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CFP Board Webinar: Managing Your Finances in Uncertain Times: Resources for Federal Government Employees (March 27, 2025) Webinar Questions and Answers

Question: Do you have general advice for people who don't know if they're going to get RIFed or not?

> **Answer:** Do your research now - start getting your ducks in a row in case it does happen. Start adjusting your budget, so you're ready if it does happen.

Question: I am categorized as a temporary indefinite employee. Am I at great risk of RIF?

> **Answer:** Yes, sadly temporary employees are often the first to be let go before a RIF. Not all agencies will have RIF's and not all will be affected by it. It depends on the agency.

Question: How do we easily figure out how much we've paid into FERS?

> **Answer:** Look at your most recent Leave and Earnings Statement (LES). Find the line labeled something like "Retirement - FERS" or "FERS Contributions." It shows your year-to-date and cumulative total contributions.

Question: The high-3 average is based upon full calendar years, correct?

> **Answer:** The high-3 is the average of your highest-paid 36 consecutive months (could be 3 full years or parts of years). It can include any 36-month period in your federal career — not just your last 3 years, although that's often when people earn the most.

Question: Is the buyout amount taxed?

> **Answer:** Yes — federal buyout payments (also known as Voluntary Separation Incentive Payments, or VSIPs) are taxable.

Question: I've been in federal service for 6 years and I'm facing a RIF in the coming week. I'm wondering what is the best move for my FERS. I would come back to federal service if I can, but leaving the FERS money there to stagnate feels wrong. Is there a calculator or other guideline for an employee to use when considering what to do with their FERS, especially with the possibility that we might not be able to come back to federal service for many years?

Answer: You're in a really common — and tough — spot. With 6 years of federal service, you're already vested in FERS, which means you are entitled to a future pension if you leave your contributions in place and don't take a refund. Because you've hit 5 years of service, you're eligible for a deferred retirement.

There's no official "Should I take a FERS refund?" calculator, but here's what you can do:

- Use OPM's Deferred Retirement Calculator (via Services Online)
    - Lets you estimate your pension at different ages.
    - Requires your high-3 salary and service history.
- Estimate Your Refund Amount:
    - Check your Leave and Earnings Statement (LES) or ask HR for your cumulative FERS contributions.
    - Multiply by ~1% per year of service to estimate your pension (very rough estimate: 1% × 6 years × high-3 average salary).
- Speak with a financial planner — ideally one who understands the FERS system and IRA rollover options.

Question: In the event I am separated from federal employment prior to obtaining the 5 years service requirement for a retirement pension/annuity, can I leave the accumulated funds in FERS account until I reach retirement age or should I request a refund and roll it into a separate IRA account?

Answer: If you're separated from federal service before reaching the five-year vesting requirement for a FERS annuity, you won't qualify for a pension down the road — even if you leave your contributions in the system. That said, your FERS contributions are still your money, and you have options.

- Leave the Money in FERS:
    - You can leave the funds in your FERS account. However, if you're not vested (haven't hit the 5-year mark), you won't be eligible for a future pension — and the funds just sit there. They don't grow significantly and don't earn interest over time like a traditional retirement account would.
- Request a Refund / Roll to an IRA:
    - You can request a refund of your FERS contributions. That refund can generally be rolled over into an IRA to preserve the tax-deferred status. This can be an opportunity to invest those dollars in a way that aligns with your broader retirement goals — especially if you don't expect to return to federal service.
- Important Considerations: Rolling funds into an IRA allows for continued tax-deferred growth. If you're planning to return to federal service, leaving the funds in the system might make sense — especially if there's a chance you'll reach 5 years later. If you take a refund and later return to federal service, you may be able to buy back your prior service, but it requires paying interest.

Question: What is the best place to put savings to maximize retirement savings for high interest to live on in retirement?

Answer: Maximizing the amount you put into your retirement account (TSP) allows your savings to grow tax deferred. Invest in stocks for long term growth, even if you are near retirement. You will need the money to grow while in retirement. This includes the C, S, or I funds, or a L fund with a later date.

