll in an Inexpensive FEHB Plan, just to Establish Your FEHB Retention Through 5 Years of Coverage Preceding Retirement.

Then, During any Open Season, or Upon Your Spouse's Retirement, if They Lose Their Coverage, You Can Bring Them Into FEHB as a Family Member, Paying the Same Premium as if They had been Covered Members all of Your Career.

## **LONG TERM CARE INSURANCE FOR THE FEDERAL FAMILY**

**FOR: Employees** and their spouses, adult children (including adopted and stepchildren), and their parents, parents-in-law and stepparents.  
**Annuitants**, their spouses and adult children (including adopted and stepchildren)

**CHOICES: Maximum Benefit** (Daily or Weekly)  
**Length of Policy** (3-year, 5-year or Lifetime)  
**Waiting Period** (90-day or 30-day)  
**Type of Inflation Protection** (Compound or Future Purchase)

**BENEFIT LEVELS: Institutional Care** (Nursing Home, Assisted Living, Hospice Care) (100% rate)  
**Home Care** (Home Health Care, Adult Day Care) (75% rate)

**PREMIUMS: Based on age at time you buy the insurance**

Based on choices you make from **Maximum Benefit; Length of Policy; Waiting Period; Type of Inflation Protection.**

**You will pay 100%** of the premium with OPM hoping to negotiate a 15-20% discount based on the size of the “Federal Family”. OPM as the employer-sponsor would assure policy evolution as long-term care services change. What you buy today will still be contemporary contemporary 30 years from now.

**Premiums are the same for employee and annuitant** at any given age.

**BENEFITS START:** When you satisfy your waiting period; and  
Cannot perform 2 of the 6 Activities of Daily Living for 90 days or More, (Eating, Bathing, Dressing, Toileting, Moving, Bladder/Bowel Control) or;  
You have a severe cognitive impairment (Alzheimer’s Disease).

No premiums to pay while receiving benefits

**TAX TREATMENT:** Benefits received are not taxable and premium costs exceeding 7.5% of Adjusted Gross Income are tax deductible. Congress is considering making them fully deductible. Some states already provide State tax deductibility.

**UNDERWRITING: Short-form** for employees and spouses with several general health-related questions.  
**Full for everyone else** with numerous health-related questions, a review of medical records and/or a personal interview.

**INSURERS:** are LTC Partners team of **MetLife and John Hancock**

## **DIVORCE APPORTIONMENT**

**Benefits from Retirement and the Thrift Savings Plan can be Attached through a Divorce Settlement. Life Insurance Proceeds can be Affected through Assignment.**

**Apportionment Simply Means that after Your Retirement a Portion of Your Annuity Can be Required to be Sent to Your Former Spouse.**

**By Law, the Office of Personnel Management (OPM) Must Honor a Court Order**

**Your Attorneys can Explore Alternatives to the Apportionment (e.g. Buyouts), if You Do Not Want Your Benefits Affected.**

**The Controller is the Language of the Court Order Granting the Divorce.**

**If it Provides for Apportionment, Then Your Former Spouse will Receive a Portion of Your Retirement Annuity when You Retire.**

<p><b>CSRS or CSRS-OFFSET or FERS Public Law 95-366 September 15, 1978</b></p>
--

**“Handbook for Attorneys on Court Ordered Benefits”**

**About \$13 from the Superintendent of Documents**

**(202) 783 – 3238    fax (202) 512 – 2250**

**OPM Must Divide Annuity Benefits to the Extent Expressly Provided for in the Terms of**

- 1) Any Decree of Divorce**
- 2) Annulment, or**
- 3) Legal Separation, or**
- 4) Any Court Order or Court Approved Property Settlement Agreement Incident to any Court Decree of Divorce, Annulment, or Legal Separation**

## **DIVORCE SPOUSE EQUITY (SURVIVOR)**

Benefits from Retirement and the Thrift Savings Plan can be Attached through a Divorce Settlement. Life Insurance Proceeds can be Affected through Assignment.

**Spouse Equity (Survivor) Simply Means that Upon Your Death an Annuity Benefit Can be Required to be Sent to Your Former Spouse.**

**By Law, the Office of Personnel Management (OPM) Must Honor a Court Order.**

Your Attorneys can Explore Alternatives to the Survivor Annuity (e.g. Buyouts), if You Do Not Want Your Benefits Affected.

The Controller is the Language of the Court Order Granting the Divorce.

If it Provides for Survivor Benefits, then Your Former Spouse will Receive Survivor Benefits Upon Your Death.

<b>CSRS or CSRS-OFFSET or FERS Public Law 98-615 November 8, 1984</b>
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**“Handbook for Attorney on Court Ordered Benefits”**  
About \$13 from the Superintendent of Documents  
(202) 783 - 3238 fax (202) 512 - 2250

In Addition to the Court Order Controlling Disposition of the Survivor Benefits, the Following Conditions Must Also be Met:

- 1) The former Spouse Must have been Married at Least 9 Months to the Individual Who Performed at Least 18 Months of Creditable Service Under the Retirement System;
- 2) The Marriage was Dissolved Before the Death of the Federal Employee;
- 3) After the Dissolution, the Former Spouse has not Remarried Before Age 55;
- 4) And The Federal Employee Predeceases the Former Spouse.

In Court Settlements Providing for Apportionment and/or Survivor Benefits, Former Spouses are now entitled to **Group FEHB Health Coverage** at the Combined Cost of the Employee's Contribution, Employer's Contribution and a Small Administrative Charge.

## **SURVIVOR BENEFITS (FERS) DEATH AFTER RETIREMENT**

Cost to the Employee is: 10% of Your Annuity to Provide Your Spouse with 50%  
OR  
10% of One-half Your Annuity to Provide Spouse with 25%  
OR  
No Provision At All

### **Annuity of \$30,000**

<b>Reduction of 10% of \$30,000 = \$3,000</b>
<b>\$30,000 minus \$3,000 = \$27,000</b>
<b>Your Annuity = (\$30,000 minus \$3,000) = \$27,000 per Year</b>
<b>Survivor Annuity = 50% of \$30,000 = \$15,000 Upon Your Death</b>

**In Addition, Social Security Benefits are Payable.** If the Spouse is Too Young To Qualify, the Office of Personnel Management Calculates a Supplemental Payment Based on the Lesser of What Social Security would have Paid Versus the Annuity Benefit Under CSRS Rules Minus the FERS Benefit.

### **ANYTHING LESS THAN FULL SURVIVOR BENEFITS WILL REQUIRE YOUR SPOUSE'S APPROVAL IN WRITING**

**If You are Married at Retirement and Do Not Provide Full Survivor Benefits, You will have 18 Months in Which to Change Your Mind. If You Do Change Your Mind, You will be Billed for Past Reductions Back to the Date of Retirement, Plus a Hefty Administrative Fee.**

**If You are Single at Retirement and Marry Later, You will have 24 Months in Which to Choose a Survivor Annuity for Your New Spouse. If You Do, You will be Billed for Past Reductions Back to the Date of Retirement (as if You had been Married then), Plus an Administrative Fee.**

**If You and Your Spouse are Both Federal Employees, You may Each Draw Your Own Annuity, Plus Survivor Benefits from the Other. If You were to Marry a Succession of Federal Employees, all of Whom Predeceased You, You Would Only be Entitled to the Highest Survivor Benefit Among Them.**

**The Most Important Thing to Keep in Mind is that If There is No Survivor Annuity And You, the Federal Employee Die First, Your Health Benefits Die With You.**

