FERS PRE-RETIREMENT SEMINAR

Registration

Federal Employment Benefits
Tom Haley, Retired Benefits Officer, U.S. Dept. of Agriculture

BREAK

Federal Employment Benefits (continued)

BREAK

Social Security and Medicare Benefits
Tim Fugina, Supervisor (may be different in Greater MN)
Social Security Administration, Minneapolis, MN

NARFE. Minn. Fed. of NARFE Chapters.
Mary Burkett, V-Pres., Minnesota Federation
LUNCH

Federal Tax Aspects of Retirement
Dave Petrie, Taxpayer Information Specialist
Internal Revenue Service, St. Paul, MN
(may be different in Greater MN)

State Tax Aspects of Retirement
Andrea Osborne, Revenue Outreach
Minnesota Department of Revenue, St. Paul, MN
(may be different in Greater MN)

BREAK

Investing for Retirement Income
Charles Buck, CFP, Buck Financial Services, or
Lauri Salverda, CFP, Clerestory Financial Advisors
(may be different in Greater MN)

Basics of Estate Planning
Tom Woessner, Estate Attorney, Lindquist and Vennum
Minneapolis, MN
(may be different in Greater MN)

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 3.2.11

PLANNING FOR RETIREMENT
FERS

PARTICIPANT GUIDE

Instructor: Tom Haley

TECHNICAL ASPECTS OF RETIREMENT

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)
	.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

<u>CSRS FORMULA</u>

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

<u>CSRS SHORTCUT</u>

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.

<u>FERS FORMULA</u>

1% EACH YEAR OF SERVICE

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

PLUS

<u>FERS ANNUITY SUPPLEMENT</u>
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.

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 $14,160 for the year 2011.

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. The formula is applied uniformly, whether CSRS, CSRS-OFFSET or FERS.

COMPUTATION

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

DIVIDED BY 3 = $49,558

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%	
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 <u>NOT</u> count toward Retirement Eligibility

AND

Will <u>NOT</u> 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%	
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.

COMPUTATION OF ANNUITY
FERS

Name: Dee Liteful

High-3 Years of Salary Average: **$\boxed{\$49{,}558}$**

Service Credit: 30 Years and 5 months

	If Age 62
.304167	**.334583**

Basic Annuity = High-3 Salary Average X Length of Service as a Factor

$49,558 X .304167 = $15,073

$$

Reductions in Annuity
(Deposit)

Deposit due for 02/03/1987 to 07/02/1987

Dee must buy this time in order to count it.
She decides not to because it would cost money she doesn't have.
Her Service Credit for Eligibility and Computation purposes is affected by removing that time.

Now she has only 30 Years Credit which is still okay if she meets her MRA.

$49,558 X .300000 = $14,867

$$

Annuity with Survivor's Benefit

1) **10% reduction of $14,867 is $1,486 leaving $13,381 ($1,115 mo.) for Dee**
   Dee's spouse gets 50% of $14,867 = $7,433 ($619 mo.) when Dee dies

2) **10% reduction of $7,433 is $743 leaving $14,124 ($1,177 mo.) for Dee**
   Dee's spouse gets 50% of $7,433 = $3,716 ($309 mo.) when Dee dies

3) **Dee provides no Survivor Benefit**
   Dee receives $14,867 ($1,238 per month) until she dies
   If she is carrying FEHB Family coverage, It stops when she dies.

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 full 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 receive now. The charts on this page and the next reflect the days and months value of unused sick leave hours.