Question: How should we assess whether it's sensible to take out of the TSP or not? Also what should we consider in selecting a good CFP?

Answer: It is not sensible to take the money out before 59 1/2 and incur a 10% penalty. You also want to leave the money in longer to continue to grow tax deferred.

Any CFP should be able to help you; be sure to ask about fees ahead of time. The CFP Board has tools and questions to look at before meeting with someone. A good meeting depends on how prepared you are going into the meeting - have your balance sheet and other documents ready.

Question: I will be retiring this year. I recently moved 40% of my money into the G fund, but now I think that I should have moved all of it. Should I move the rest into the G fund because of my age and the tariffs?

Answer: You need to ask yourself if you will be using the TSP money now/at retirement date- or if you have other savings to spend first? It is ok to have some of your TSP money still invested while retired because you plan/hope to be retired for a long time and need that money to keep up with inflation and cost of living. While you might move more to the G fund - we wouldn't usually recommend moving all of it.

Question: Is there any benefit to reallocating TSP funds slowly vs instantly? For example, increasing C Fund allocation by 10% a month over 4 months to get 40% in C fund vs just dumping 40 % into it at once?

Answer: Yes, you are slowly moving into it so you are taking on the risk slower. Your market adjustments won't be as great - up or down - all at once. It depends on how much you can stomach with the ups and downs of the market. I like making a plan and sticking to it - rather than trying to time the market with your decisions.

Question: Do you think the TSP and especially the G fund have new, unique risks now, beyond the usual market risks of any 401k? Would it be safer to roll out from the TSP just to keep our savings safe (as safe as with any other 401k).

Answer: The G Fund is still one of the safest principal-preserving options available, even compared to other retirement accounts. But if you want more control, flexibility, or tax strategy options, a rollover could make sense — just not purely for safety reasons.

Common concerns we are hearing include:

- Political Debt Ceiling Fights

  - During debt ceiling standoffs, the Treasury has in the past temporarily suspended G Fund reinvestments (a "make-whole" provision ensures no actual loss to participants).These moves sound scary but haven't resulted in actual financial loss to account holders.
- Cybersecurity and System Access Concerns
  - The TSP had a rocky transition to a new recordkeeper in 2022. While data and account safety have improved, some people still prefer the perceived control of a private IRA custodian (e.g., Fidelity, Schwab, Vanguard).
- Limited Investment Flexibility
  - The TSP is simple, but not customizable. IRAs offer more investment choices, including CDs, annuities, individual bonds, dividend stocks, etc.
- Potential Policy or Legislative Changes
  - Some fear future rules might limit access, withdrawals, or require annuitization — though nothing concrete is being proposed that would strip rights from existing participants.

Question: I'd like to get to Age 62 at separation with 20 or more years of service to get the 1.1 percent multiplier. I turn 60 Feb 11, 2026 and reach 20 years of service in April 2026. (I estimate that I'd have 53 days of sick leave if that matters.) Being so close, is there anything (law/policy) to protect me from RIF? If I am part of a RIF before reaching age 62 and 20, what then is my best retirement option or options? I see no way to get the 1.1% if RIF happens before I reach 62 and 20 years, correct?

> **Answer:** Many have the goal of retiring at 62 with the 1.1% multiplier. You're eligible for an immediate retirement as you've met your Minimum Retirement Age (MRA). You are correct that you must be age 62 AND have 20 years of creditable service to have the 1.1% multiplier.

Question: What about the folks born between 1970 and 1965?

> **Answer:** The MRA is 56 and some months. For example, if you were born in 1967, your Minimum Retirement Age (MRA) under FERS is 56 years and 6 months. If you were born in 1969, your Minimum Retirement Age (MRA) under the FERS system is

56 years and 10 months. See this https://www.opm.gov/retirement-center/fers-information/eligibility/

Question: If I resign at age 57 with 25 years of service, but not apply for retirement benefits until I turn 62, will I be eligible for the 1.1% benefit computation?

Answer: No — you will not be eligible for the 1.1% computation if you resign at age 57 and apply at 62. You'll receive the 1.0% multiplier.