**After Your Death, Health Benefits for Your Spouse convey ONLY Through the Survivor Annuity.**

## QUESTIONS TO ASK IN DECIDING TO ELECT A SURVIVOR ANNUITY

- 1) **Do You have a Survivor Eligible for Annuity?**
- 2) **What Will it Cost in Reduction to Your Annuity to Provide a Survivor Benefit?**
- 3) **Is Your Spouse Entitled to Income on Their Own?**
- 4) **Will Your Spouse Agree to No Survivor Benefit or a Reduced One?**
- 5) **Have You Been Married Before, and has the Court Awarded Your Former Spouse Survivor Benefits?**
- 6) **Would an “Insurable Interest” Annuity Be In Order?**
- 7) **Could a Survivor Annuity Reduce or Eliminate Some Other Benefit Your Spouse Will Receive?**
- 8) **WILL YOUR SPOUSE HAVE FEHB IF YOU DO NOT PROVIDE A SURVIVOR ANNUITY?**

## WEB PAGE REFERRALS

[www.opm.gov](http://www.opm.gov)

### **Office of Personnel Management**

Excellent Resource for All Questions Related to Your Status as A Federal Employee

Also has Calculators for Figuring Future Annuity and Life Insurance Coverages and Cost

[www.tsp.gov](http://www.tsp.gov)

### **Thrift Savings Plan**

Excellent Resource for All Questions Related to Your Thrift Savings Plan

Also has Calculators for Projecting Future TSP Balances And Allows Access to Your Account (with PIN #) To Transfer Funds and Check Balances

[www.ssa.gov](http://www.ssa.gov)

### **Social Security Administration**

Excellent Resource for Social Security Related Questions, Including Medicare

[www.publicdebt.treas.gov](http://www.publicdebt.treas.gov)

### **Savings Bonds**

Excellent Resource for Savings Bond Information

Also has Calculator for Recording and Figuring Interest on Currently Held Bonds

[www.narfe.org](http://www.narfe.org)

### **National Active and Retired Federal Employees**

Excellent Organization Devoted to the Federal Employee. All Can Join (Retired or Working) Tracks Legislation Which Affects Federal Employees and Lobbies for Feds

[www.fedweek.com](http://www.fedweek.com)

### **FedWeek Electronic Newsletter**

Free e-mail Delivery Every Wednesday Keeps You Aware of Current Federal Employment Activities and Benefits Legislation



## **GOVERNMENT ACRONYMS and FORM NUMBERS**

### **FEGLI – Federal Employees Group Life Insurance**

SF 2818, Continuation of Life Insurance Coverage (after retirement)  
BASIC, value based on salary rounded to next higher thousand plus \$2,000  
OPTION A, (Standard), \$10,000 face value  
OPTION B, One to Five times Basic Salary  
OPTION C, Coverage for Spouse and Children  
SF 2823, Designation of Beneficiary

### **FEHB – Federal Employees Health Benefits**

SF 2809, Enrollment or Change Form

### **CSRS – Civil Service Retirement System**

SF 2801, Application for Immediate Retirement  
SF 2808, Designation of Beneficiary for Retirement Contributions

### **FERS – Federal Employees Retirement System**

SF 3107, Application for Immediate Retirement  
SF 3102, Designation of Beneficiary for Retirement Contributions

### **TSP – Thrift Savings Plan**

TSP-1, Enrollment or Change Form  
TSP-3, Designation of Beneficiary  
TSP-30, Interfund Transfer Request

### **SSA – Social Security Administration**

WEP - Windfall Elimination Provision  
PPO - Public Pension Offset, sometimes GPO – Government Pension Offset  
QCs – Quarters of Coverage, now called Credits  
AIME – Average Indexed Monthly Earnings  
PIA – Primary Insurance Amount

### **Designation of Beneficiary for Unpaid Compensation**

(Payment for Last Salary Check and Annual Leave in the event of Employee Death in Service). Form number varies from Department to Department.

**Retirement Planning**  
Entering the Next Stage of Your Life

Charles P. Buck CFP®

Buck Financial Advisors, LLC  
9733 Wellington Ridge  
Woodbury, MN 55125  
651-330-3585  
www.buckfinancial.com  
charles@buckfinancial.com

"Helping you Determine your Financial Future"

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**Basic Considerations**

- Longevity
- How you spend your time
- How you invest your assets

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**Basic Considerations**  
What Kind of Retirement Do You Want?

- Financial independence
- Freedom to travel
- Time to pursue hobbies
- Ability to live where you want
- Opportunity to provide financially for children or grandchildren

"FLEXIBILITY"

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**Practice Your Retirement**

Travel to places you think you might want to live.  
(Be sure to go in all seasons.)  
Get a part-time job in a new field.  
Start painting or writing  
Golf – Golf – Golf  
Tend your garden  
Volunteer



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**Why Financial Goals?**

**Spend in a way that results in the greatest satisfaction.**

– How much do you enjoy that daily Starbucks?  
\$4 per day x 260 days per year  
= \$1,040 annually for 40 years

Invest it: what would it be worth in 40 years?

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**Basic Considerations**  
When Do You Want To Retire?

- The earlier your retire, the shorter time you have to accumulate assets
- The earlier your retire, the longer your assets need to support your lifestyle
- Social Security is not available until 62
- Medicare eligibility begins at 65
- Opportunity to provide financially for children or grandchildren

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# Federal Employees Retirement Planning

**Basic Considerations**  
**How Long Will Your Retirement Last?**

- Average 65-year-old American can expect to live another 18 years
- Average Life Expectancy is likely to continue to increase
- Retirement of 25 to 45 years will not be uncommon

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**Basic Considerations**  
**How Are you Going to Pay for Retirement?**

- Estimate your Retirement Expenses
- Estimate your Retirement Income
- Be Honest – Is There a Gap?

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**Crunching the Numbers**  
**Estimating Retirement Expenses?**

- Rule of Thumb are Easy and Too General
  - "you will need 60%-80% of pre-retirement income"
- Think about How Actual Expenses Will Change
  - "you may pay off the mortgage, no commute"
  - "your healthcare may increase, golf, travel, shopping"
- Specific Retirement Pursuits
  - Palm Desert in February
  - Hobbies
  - Grand-children college fund

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**Crunching the Numbers**  
**Estimating Retirement Income**

**Three Legged Stool:**

- Social Security
- Employer Pension
- Individual Savings

Person who is 60 in 2007  
Social Security Benefits of \$1840 mo. @ 66  
Reduced Benefit of \$1472 @ 62  
Increased Benefits \$2429 @ 70

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**Crunching the Numbers**  
**Identifying the Gap**

Compare projected sources of "Guaranteed" Income  
SSI & Pension  
With projected Expenses  
If Difference is Negative That is your GAP  
Represents additional income needed.

Example:

Estimated Expenses =	\$50,000
Social Security =	\$12,000
Pension =	<u>\$14,000</u>
Gap =	\$24,000*

\*Amount to be funded from your private savings.

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**How Much is Enough?**

**Capital to provide for income needs**

\$1,000 / month	\$300,000
\$2,000 / month	\$600,000
\$3,000 / month	\$900,000
\$4,000 / month	\$1,200,000
\$5,000 / month	\$1,500,000

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# Federal Employees Retirement Planning

### The Earlier You Start the Better

Age 20	\$95
Age 25	\$158
Age 30	\$263
Age 35	\$442
Age 40	\$754
Age 45	\$1317
Age 50	\$2412
Age 55	\$4882
Age 60	\$12,912

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### The earlier you start, the better off you'll be.

- 30s and 40s
- Be aggressive
- At least 15% of income
- Weigh priorities, but save for retirement
- 50s and 60s
- Be a little more cautious
- 20% of income
- Invest any inheritance
- Keep some stocks for long haul.