		MONTHS				
		One	Two	Three	Four	Five
Days						
0	0	174	348	522	696	870
1	6	180	354	528	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	599	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)

	MONTHS					
	Six	Seven	Eight	Nine	Ten	Eleven
Days						
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

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

THRIFT $AVING$ 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	**FERS**
No Government Contribution	Government contributes 1% automatically
No Government Match	Government matches:
	First 3% of Employee Contribution Dollar for Dollar; next 2% of Employee Contribution $.50 per Dollar contributed.
Employee can contribute Up to $16,500 in 2011	Employee can contribute Up to $16,500 in 2011
	(With the Government contributing up to 5% additional in matching)
Tax Deferred Tax **SHELTERED**	Tax Deferred Tax **SHELTERED**

(P.L. 107-304 "Catch-up/over 50" allows $3,000 extra in 2011 via payroll deduction)

THRIFT $AVING$ PLAN
INVESTMENTS

Investment Options:

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

L Fund (Lifecycle)

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 (DECEMBER, 2009) of $244,000,000,000.

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 ( ); 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

	C FUND	*F FUND*	*G FUND*	*S FUND*	*I FUND*
1988	11.84%	3.63%	8.81%		
1989	31.03%	13.89%	8.81%		
1990	***-03.15%***	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%	***-2.96%***	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%	***-0.85%***	5.99%		
2000	***-09.14%***	11.67%	6.42%		
2001	***-11.94%***	8.61%	5.39%		
2002	***-22.05%***	10.27%	5.00%	***-18.14%***	***-15.98%***
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	***-36.99%***	5.45%	3.75%	***-38.32%***	***-42.43%***
2009	26.68%	5.99%	2.97%	34.85%	30.04%
2010					

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	$2,000 each year
	$515,188		**$378,496**
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 $AVING$ 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 $AVING$ 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 <u>ONLY</u> 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.

<u>The TSP does not withhold for State, City, County, or other Local income tax.</u>

THRIFT $AVING$ 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 Reature

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**

<u>ELIGIBLE ROLLOVER DISTRIBUTIONS</u> **(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)

<u>Avoid the Withholding by Asking for a Direct Transfer to Your IRA</u>

<u>PERIODIC PAYMENTS</u> **(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.

<u>NON-PERIODIC PAYMENTS</u> **(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%
Years						
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%
Years						
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%
Years						
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

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%	
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 1/12th 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 where 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 $29,722.95 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

<u>All of the Above, if Payable,</u>
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) $469 per Month, or
b) $1,409 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) $563 per Month, or
b) $1,691 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.

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

Reduction of **10% of $30,000 = $3,000**
$30,000 minus $3,000 = $27,000
Your Annuity = ($30,000 minus $3,000) = **$27,000 per Year**
Survivor Annuity = 50% of $30,000 = **$15,000 Upon Your Death**

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.

ALTERNATIVE FORM OF ANNUITY

The Alternative Form of Annuity is a Refund at Retirement of Your Retirement Contributions in Exchange for a Reduced Annuity with Tax Credits Equal to Your Retirement Contributions spread over an Actuarial Projection of Your Life Span.

It has been in effect Since June, 1986 when the 3-Year Recovery Rule ended.

It is Available ONLY to:
NON-DISABILITY RETIREMENT ELIGIBLES
With
TERMINAL ILLNESSES

If You Meet the above Requirements, You Receive:

1) A Refund of Your Retirement Contributions

2) An Actuarial Reduction in Your Annuity for Life

3) Tax Credits Equal to Your Retirement Contributions Spread Over an Actuarial Projection of Your Life Span

<u>The Rest of us Receive **ONLY** Tax Credits Spread over the Actuarial Projection of Our Life Span</u>

Retirements with NO Survivor Benefits

Age 55 and Under	**Divide by 360**
Age 56-60	**Divide by 310**
Age 61-65	**Divide by 260**
Age 66-70	**Divide by 210**
Age 71 and Over	**Divide by 160**

Retirements with Survivor Benefits

If Ages Total 110 or Less	**Divide by 410**
If Ages Total 111-120	**Divide by 360**
If Ages Total 121-130	**Divide by 310**
If Ages Total 131-140	**Divide by 260**
If Ages Total Over 140	**Divide by 210**