Question: I'm age 61 with 20 years of service July 2025, according to my local HR retirement rep. I believe that 9 months of military service that I previously bought may not count (some orders are Title 10 and some are Title 32 for the period). Is there any way to be absolutely sure what military service time will count? Do I have to actually submit a retirement application and see what happens? Then if it doesn't count, then hope to work another 9 months?

Answer: Active duty time could count if you've made a deposit for the time. You must make the deposit before you separate for the military time to count. You may find if it could count here https://www.dfas.mil/CivilianEmployees/militaryservice/militaryservicedeposits/

Question: If possible, could you discuss "discontinued service retirement?" If your position is part of a RIF, would the agency just put you into DSR rather than RIF?

Answer: The RIF could provide you the opportunity to apply for retirement using a DSR**:** To be eligible for a DSR one must be age 50 with 20 years of creditable service or any age with 25 years of creditable service. Your separation needs to be involuntary and not fault of your own. Your agency will process your retirement application notating it is a DSR and OPM will finalize it.

Question: So in order to get DSR I need to be 50 plus 20 years or any age +25 years?

Answer: Exactly right — you're referring to Discontinued Service Retirement (DSR) under FERS, which applies when you're involuntarily separated (like through a RIF) and meet specific age and service criteria.

To qualify for DSR under FERS, you must meet either of the following: Age 50 with at least 20 years of creditable service OR Any age with at least 25 years of creditable service

Additional Requirements:

- The separation must be involuntary (not for cause).
- You must not decline a reasonable offer of another federal position at the same grade/pay within your commuting area.
- You must not take a refund of your FERS contributions.

Question: If you are offered VERA and do not take it and then you are later RIF'd they are required to offer a DSR, correct? I am eligible for VERA now but cannot afford to take it now. I have 22 years and am 50.

Answer: If you decline VERA (Voluntary Early Retirement Authority) and are later RIF'd (involuntarily separated) then, yes — you will still qualify for a Discontinued Service Retirement (DSR) because:

- You meet the 50/20 rule (age 50 with at least 20 years), and
- The separation is involuntary and not for cause, and
- You are not offered a reasonable job at your same grade/pay in the same commuting area.

Question: If you get RIF'd and were VERA eligible, would you get the VERA pension amount?

Answer: Yes. If you're RIF'd and were eligible for VERA, you would qualify for a Discontinued Service Retirement (DSR), which uses the same annuity formula as VERA. Both are immediate retirements with no early withdrawal penalty and include the FERS supplement (if under 62). The difference is whether you separate voluntarily (VERA) or involuntarily (DSR).

Question: Can you choose severance Instead of DSR?

Answer: If you are retirement-eligible (like under DSR or VERA) at the time of the RIF, you are not eligible for severance pay.

Question: If I retire before full retirement age and do not work in retirement but collect my federal pension, does my social security benefit increase if I defer taking social security until my full retirement age? If so, is there a calculator to determine my benefits each year that collecting social security is deferred?

Answer: Yes — if you retire before your full Social Security retirement age (typically 66 to 67 depending on your birth year) and choose not to claim Social Security right away, your benefit will increase for every year you delay claiming, up to age 70.

Delaying Social Security past your full retirement age earns you what are called delayed retirement credits — about 8% more per year for each year you wait, up to age 70. That increase is permanent — once you start collecting, your higher monthly benefit stays for life.

Question: I was on the RIF list for Dept of Education. If they abolish the department, which agency will be responsible for me to submit my paperwork to when it's time for me to pull my retirement from TSP? I'm many years out from retirement.

Answer: Your agency payroll office will send an electronic file indicating you've left government service. You can then start to withdrawal from TSP or manage your account.

Question: Is every government agency (assuming it's covered under 5 U.S.C. 5595 i) required to pay severance? Is there any circumstance when an agency can legally deny severance if someone is RIF'd (e.g., not fired for cause)? It's hard to trust that the "rules" will be followed by federal agencies.

Answer: Employees eligible for an immediate retirement through CSRS or FERS are not eligible for severance pay.