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### Savings Options

- Employer-sponsored plans
  - 457-401K-TS
- Individual Retirement Accounts
  - Traditional and Roth
- Low Cost Index Mutual Funds
  - Bonds Funds Stock Funds

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### Annual Review

- Review your investments
- Re-prioritize your goals
- Rebalance back to original allocation
- Review your beneficiaries
- Consider all options before rolling over 401k/457 into your IRA
- Consider converting to a Roth IRA



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### Other Issues

- Part-time work
- Long-term health care
- Power of Attorney
- Medical Directive
- Wills and Living wills
- Estate planning
- Inheritance taxes

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### The Most Common 401(k) Mistakes

1. Failure to participate
2. Failure to maximize contribution
3. Poor diversification within plan
4. Not enough in taxable accounts
5. Constant changes within plan
6. Borrowing from the plan
7. Cashing out early
8. Being too conservative

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# Federal Employees Retirement Planning

## How to Find a Financial Planner

- Professional or Personal Referrals
- CFP Board of Standards - [www.cfp.net/search](http://www.cfp.net/search)
  - 800-487-1497
- GPN - [www.smartnewchoice.com/](http://www.smartnewchoice.com/)
  - (866) 260-8400
- NAPFA - [www.napfa.org/consumer/planners/index.asp](http://www.napfa.org/consumer/planners/index.asp)
  - (800) 366-2732
- FPA - [www.fpanet.net/plannersearch/search.cfm](http://www.fpanet.net/plannersearch/search.cfm)
  - (800) 882-2732

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## How to Select a Financial Planner

- Qualifications ( Education, Credentials, Experience)
- Philosophical/Personal "match" and comfort between client and planner
- Fiduciary Duty
- Compensation Structure
  - Demand full disclosure of all amount and sources of compensation including underlying product fees.
  - Commission Only
  - Fee Bases ( accepts both fees and commission)
  - Fee Only (only compensated by client)
- Compliance with all regulations - CFP Board, SEC, MN Commerce Dept.

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## Conclusion

I would like the opportunity to meet individually with each of you to address any specific concerns or questions you may have.

"Helping You Determine Your Financial Future"

[www.buckfinancial.com](http://www.buckfinancial.com)

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## Disclaimer

- Information provided is of a general nature. It does not take into account your objectives, financial situation or specific needs therefore you should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this.

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*"Before everything else, getting ready is the secret of success."*

— Henry Ford

Charles P. Buck CFP®

Buck Financial Advisors, LLC



**Henson & Efron**  
PROFESSIONAL ASSOCIATION

# Estate Planning for Mid-Career Professionals

Presented by

**Amy E. Papenhausen**  
**Christopher J. Burns**

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Minneapolis, MN 55402-4503  
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## I. Estate Planning, What is it?

A. Term used by many different professionals:

1. Financial Advisors
2. Accountants
3. Insurance Professionals

B. My use of the term:

1. Estate – Property owned by a person at the time of death
2. Estate Plan – A plan for transfer of a person's property at death

## **II. Basic Estate Planning Tools**

- A. Wills
- B. Revocable Trusts
- C. Beneficiary Designations
- D. Powers of Attorney
- E. Health Care Directives



## 1. **Wills: Why do I need one?**

- A. If you do not do a will, the State of Minnesota has done one for you.
- B. The will done for you by the State of Minnesota is commonly known as the Intestacy Statute.
- C. Provide for desired disposition of property.
- D. Allows you to name who will administer your affairs, take care of your children and administer any trusts you may want to create.

# 1. Wills: Why do I need one? (ctd.)

- A. Allows you to delay distribution to children/spouse.
- B. Allows you to plan to minimize estate taxes.
- C. Allows for testator to exercise power of appointment.
- D. May assist in avoiding (or reducing likelihood) of expensive estate litigation.

## **So I need a will, does a cocktail napkin suffice?**

- A. Probably not.
- B. A will is a properly executed, written document that disposes of a person's probate assets at death.

## What is a probate proceeding and do I avoid it if I have a Will?

- A. A probate proceeding is the process by which “probate” property (i.e. property titled in an individual’s name alone) is collected and ultimately distributed.
- B. Non-probate property is property that passes outside of a probate proceeding (e.g. joint tenancy, beneficiary designations).

## 2. Revocable Trusts

- A. Every person in this room should have a revocable trust (True/False/Maybe)
- B. Only wealthy people should have revocable trusts (True/False/Maybe)

## 2. Revocable Trusts

- A. False. A will based estate plan is appropriate for many individuals.
- People often choose to have a revocable trust estate plan for many reasons. A few reasons people often consider include: to avoid probate (or multiple probates), for increased privacy and to provide a vehicle for the management of assets in the event of incapacity.

## 2. Revocable Trusts (ctd.)

- B. False. While trusts are more often used by wealthy clients, the reasons indicated on the previous slide apply for many individuals that do not consider themselves wealthy.
- Note, a criticism of trusts is that they are often more costly than will based estate plans and often do not achieve the goal of eliminating probate.

### 3. Beneficiary Designations

- A. My beneficiary designations do not matter, my will/trust will control how all of my assets are distributed? (True/False/Maybe)
- B. My estate should be the beneficiary on any beneficiary designation that I have? (True/False/Maybe)



### 3. Beneficiary Designations (ctd.)

- A. False. In most circumstances your Will/Revocable Trust will not override beneficiary designations on accounts.
- Your beneficiary designations should be coordinated with your will and trust to make sure they are consistent. Note, to the extent that you are inclined to do charitable planning, retirement assets (i.e. percentage of an account) is often as desirable or more desirable than making the same gift under a will.

### 3. Beneficiary Designations (ctd.)

B. **FALSE**. RARELY (IF EVER) SHOULD AN IRA OR RETIRMENT ACCOUNT NAME AN INDIVIDUAL'S ESTATE AS BENEFICIARY.

- Tip: If the person you interview to help you with your estate plan does not inquire about the beneficiary designations you have on your retirement accounts and life insurance, I recommend that you consider taking your business elsewhere.

## 4. Powers of Attorney

- A. Allows “attorney-in-fact” to make “financial” decisions and handle “principle’s” affairs.
- B. The power granted can be very broad and should be given only to trustworthy individuals.
- C. If durable, a properly done Statutory Short Form Power of Attorney may avoid the need for a costly conservatorship proceeding.

## 5. Health Care Directives

- A. Schiavo.
- B. Minnesota's version of the operative health care document that has a durable power of attorney for health care component and a living will component.
- C. Allows a person to designate a health care agent and to provide detailed health care instructions (e.g. life saving measures, DNR/DNI, organ donation, burial v. cremation, etc.)

## Estate Taxes

- A. In 2001, President Bush signed the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) which made significant changes to the federal estate, gift and generation-skipping laws.
- B. In order to meet Congressional budgetary requirements EGTRRA contained a sunset provision under which the rules in place prior to 2002 would return in 2011 unless Congress took further action.

## Estate Taxes cont.

A. The Federal Estate tax was a moving target.

<u>Year</u>	<u>Exemption</u>	<u>Top Tax Rate*</u>
2002	\$1,000,000	50%
2004	\$1,500,000	47%
2006	\$2,000,000	46%
2009	\$3,500,000	45%
2010	"Repeal"	"Repeal"
2011	\$1,000,000	55%

## Estate Taxes – cont.

- B. Everyone expected Congress to resolve the situation prior to 2010 but that did not happen.
- C. In 2010 we were faced with a very strange situation whereby a federal estate tax did not exist and the automatic “step-up” in basis upon death was eliminated and instead carryover basis applied.