PRESENT VALUE FACTORS

FERS REGULAR EMPLOYEES EFFECTIVE OCTOBER 1, 2004

These Factors are used to Determine Annuity Reduction in the Cases of Post-Retirement Marriage; Alternative Form of Annuity and NAFI Computations

Age at Retirement	Reduction Factor		Age at Retirement	Reduction Factor
40	185.6		66	149.4
41	185.3		67	145.1
42	185.2		68	140.5
43	184.9		69	135.9
44	184.1		70	131.5
45	182.8		71	127.0
46	181.6		72	122.4
47	180.7		73	118.0
48	179.5		74	113.6
49	177.9		75	109.0
50	176.4		76	104.1
51	175.4		77	99.5
52	174.7		78	94.9
53	174.1		79	90.1
54	173.3		80	85.7
55	172.5		81	81.1
56	171.8		82	76.2
57	171.2		83	71.8
58	170.7		84	67.8
59	170.5		85	64.2
60	170.5		86	60.6
61	170.1		87	56.7
62	167.5		88	52.9
63	163.0		89	49.7
64	158.5		90	46.4
65	154.0			

PRESENT VALUE FACTORS (FERS)
Effective October 1, 2004

LAW ENFORCEMENT OFFICERS
FIREFIGHTERS
AIR TRAFFIC CONTROLLERS
MILITARY RESERVE TECHNICIANS RETIRING UNDER 5 U.S.C. 8414 BY REASON OF DISABILITY

These Factors are used to Determine Annuity Reduction in the Cases of Post-Retirement Marriage; Alternative Form of Annuity and NAFI Computations

Age at Retirement	Reduction Factor		Age at Retirement	Reduction Factor
40	249.1		51	208.3
41	245.8		52	204.7
42	242.5		53	201.1
43	239.0		54	197.3
44	235.4		55	193.5
45	231.8		56	189.5
46	227.9		57	185.4
47	223.9		58	181.2
48	219.8		59	176.9
49	215.5		60	172.6
50	211.7		61	168.2

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

AGE GROUP	BIWEEKLY
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

AGE GROUP	BIWEEKLY PER $1,000 OF COVERAGE		
UNDER AGE 35	$.03	AGE 65-69	$0.72
AGE 35 THRU 39	$.04	AGE 70-74	$1.20
AGE 40 THRU 44	$.06	AGE 75-79	$1.80
AGE 45 THRU 49	$.09	AGE 80 +	$2.40
AGE 50 THRU 54	$.14		
AGE 55 THRU 59	$.28		
AGE 60 AND OVER	$.60		

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

AGE GROUP	BIWEEKLY PER MULTIPLE		
UNDER AGE 35	$0.27	AGE 70-74	$3.40
AGE 35 THRU 39	$0.34	AGE 75-79	$4.50
AGE 40 THRU 44	$0.46	AGE 80 +	$6.00
AGE 45 THRU 49	$0.60		
AGE 50 THRU 54	$0.90		
AGE 55 THRU 59	$1.45		
AGE 60 THRU 64	$2.60		
AGE 65 THRU 69	$3.00		

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	CHOICE 2	CHOICE 3
75% Reduction	50% Reduction	No Reduction
Reduces at age 65, or Retirement, if Later	Reduces at age 65, or Retirement, if Later	Never Reduces
Reduces by 2% per Month until it Reaches 25% of Face Value	Reduces by 1% per Month until it Reaches 50% of Face Value	
Cost is $.3250/$1000 per Month until Age 65. Then it is free.	Cost is $.9258/$1000 per Month until Age 65. Then it will Cost $.60 per $1000 per Month until Death.	Cost is $2.3758 per $1000 per Month until Age 65. Then it will cost $1.83 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: $0.607 per $1000 per Month (Ages 55 – 59)
$1.300 per $1000 per Month (Ages 60 – 64)
$1.560 per $1000 per Month (Ages 65-69)
$2.600 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: $3.14 per multiple per Month (Ages 55 – 59)
$5.63 per multiple per Month (Ages 60 – 64)
$6.50 per multiple per Month (Ages 65 – 69)
$7.37 per multiple per Month (Ages 70 – 74)
$9.75 per multiple per Month (Ages 75 – 79)
$13.00 per multiple per Month (Ages 80 +)

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

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**

AGE	FACTOR
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 <u>(1 to 30)</u> 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 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.