Question: I am a laid off federal employee. Unemployment will not pay enough to cover my portion of the mortgage. Should my spouse cut her contributions to her 401k to have extra cash on hand each month? I'm thinking she could catch up later in the year when I'm employed again.

> **Answer:** You could reduce the contributions, but hopefully not cut the contributions completely. It is hard to catch up on the lost opportunity of not getting your money into the 401k. Be disciplined enough to make sure you increase the contributions as soon as you are employed again. Reducing contributions is the better answer, rather than taking money out of your 401k early. There are huge penalties and expenses to doing that.

Question: Are there any free or low cost opportunities to get CFP training and certification? Are there any such programs for then getting the hours needed to become a CFP? Thanks!

> **Answer:** You may find potential financial resources here: https://www.cfp.net/get-certified/tools-and-resources/apply-for-a-scholarship
>
> You can find information about an externship opportunity here: https://amplifiedplanning.com/externship/

Question: I'm a foreign service officer (overseas) on administrative leave and likely to be separated. I meet the 50/20 requirement for a pension but I wasn't planning to retire for at least another 10 years! While I search for a new position, knowing there could be a big gap until I get my annuity, what tips can you share on whether to use my TSP to avoid having to go into debt to cover expenses? In the case of a RIF, will I still be eligible for a supplemental annuity as someone retirement eligible?

> **Answer:** Since you meet the 50 with 20+ years of service rule, you can retire under Discontinued Service Retirement if separated involuntarily. You would also be eligible for the FERS Supplement between MRA and 62. You can withdraw from TSP penalty-free after separating if you're age 50 or older (special rule for public safety and federal employees). However, there are several important considerations: Withdrawals are taxable income (except from Roth TSP contributions). Once you draw from it, that portion stops growing — and it could shrink your future retirement cushion.

Question: My SF-50 has a section called something like "Veterans protection for RIF." What protection does that offer?

Answer: Excellent question — that veterans' preference for RIF box on your SF-50 can make a big difference during a Reduction in Force (RIF), but it's often misunderstood.

The section on your SF-50 labeled something like "Retention Preference for RIF – Tenure/Veterans' Preference/Other" tells HR how to rank you during a RIF based on three things:

- Tenure Group (your type of appointment — Career, Career-Conditional, etc.)
- Veterans' Preference status
- Performance ratings (used in tie-breakers)

During a RIF, agencies build what's called a Retention Register. You're placed into "Competitive Levels," and your spot on that list is based on:

- Tenure group
- Veterans' preference
- Years of service
- Performance ratings

If you and someone else are in the same competitive level and tenure group, but you have veterans' preference and they don't — you stay, they go, all else being equal.

Question: When I retire at age 63, can/ should I stay with my federal health insurance or should I go on Medicare? If I stay on federal health insurance can I switch to Medicare later?

Answer: At Age 63, when you retire, you're not yet eligible for Medicare, so you'll continue with FEHB (like Kaiser or whichever plan you're enrolled in) as your primary and only coverage — no changes needed right away.

When You Turn 65, that's the key Medicare decision point. You'll want to consider enrolling in:

- Medicare Part A (hospital): Usually free and most people sign up at 65 regardless, even if they keep FEHB.
- Medicare Part B (doctor/outpatient): This is the big decision. It costs a monthly premium and is optional — especially if you're keeping FEHB.

If you keep FEHB, it remains your primary insurance until you enroll in Medicare. Once you enroll in Medicare, it becomes primary and FEHB becomes secondary. You get more comprehensive coverage and lower out-of-pocket costs when using both — but pay two premiums (FEHB + Medicare Part B).

Question: At age 58 with 18 years of service, can I retire now and still keep my federal health insurance for myself and family until at least I am age 65?

Answer: MRA + 10 Immediate Retirement. You're already past your Minimum Retirement Age (MRA is 56–57 depending on birth year). You can retire now under the MRA + 10 provision, but your annuity will be permanently reduced by 5% for each year you're under age 62 (about 20% for you at 58). You can keep your FEHB, if you've had it for the 5 years leading up to retirement.

Question: 65 years of age and 20+ years of service, do my children (under 26 years of age) keep their insurance, too?

Answer: Yes, if you can.