## Current Status of the Federal Estate Tax

<u>Year</u>	<u>Exemption</u>	<u>Top Tax Rate</u>
2009	\$3,500,000	45%
2010*	\$5,000,000	35%
2011-2012	\$5,000,000	35%
2013	\$1,000,000	55%

\*For deaths incurring in 2010 an election may be made to elect estate tax repeal and carryover basis



## Minnesota's Estate Tax

- A. Minnesota continues to impose an estate tax on the estates of individuals exceeding \$1 million.
  
- B. Minnesota has no plans to increase its exemption amount.

# Estate Taxes – What you should know.

## A. Key concepts:

- Inclusive nature of estate tax;
- Filing requirements;
- Unlimited marital deduction;
- Charitable deduction.

## Estate Taxes – What you should know. (ctd.)

- B. Life insurance is not subject to estate tax?  
(True/False/Maybe)
- C. Qualified retirement plans and IRAs are not subject to estate taxes? (True/False/Maybe)

## Estate Taxes – What you should know. (ctd.)

C./D. False. Estate taxes are imposed on every asset that you own or have “an incident of ownership” in.

## Other Concepts

- A. Lifetime gifts are often a significant part of a complete estate plan (\$13,000) annual exclusion for each donee, “unlimited” amounts for tuition or medical)
- Note, there are requirements that have to be satisfied for “unlimited” to actually apply.

## Other Concepts (ctd.)

- B. Family Limited Partnerships (FLPs)
- C. Irrevocable Life Insurance Trusts (ILITs)
- D. Charitable Remainder Trusts (CRTs)
- E. Charitable Lead Trusts (CLTs)
- F. Private Foundations
- G. Donor Advised Funds
- H. Supplemental Needs Trusts (SNTs)

## **Information your estate planning attorney will need to begin estate planning process.**

- A. A list of your assets with approximate values.
- B. Ownership of assets.
- C. To discuss your dreams, objectives and desires regarding the disposition of your assets.
- D. Information on family dynamics, special needs and/or things you see that might be problems.
- E. Your preliminary thoughts on personal representatives (a/k/a executors), trustees and guardians.

The purpose of these educational materials is to provide you with information. These materials are not legal advice. You are encouraged to review these with your advisor as the impact of federal and state estate, gift and generation-skipping transfer (GST) tax laws as well as other state law considerations must be weighed to determine an appropriate solution.

You need a qualified estate planning attorney to advise you regarding all of the issues raised in these materials and to draft appropriate documents for your situation.





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# Henson & Efron

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**Retirement Planning**  
**Entering the Next Stage of Your Life**

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**Lauri Salverda, CFA, CFP®**

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Mendota Heights, MN 55118  
651-209-2610

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**Basic Considerations**

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- Longevity
- How you would like to spend your time
- How many assets you have and how they are invest your assets

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**Basic Considerations**  
**What Kind of Retirement Do You Want?**

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- Financial independence
- Freedom to travel
- Time to pursue hobbies
- Ability to live where you want
- Opportunity to provide financially for children or grandchildren

**"FLEXIBILITY"**

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**Practice Your Retirement**

Travel to places you think you might want to live.  
(Be sure to go in all seasons.)  
Get a part-time job in a new field.  
Start painting or writing  
Golf – Golf – Golf  
Tend your garden  
Volunteer



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**Why Financial Goals?**

**Spend in a way that results in the greatest satisfaction.**

- How much do you enjoy that daily Starbucks?  
\$4 per day x 260 days per year  
= \$1,040 annually for 20 years

Invest it: what would it be worth in 20 years?  
\$49,187 invested at 7%

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**Basic Considerations**  
*When Do You Want To Retire?*

- The earlier you retire, the less time you have to accumulate assets
- The earlier you retire, the longer your assets need to support your lifestyle
- Social Security is not available until 62
- Medicare eligibility begins at 65
- Opportunity to provide financially for children or grandchildren

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**Basic Considerations**

**How Long Will Your Retirement Last?**

- Average 65-year-old male has a life expectancy of 82 (there is a 50% chance they will live beyond 82)
- A couple that is 65 today has a better than 50% chance that one will live beyond 95
- Average Life Expectancy is likely to continue to increase
- Retirement of 25 to 45 years is not uncommon
- Have you factored in inflation?

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**Basic Considerations**

**How Are you Going to Pay for Retirement?**

**CRUNCH THE NUMBERS**

- Estimate your Retirement Expenses
- Estimate your Retirement Income

**Be Honest – Is There a Gap?**

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**Crunching the Numbers**

**Estimating Retirement Expenses?**

- **Rule of Thumb Does Not Work!**
  - you will need 60%-80% of pre-retirement income
- **Think about How Actual Expenses Will Change**
  - Reductions -you may pay off the mortgage, no commute, lower taxes
  - Increases - healthcare, how will you spend the extra time
- **Specific Retirement Pursuits**
  - Vacations/Second Homes
  - Hobbies
  - Grand-children college fund

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**Crunching the Numbers**  
**Estimating Retirement Income**

**Three Main Sources of Income:**

- Social Security
- Employer Pension
- Individual Savings

**Social Security Example:**

- Person who is 60 in 2007
- Social Security Benefits of \$1,840 mo. @ 66
- Reduced Benefit of \$1,472 @ 62
- Increased Benefits \$2,429 @ 70

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**Crunch the Numbers Identifying the Gap**

Compare projected sources of "Guaranteed" income, e.g. SSI & Pension, with projected Expenses.

If Difference is Negative - that is your GAP.

The GAP represents additional income needed.

**Example:**

Estimated Expenses =	\$50,000
Social Security =	\$12,000
Pension =	\$14,000
Gap =	\$24,000*

\*Amount to be funded from your private savings.

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**How Much Is Enough?**

<u>GAP</u>	<u>Amount Needed Today*</u>
\$1,000 / month	\$225,849
\$2,000 / month	\$451,697
\$3,000 / month	\$677,546
\$4,000 / month	\$903,394
\$5,000 / month	\$1,129,243

\* Assumes 7% investment rate, 3% inflation and monthly payout over 35 years.

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The Earlier You Start the Better

Who Want to be a Millionaire?

Start Saving .....

Final Answer!

Age 20	\$95/mo.
Age 30	\$263/mo.
Age 40	\$754/mo.
Age 50	\$2,413/mo.
Age 60	\$12,914/mo.

\* Assumes \$1,000,000 accumulated by age 65 with a 10% investment rate

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The earlier you start, the better off you'll be.



**30s and 40s**

- Be aggressive
- At least 15% of income
- Weigh priorities, but save for retirement



**50s and 60s**

- Be a little more cautious
- 20% of income
- Invest any inheritance
- Keep some money more aggressive for the long haul.

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Savings Options

- Employer-sponsored plans
  - 457-401K-TSP
- Individual Retirement Accounts
  - Traditional and Roth
- Diversified Mutual Funds

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### Annual Review

- Review your investments
- Re-prioritize your goals
- Rebalance back to original allocation
- Review your beneficiaries
- Consider all options before rolling over 401k/457 into your IRA
- Consider converting to a Roth IRA



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### Other Issues

- Part-time work
- Long-term health care
- Power of Attorney
- Medical Directive
- Wills and Living wills
- Estate planning
- Inheritance taxes



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### The Most Common 401(k) Mistakes

1. Failure to participate
2. Failure to maximize contribution
3. Poor diversification within plan
4. Not enough in taxable accounts
5. Constant changes within plan
6. Borrowing from the plan
7. Cashing out early
8. Being too conservative

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**How to Find a Financial Planner**

- Professional or Personal Referrals
- CFP Board of Standards - [www.cfp.net/search](http://www.cfp.net/search) 800-487-1497
- NAPFA – [www.napfa.org/consumer/planners/index.asp](http://www.napfa.org/consumer/planners/index.asp)  
800-366-2732
- FPA – [www.fpanel.net/plannersearch/search.cfm](http://www.fpanel.net/plannersearch/search.cfm)  
800-882-2732

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**How to Select a Financial Planner**

- Qualifications (Education, Credentials, Experience)
- Philosophical/Personal "match" and comfort between client and planner
- Comprehensive Planning
- Fiduciary Duty – Acting in the best interests of the client and complete transparency of fees.
- Compliance with all regulations – CFP Board, SEC, MN Commerce Dept.