WEB PAGE REFERRALS

www.opm.gov	**<u>Office of Personnel Management</u>** 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	**<u>Thrift Savings Plan</u>** 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	**<u>Social Security Administration</u>** Excellent Resource for Social Security Related Questions, Including Medicare
www.publicdebt.treas.gov	**<u>Savings Bonds</u>** Excellent Resource for Savings Bond Information Also has Calculator for Recording and Figuring Interest on Currently Held Bonds
www.narfe.org	**<u>National Active and Retired Federal Employees</u>** 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	**<u>FedWeek Electronic Newsletter</u>** Free e-mail Delivery Every Wednesday Keeps You Aware of Current Federal Employment Activities and Benefits Legislation

POINTS TO PONDER

Your Agency pays off your Annual Leave.
You should see payment within 3 weeks.

Most Retirees receive their first Annuity Check 30 days after their Retirement date (assuming they are entitled to annuity for that previous month)

Annuity Checks are like paychecks (they follow the period of retirement they represent (April check for the month of March; July check for the month of June)

First Annuity Checks will be pro-rated (usually, 75-80% of final figure)

CSRS Retirees will receive 2-3 pro-rated checks; FERS Retirees will see 5-6 of them. It takes longer to finally adjudicate a FERS annuity.

The Office of Personnel Management (OPM) will provide you with telephone numbers to use for the purpose of changing things like Federal and State withholding. Part of this is a Retiree Booklet that details all of your benefits as a Retiree (Life Insurance and Health Insurance coverage, etc.)

Because full annuity will not be available immediately, plan on setting aside 2-3 months of salary before your retirement date to assure continuation of capital to pay for bills.

Use the Retirement Checklist to prepare for this big event. Be sure you understand the effect of Civilian Deposit; Civilian Redeposit; Post-1955 Military Purchase, and especially, what you are doing with your Thrift Savings Plan and other financial investments.

Access the OPM Website to see what's going on, Before Retirement and After.

Consider joining the National Active and Retired Federal Employees organization (NARFE) to keep up-to-date with legislation that affects you. NARFE is for everyone, working or retired, so you can do it long before you actually retire.

Keep active, connected and happy. Always remember, you are much more than just that which surgeons can remove.

Never forget that you Retire To something, not From. What you Retire To may be a second career, a passion of the soul, more time for volunteering, but you don't just stop an engine that's been running full tilt for 40+ years.

And after all is said and done, consider the question, *"What if the hokey-pokey really is what it's all about?"* *Happy Planning, Happy Retirement, Happy Life!*

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.

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.

CSRS or CSRS-OFFSET or FERS
Public Law 95-366
September 15, 1978

"**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.

CSRS or CSRS-OFFSET or FERS
Public Law 98-615
November 8, 1984

"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.

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**

CHECKLIST FOR EMPLOYEES PREPARING TO RETIRE

Put an X by the Statements that Apply to You, Write in the Answers to Relevant Questions, and Check Off Pertinent Items when Completed. This is Your Personal Retirement Planning Worksheet

<u>One Year or More Before Retirement</u>

1) Determine when you will meet the age and service requirements for retirement. ____________

2) Choose a retirement date. If separating under "MRA + 10" provisions (with age reduction), decide whether you wish to apply for annuity at separation or later to minimize or avoid reduction for age. ____________

3) Make an appointment, if possible, with a retirement counselor in your Personnel Office to review your Official Personnel Folder (OPF). ____________