Question: If I take advantage of VERA and I want to continue my health benefits, will I be charged a higher amount, or will I pay the same that I do now? Also, if I retire under VERA, do I receive cost of living increases yearly, or is the payment amount stagnant for the rest of my life?

Answer: Currently, the retirees pay the same premiums as employees for the Federal Employees Health Benefits. COLA are effective on December 1. Most FERS retirees must be age 62 to receive a COLA.

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Question: If an HHS employee is age 57 now with only 18 years of service and decides to quit the Federal Govt, (1) can he keep the medical insurance offered by the federal govt for himself and his family? (2) Can he defer claiming his pension until age 62. At age 62, can he get 100% of his pension?

Answer: Employees not eligible for an immediate retirement can continue health insurance through Temporary Continuation of coverage, paying the full premiums, and a 2% administrative fee. Yes, one with at least 5 years of civilian creditable service can apply for a deferred retirement at age 62. The benefit would be based on Average High-3 salary at the time of separation and time of creditable service.

Question: How is FERS supplement calculated? Where do we find how much this amount is?

Answer: It is basically the amount of Social Securiy earned while a FERS employee. Check your my Social Security (SS) statement at www.ssa.gov to learn an estimate of your SS benefit. Some agencies provide portals for employees to estimate their benefits through GRB Platform or FedHR Navigator.

For a VERA and DSR the Supplement would begin at your MRA and end at age 62. If you meet your MRA and have 30 years of creditable service then the Supplement would be effective when you retire and end at age 62.

Question: Can you apply for a deferred retirement if you have already separated?

Answer: You are eligible for deferred retirement if:

- You separated from federal service before being eligible for an immediate annuity,
- You have at least 5 years of creditable FERS service, and
- You did not take a refund of your FERS retirement contributions.

You apply when you become eligible to receive the annuity — typically at your MRA or age 60 or 62, depending on your years of service. Use Form RI 92-19 — “Application for Deferred or Postponed Retirement.” Submit it to OPM — instructions are on the form. You should apply about 2–3 months before the date you want your annuity to begin.

Question: I was RIF'ed from Education and am wondering how I set myself up for deferred retirement? I was an employee for 17 years and am under the FERS system. Will OPM reach out with further information, or is this something we just apply for ourselves? I have not yet received my official RIF paperwork (that comes around April 9). Do I need to have that in hand before I apply? Can I return to Federal service at a later date if I choose to apply for deferred retirement? I still have several years I will need to work before I am eligble to retire.

> **Answer:** You have to apply for a deferred retirement using the RI-92-19 form. You can find this online using a search engine.

Question: Should people receiving a pension due to DSR still bother applying for unemployment benefits?

> **Answer:** It is possible, it depends on the state laws.

Question: What happens with FSA money that has been spent and you retire before all contributions have been taken from your salary?

> **Answer:** You will not receive a bill.

Question: Under VERA/DSR is the 5-year FEHB requirement are waived?

> **Answer:** Yes there is a waiver possibility.

Question: Does that 5 year rule (FEHB) apply to dental and vision as well?

> **Answer:** No. You can have dental and vision through the Federal Employees Dental & Vision Program in retirement and never had it as an employee.

Question: For DSR can you speak to being able to use accrued annual leave to get you to a future eligibility date for DSR.

> **Answer:** See 5 CFR 630.212 - use a search engine to find it.

Question: What is CSRS?

Answer: Civil Service Retirement System - the federal retirement plan for someone hired before 1/1/84. FERS is for people after that.

Question: When do you have to buy your military back by?

Answer: Before you leave government service.

Question: Can a furlough reduce your retirement?

Answer: Only if it is more than 6 months in calendar time.

Question: Do you have any insight on whether the new laws they are proposing in Congress to not count locality pay in benefits etc are applicable to existing employees or only to new hires?

Answer: As of now, these bills have been proposed, but have not yet advanced through the legislative process.

Question: Maryland state taxes are not automatically withheld from federal pensions. What needs to be done after retirement to have Maryland state taxes withheld from federal pensions? Thank you.