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**Conclusion**

I would like the opportunity to meet individually with each of you to address any specific concerns or questions you may have.

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**Disclaimer**

Information provided is of a general nature. It does not take into account your objectives, financial situation, or specific needs. You should look at your own financial position and requirements before making a decision. You may wish to consult an adviser when doing this.

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*"Before everything else, getting ready is the secret of success."*

– Henry Ford

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# POP QUIZ!



Prepared by  
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Lindquist & Vennum, P.L.L.P.  
4200 IDS Center – 80 South Eighth Street – Minneapolis, MN 55402  
612-371-3517

# Do I need a Will?



# Do I need a Will?

- A will is a written document that provides for the disposition of a person's estate at death. In order to be effective a will must meet certain requirements regarding execution and witnessing which are specified by state law.
- If you do not have a will, state law will determine how your property is distributed.
- A will allows you to designate who will administer your estate.
- A will also allows you to name guardians for children.

If I have a will, I will avoid the need for a probate proceeding.



# If I have a will, I will avoid the need for a probate proceeding.

- A will governs the disposition of “probate” property which is property titled in the individual’s name alone.
- A probate proceeding is the process by which probate property is collected and ultimately distributed pursuant to the decedent’s will, or if not, pursuant to state law.
- Non-probate property is property that passes outside of probate proceedings.

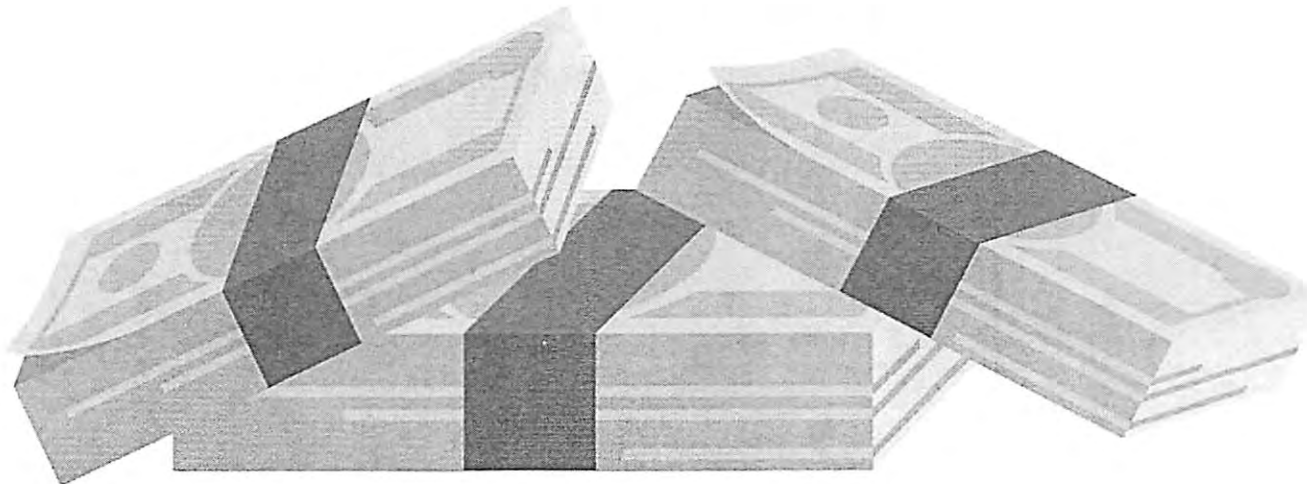
## How Property Passes

Will

Beneficiary  
Designation

Joint Tenancy

Trusts are only for the wealthy.

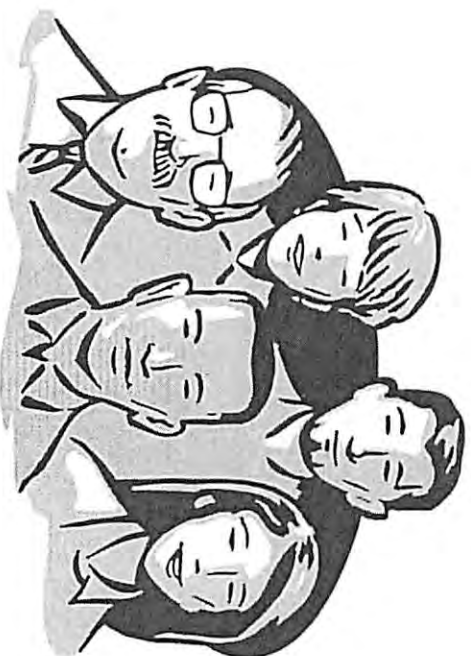


# Trusts are only for the wealthy.

- A trust is a separate legal entity created by an agreement appointing a trustee who is given responsibility for managing the trust assets and distributing them to the beneficiaries in accordance with the terms of the trust.
- A trustee can be an individual and/or a bank or trust company.
- A trustee is held to a high standard of conduct.
- Trusts are useful for managing assets for minor children, the elderly or a surviving spouse.



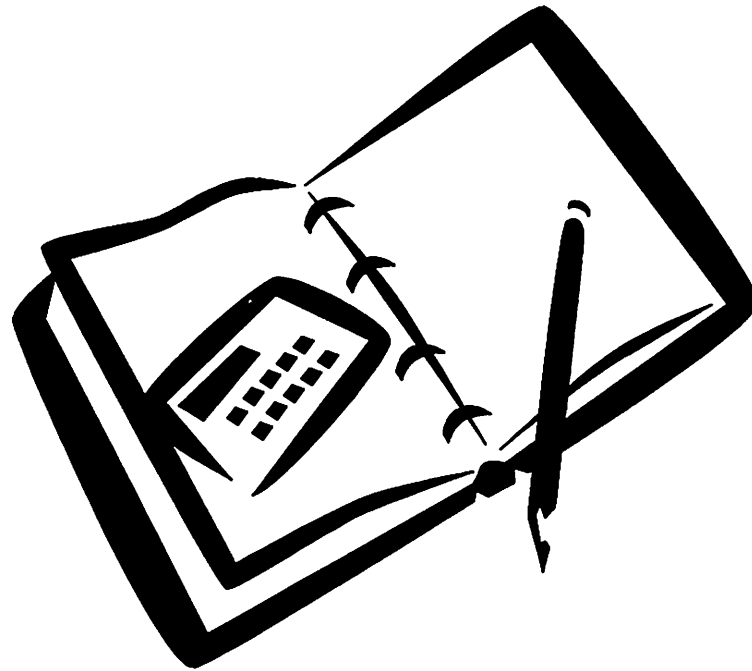
Most people should have a  
revocable (living) trust.



# Most people should have a revocable (living) trust.

- A revocable trust is one created during life.
- The trustor retains the right to change the terms of the trust or to revoke the trust entirely.
- A revocable trust provides for the management of assets during life and for the transfer of assets at death.