Answer: You're absolutely right — Maryland state taxes are not automatically withheld from your federal annuity (FERS/CSRS) or Social Security, so it’s something you’ll need to set up intentionally after retirement.

Once retired, you can make the election on OPM Services Online Website: https://www.servicesonline.opm.gov.

Note: Maryland does not have a percentage-based withholding option via OPM — only flat dollar amounts (e.g., $200/month)

Question: Do Federal Agencies establish a window by which employees who accept the VSIP/VERA must retire? if so, is it up to 90 days?

Answer: Yes, federal agencies do establish specific timeframes, often referred to as "windows," during which employees can apply for and, if approved, must separate under Voluntary Separation Incentive Payments (VSIP) and Voluntary Early Retirement Authority (VERA) programs. These windows are designed to align workforce restructuring efforts with organizational goals and budgetary considerations.

The length of these windows is determined by each agency based on its specific needs and objectives. There is no standardized maximum or minimum duration mandated across all agencies. While durations can vary, it's not uncommon for agencies to set windows of up to 90 days. For instance, the Federal Communications Commission (FCC) offered a VERA window from March 1, 2025, to December 31, 2025, allowing applications throughout the year but requiring separations by the end of the window.

Question: Is it true that you don't have access to your TSP during the retirement process? If so do you know how long the blackout period is?

Answer: Yes, temporarily. After you separate from service, there's usually a "blackout" period where you can't access your TSP for withdrawals or rollovers. This happens while your agency reports your separation and OPM finalizes your retirement. This typically lasts 4 to 8 weeks, but sometimes up to 3 months. It depends on how quickly your separation is processed and sent to TSP. During the blackout, your TSP account stays invested, but you can't make changes or withdrawals. To account for this, keep a few months of living expenses outside of TSP to cover this gap. Once OPM finalizes your retirement and updates your status, full access is restored automatically.

Question: Should I be worried about PSLF going away? How can I plan given I still have years of repayments left to make?

Answer: It's understandable to be concerned about the future of the Public Service Loan Forgiveness (PSLF) program, especially with years of repayments ahead. Recent developments have introduced uncertainties:

- Department of Education Changes: President Trump's executive order to dismantle the Department of Education has led to plans to transfer student loan management to the Small Business Administration (SBA). This transition has caused confusion and concern among borrowers regarding the continuity of programs like PSLF.
- Policy Revisions: The administration has proposed redefining "public service" within PSLF to exclude organizations engaged in activities deemed to have a substantial illegal purpose, potentially affecting eligibility for forgiveness.

Question: My wife works at the same agency as me and she is still working for the agency. In the event of a medical emergency or life event, is she able to access my sick leave (if she runs out) even though I was RIF'd?

Answer: No.

Question: On the application for deferred or postponed retirement, the form asks to list all federal service you have performed, by agency, location, and dates of service. If I have worked continuously at the same agency but have had the duty station change 5 times because of office moves and remote work, do I need to list all 5 locations on the form with the date range for each?

Answer: You only need to list your start and ending dates with the agency, not the change of locations.

Question: I'm a UN employee, not a federal employee, but these funding cuts are affecting us too and we have similar concerns about our pension, benefits, etc when we lose our jobs. What advice do you have for finding a financial advisor who understands the UN pension system and US tax implications?

Answer: That's a great question, and it highlights the unique challenges UN employees face. Your pension and benefits are different from the federal system, and you also have to think about cross-border issues like taxation, domicile, and eligibility for Social Security in some cases. When looking for a financial advisor, here are a few tips to help you find the right fit:

- CFP® (Certified Financial Planner): This means the advisor has formal training in retirement planning, tax strategies, and ethics.
- Experience with International or UN Clients: Ask specifically if they've worked with UN employees or other expatriates — the pension and benefit structure is very specific.
- Knowledge of U.S. Tax Rules for Foreign Income and Pensions: A good advisor will understand IRS treatment of UN earnings and pension distributions.

Question: Where can I find resources on foreign service retirement (state department)? The presentation was very good but left me with a lot of questions regarding my circumstance under a different retirement system.

Answer: https://afsa.org/retirement-resources