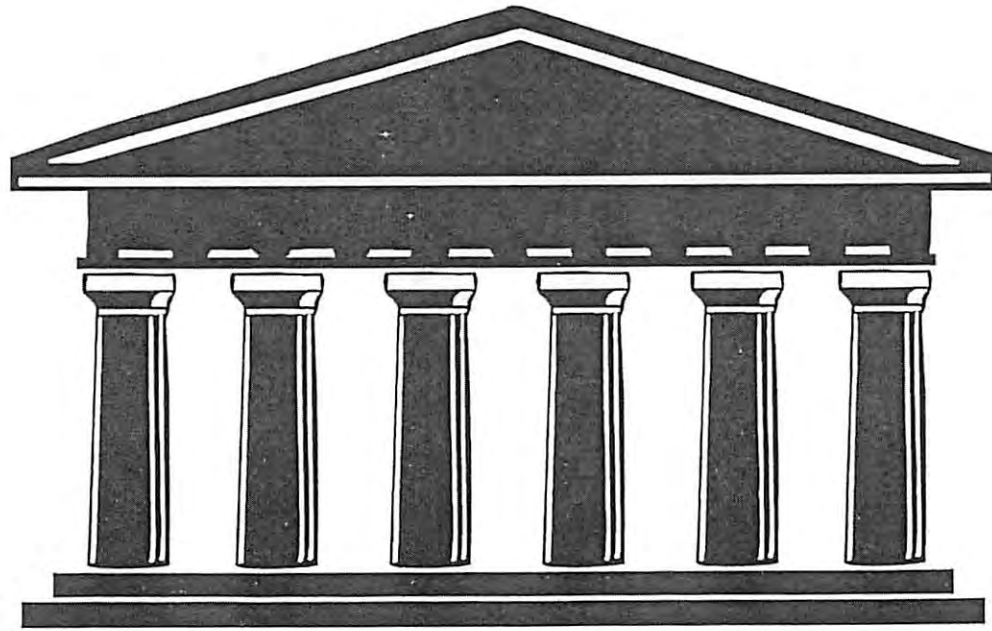
I need a revocable trust to  
save taxes.



# I need a revocable trust to save taxes.

- A revocable trust does not offer any unique tax planning opportunities which cannot also be accomplished with a properly drafted will.

People who have living trusts  
avoid probate.



# People who have living trusts avoid probate.

- Only if all assets transferred to the trust and all assets which are purchased after the creation of the trust are purchased in the name of the trustee.

My estate is not large enough  
that I need to be concerned  
about estate taxes.



# My estate is not large enough that I need to be concerned about estate taxes.

- Estate taxes are taxes imposed on the transfer of property at death.
- Federal government and most states have estate or inheritance taxes.
- Federal estate taxes provide an exemption equivalent of \$2,000,000 (i.e., generally, the first \$2,000,000 in assets are exempt from federal estate taxes).
- The federal estate tax rate is 45%.



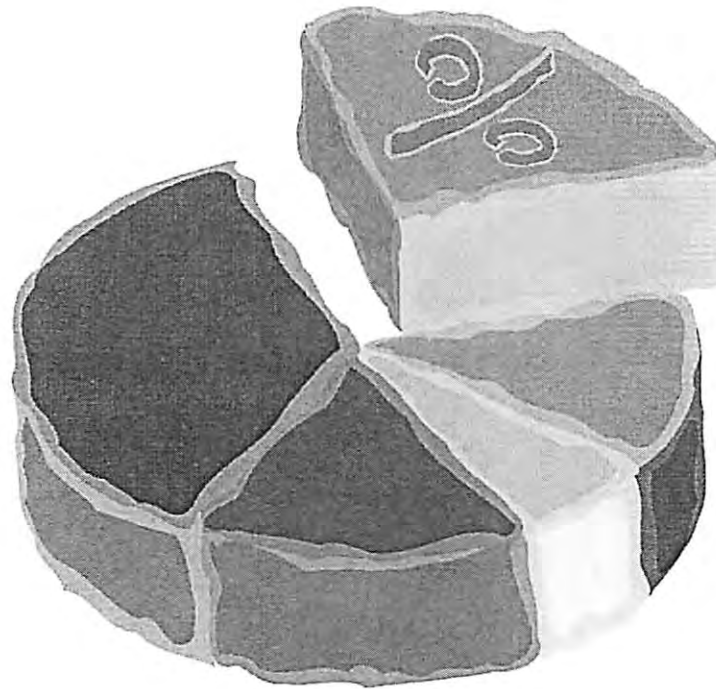
**Life insurance is not subject to estate taxes.**



# Life insurance is not subject to estate taxes.

- If the insured possesses any rights of ownership at death (e.g., right to designate beneficiaries, right to borrow cash value) the full amount of the death proceeds are part of the estate and may be subject to estate tax.
- Life insurance can be sheltered from estate taxes by use of an irrevocable life insurance trust or by having someone other than the insured own the life insurance policy.

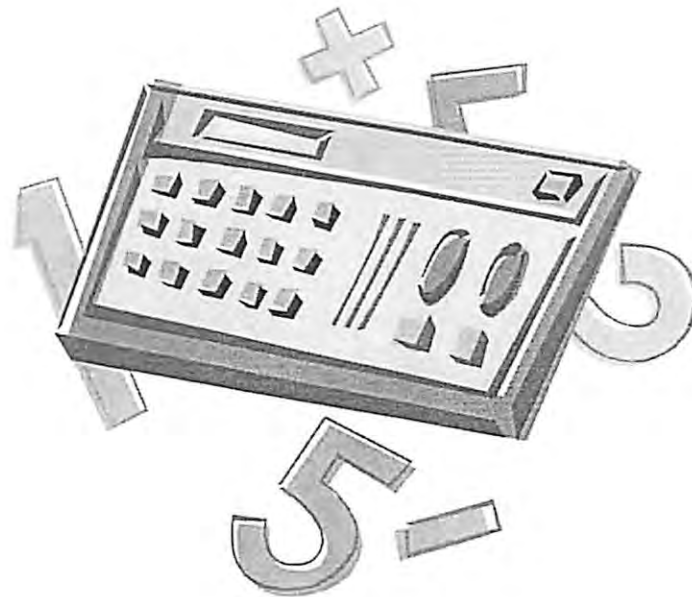
Estate taxes will reduce the assets I leave to my spouse.



# Estate taxes will reduce the assets I leave to my spouse.

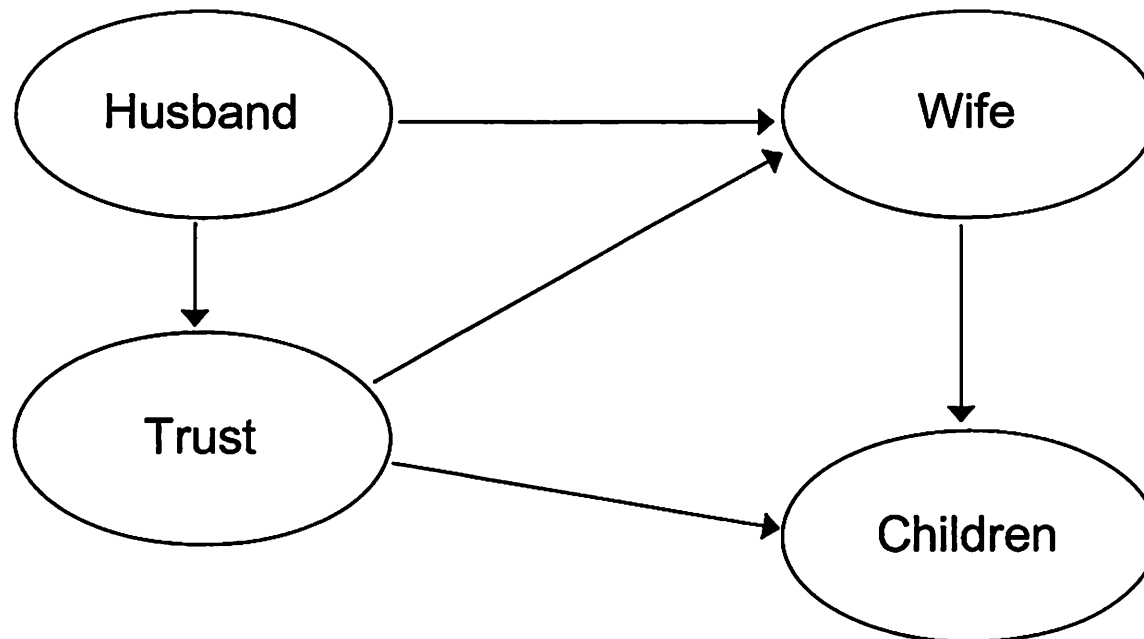
- Generally, assets passing at death to a surviving spouse qualify for the marital deduction and are not subject to estate taxes.
- The marital deduction is unlimited in amount and is available for outright gifts and for certain gifts in trust.

If my spouse and I have more than \$1,000,000 but less than \$2,000,000, we are not subject to federal and state estate taxes.

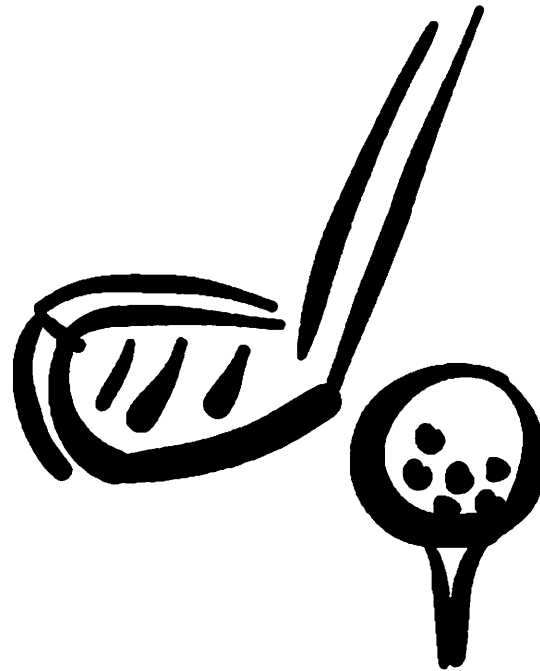


If my spouse and I have more than \$1,000,000 but less than \$2,000,000, we are not subject to federal and state estate taxes.

- Generally, spouses with combined assets in this range will need to do some estate planning to eliminate estate taxes on both deaths.



Qualified retirement plans  
and Individual Retirement  
Accounts (IRA's) are not subject  
to estate taxes.



# Qualified retirement plans and Individual Retirement Accounts (IRA's) are not subject to estate taxes.

- Qualified plans and IRA's are usually subject to estate taxes unless they qualify for the marital deduction or are sheltered by the \$1,000,000 state exemption or \$2,000,000 federal exemption.
- These plans or accounts are also usually taxed as ordinary income when received by the designated beneficiary.



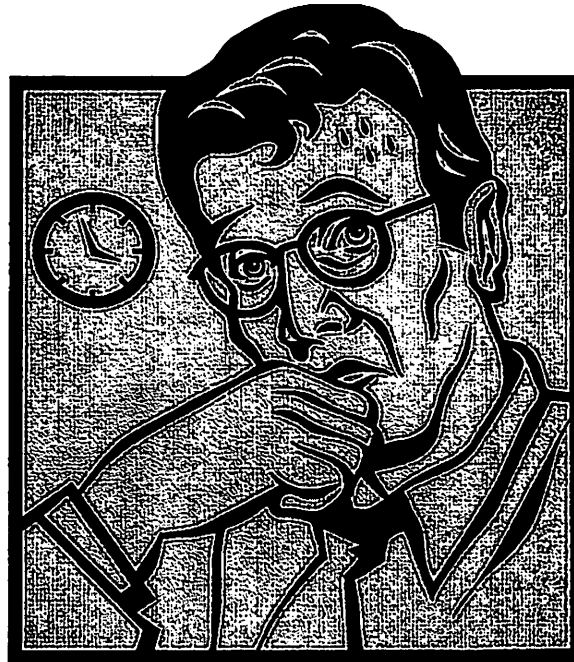
If I have a will I have completed my estate planning.



# If I have a will I have completed my estate planning.

- You need to ensure beneficiary designations are consistent with your estate plan.
- Example: Your will creates trusts for your children. Your life insurance beneficiary designation states “in equal shares to my children”. Unless the beneficiary designation is changed, the life insurance proceeds will pass directly to your children rather than into the trusts for your children.
- You may need a Health Care Directive or Power of Attorney in the event you become incapacitated.

Since I already have a will, I don't need to be concerned about estate planning any more.



# Since I already have a will, I don't need to be concerned about estate planning any more.

- You should review your estate plan periodically (every five years at least).
- You should also review your estate plan if your circumstances have changed.

Such as:

- Marriage/Divorce
- Birth of a child
- Death in the family
- Change in your financial condition
- Move to another state

SAMPLE FORM ONLY  
NOT TO BE EXECUTED

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**HEALTH CARE DIRECTIVE**

I, \_\_\_\_\_, understand this document allows me to do ONE OR BOTH of the following:

**PART I:** Name another person (called the health care agent) to make health care decisions for me if I am unable to decide or speak for myself. My health care agent must make health care decisions for me based on the instructions I provide in this document (Part II), if any, the wishes I have made known to him or her, or must act in my best interest if I have not made my health care wishes known.

AND/OR

**PART II:** Give health care instructions to guide others making health care decisions for me. If I have named a health care agent, these instructions are to be used by the agent. These instructions may also be used by my health care providers, others assisting with my health care and my family, in the event I cannot make decisions for myself.

**PART I: APPOINTMENT OF HEALTH CARE AGENT  
THIS IS WHO I WANT TO MAKE HEALTH CARE DECISIONS  
FOR ME IF I AM UNABLE TO DECIDE OR SPEAK FOR MYSELF  
(I know I can change my agent or alternate agent at any time and  
I know I do not have to appoint an agent or an alternate agent)**

**NOTE:** If you appoint an agent, you should discuss this health care directive with your agent and give your agent a copy. If you do not wish to appoint an agent, you may leave Part I blank and go to Part II.

When I am unable to decide or speak for myself, I trust and appoint \_\_\_\_\_ to make health care decisions for me. This person is called my health care agent.

Relationship of my health care agent to me: \_\_\_\_\_

Telephone number of my health care agent: \_\_\_\_\_

Address of my health care agent: \_\_\_\_\_

**(OPTIONAL) APPOINTMENT OF ALTERNATE HEALTH CARE AGENT:** If my health care agent is not reasonably available, I trust and appoint \_\_\_\_\_ to be my alternate health care agent instead.

Relationship of my alternate health care agent to me: \_\_\_\_\_

Telephone number of my alternate health care agent: \_\_\_\_\_

Address of my alternate health care agent: \_\_\_\_\_

**THIS IS WHAT I WANT MY HEALTH CARE AGENT TO BE ABLE TO  
DO IF I AM UNABLE TO DECIDE OR SPEAK FOR MYSELF  
(I know I can change these choices)**

My health care agent is automatically given the powers listed below in (A) through (D). My health care agent must follow my health care instructions in this document or any other instructions I have given to my agent. If I have not given health care instructions, then my agent must act in my best interest.

Whenever I am unable to decide or speak for myself, my health care agent has the power to:

- (A) Make any health care decision for me. This includes the power to give, refuse, or withdraw consent to any care, treatment, service, or procedures. This includes deciding whether to stop or not start health care that is keeping me or might keep me alive, and deciding about intrusive mental health treatment.
- (B) Choose my health care providers.
- (C) Choose where I live and receive care and support when those choices relate to my health care needs.
- (D) Review my medical records and have the same rights that I would have to give my medical records to other people.

If I DO NOT want my health care agent to have a power listed above in (A) through (D) OR if I want to LIMIT any power in (A) through (D), I MUST say that here: **I do not wish to limit or exclude any power in (A) through (D).**

My health care agent is NOT automatically given the powers listed below in (1) and (2). If I WANT my agent to have any of the powers in (1) and (2), I must INITIAL the line in front of the power; then my agent WILL HAVE that power.

- \_\_\_ (1) To decide whether to donate any parts of my body, including organs, tissues, and eyes, when I die.
- \_\_\_ (2) To decide what will happen with my body when I die (burial, cremation).

If I want to say anything more about my health care agent's powers or limits on the powers, I can say it here: \_\_\_\_\_

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**PART II: HEALTH CARE INSTRUCTIONS**

**NOTE:** Complete this Part II if you wish to give health care instructions. If you appointed an agent in Part I, completing this Part II is optional but would be very helpful to your agent. However, if you chose not to appoint an agent in Part I, you MUST complete some or all of this Part II if you wish to make a valid health care directive.

These are instructions for my health care when I am unable to decide or speak for myself. These instructions must be followed (so long as they address my needs).

**THESE ARE MY BELIEFS AND VALUES ABOUT MY HEALTH CARE**  
(I know I can change these choices or leave any of them blank)

I want you to know these things about me to help you make decisions about my health care:

My goals for my health care: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

My fears about my health care: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

My spiritual or religious beliefs and traditions: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

My beliefs about when life would be no longer worth living: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

My thoughts about how my medical condition might affect my family: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**THIS IS WHAT I WANT AND DO NOT WANT FOR MY HEALTH CARE**  
(I know I can change these choices or leave any of them blank)

Many medical treatments may be used to try to improve my medical condition or to prolong my life. Examples include artificial breathing by a machine connected to a tube in the lungs, artificial feeding or fluids through tubes, attempts to start a stopped heart, surgeries, dialysis, antibiotics, and blood transfusions. Most medical treatments can be tried for a while and then stopped if they do not help.

I have these views about my health care in these situations:  
(Note: You can discuss general feelings, specific treatments, or leave any of them blank)

If I had a reasonable chance of recovery, and were temporarily unable to decide or speak for myself, I would want: \_\_\_\_\_

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If I were dying and unable to decide or speak for myself, I would want: \_\_\_\_\_

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If I were permanently unconscious and unable to decide or speak for myself, I would want: \_\_\_\_\_

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If I were completely dependent on others for my care and unable to decide or speak for myself, I would want: \_\_\_\_\_

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In all circumstances, my doctors will try to keep me comfortable and reduce my pain. This is how I feel about pain relief if it would affect my alertness or if it could shorten my life: \_\_

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There are other things that I want or do not want for my health care, if possible:

Who I would like to be my doctor: \_\_\_\_\_

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Where I would like to live to receive health care:

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Where I would like to die and other wishes I have about dying: \_\_\_\_\_

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My wishes about donating parts of my body when I die: \_\_\_\_\_

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My wishes about what happens to my body when I die (cremation, burial): \_\_\_\_\_

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Any other things: \_\_\_\_\_

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**PART III: MAKING THE DOCUMENT LEGAL**

This document must be signed by me. It also must be verified by a notary public and dated when it is verified.

I am thinking clearly, I agree with everything that is written in this document, and I have made this document willingly.

\_\_\_\_\_  
My Signature

Date signed: \_\_\_\_\_

Date of birth: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

STATE OF MINNESOTA )

COUNTY OF HENNEPIN ) ss.

In my presence on \_\_\_\_\_, 2008, \_\_\_\_\_ (name) acknowledged his/her signature on this document or acknowledged that he/she authorized the person signing this document to sign on his/her behalf. I am not named as a health care agent or alternate health care agent in this document.

\_\_\_\_\_  
(Signature of Notary)

(Notary Stamp)

**REMINDER:** Keep this document with your personal papers in a safe place (not in a safe deposit box). Give signed copies to your doctors, family, close friends, health care agent, and alternate health care agent. Make sure your doctor is willing to follow your wishes. This document should be part of your medical record at your physician's office and at the hospital, home care agency, hospice, or nursing facility where you receive your care.

# LINDQUIST&VENNUM

## TRUSTS AND ESTATES DEPARTMENT ESTATE PLANNING GUIDE

Date \_\_\_\_\_

Full Name

\_\_\_\_\_

Birth Date

\_\_\_\_\_

Social Security

\_\_\_\_\_

Home Address

\_\_\_\_\_

Home Telephone

\_\_\_\_\_

Business Address

\_\_\_\_\_

Business Telephone

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Children's Names

Birth Date

City of  
Residence

\_\_\_\_\_

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FOR ATTORNEY'S USE ONLY

# LINDQUIST&VENNUM

# FINANCIAL INVENTORY

Ownership and Approximate Value

## ASSETS

Home	_____	_____	_____
Other Real Estate	_____	_____	_____
Automobiles, Personal Property	_____	_____	_____
Bank Accounts	_____	_____	_____
Stocks & Bonds	_____	_____	_____
Closely Held Business Interests	_____	_____	_____
Life Insurance (face value)	_____	_____	_____
On husband's life*	_____	_____	_____
On wife's life*	_____	_____	_____
Individual Retirement Accounts*	_____	_____	_____
Pension, Profit Sharing and Other Retirement Plans*	_____	_____	_____
Other Assets ( <i>describe</i> )	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
TOTAL ASSETS	_____	_____	_____

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*\*For these assets, please list your primary and contingent  
beneficiaries on the next page*

# FINANCIAL INVENTORY

## LIABILITIES

Home Mortgage	_____	_____	_____
Other Debts ( <i>describe</i> )	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
TOTAL LIABILITIES	_____	_____	_____

### Beneficiary Designations:

Life Insurance	Primary: _____
	Contingent: _____
	_____
Retirement Plans	Primary: _____
	Contingent: _____
	_____

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## ADDITIONAL INFORMATION

Do you now have a will?	<hr/>	<hr/>
Do you own property jointly with anyone other than your spouse?	<hr/>	<hr/>
Are you now a beneficiary or trustee of any trust?	<hr/>	<hr/>
Do you own real estate located in a state other than Minnesota	<hr/>	<hr/>
Have you ever been divorced?	<hr/>	<hr/>
Have you and your spouse signed a prenuptial agreement?	<hr/>	<hr/>
Are any of your children deceased?	<hr/>	<hr/>
Are you a U.S. citizen?	<hr/>	<hr/>

List any businesses of which you are a major stockholder, director, officer, or partner:

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Also, consider the following questions prior to meeting with your attorney:

- Who do you want to administer your estate?
- Who do you want to administer any trusts?
- Who do you want to act as guardian of your minor children?
- Do you want to establish trusts for your children?
- Do you want to make gifts to charities?

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# EVALUATION FORM

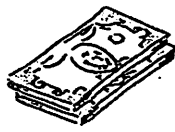
Pre-Retirement on  
Mid-Career on  
Orientation on

/ /  
/ /  
/ /  
Date

The seminar met my needs				
1	2	3	4	5
No				Definitely

I liked: 

I learned: 

Of most value to me was: 

Additional information I would like to see: 