4) Together with your counselor, review your OPF and work with your counselor to complete the SF-2801-1 to assure official documentation of the following and to determine that the records in the OPF are sufficient verification of service for retirement purposes:

   a) A record of each of the periods of service you believe you had. ____________

   b) The beginning and ending dates for each period of service. ____________

   c) Effective dates for each promotion, for within-grade-increases, or for other pay changes during any Federal Service for which retirement deductions were not withheld from your salary or service that might fall into your High-3 average salary period. (If all pay changes during Deposit service are not available, total earnings can be used. ____________

   d) Documentation of your tour of duty (60 hours/pay period, for example during any regular part-time appointment during (1) Deposit service, (2) service taking place on or after April 7, 1986, or (3) any other service that might fall into your High-3 average salary period). For cases that receive credit as FERS service only, documentation of ALL tours of duty during any regular part-time appointments. ____________

CHECKLIST

e) Record of the time you actually worked during intermittent or WAE ("when actually employed") __________

f) Copy of both sides of your military discharge paper and/or Your DD 214, Military Discharge, record of military service. __________

g) Record of your current Federal Health Benefits enrollment on SF 2809, Health Benefits Registration Form, and SF 2810, Notice of Change in Health Benefits Enrollment. Do records show you have been covered long enough to allow you to continue health benefits as a retiree? If you were covered under your spouse's enrollment, or were covered by CHAMPUS, do the records show this? __________

h) Record of your current Federal Life Insurance coverage on SF 2817, Life Insurance Election. Do records show you have been covered long enough to allow you continue basic and optional coverages as a retiree? __________

i) Your Designation of Beneficiary for Life Insurance (SF 2823) And Designation of Beneficiary for Retirement Contributions (SF 3102), if you filed either form, showing the person(s) you currently want designated. __________

NOTE 1: If you are in CSRS, your SF 2808, Designation for CSRS Retirement Contributions, is at OPM.

NOTE 2: If you transferred to FERS, any SF 2808 is no longer valid. You should complete a new SF 3102 if you have not already done so.

NOTE 3: The Designation for TSP, TSP-3, is retained at the TSP Service Office in New Orleans, Louisiana. You should have personal copies of all of these With your personal papers at home.

5) If you have a question concerning the creditability of a period of your Service, ask for verification from the person assisting you. __________

6) If any necessary documentation is missing from the OPF, bring it to the attention of the person assisting you and request that the Personnel Office obtain the documentation. __________

CHECKLIST

7) Ask for information from Social Security Administration (SSA) about your future eligibility for Social Security benefits and an estimate of the amount. Call 1-800-772-1213 at Social Security for form SSA-7004-PC. You can also use the SSA Website (www.ssa.gov) and SSA has begun sending yearly notices. ____________

   ♥ As soon as you are within 2 to 3 months of age 62 (before or after retiring), contact SSA right away to decide when to apply for benefits. ____________

8) Determine if the Social Security Windfall Elimination Provision (WEP) or the Government Pension Offset (GPO) affects any Social security benefits expected. ____________

9) Request estimated annuity computations at this time if decisions need to be made on paying Deposit or Waiving Military Retired Pay. ____________

10) Decide whether to waive Military Retired Pay, if applicable. ____________

11) Deposits/Redeposits. Apply to make Deposits for:

   ♥ Post-1956 Military Service (to Agency) ____________

   ♥ Redeposit (refunded) service (to OPM); find out how certain refunded service will be credited if you do not pay the Redeposit. This may affect your decision whether or not to pay the Redeposit. ____________

   ♥ Deposit service (to OPM); find out how service will be credited if you do not pay the Deposit. This may affect your decision whether or not to pay the Deposit. ____________

12) Decide when and how to receive your Thrift Savings Plan Funds. Arrange to pay off any TSP loans before retirement to avoid delay in receipt of TSP distributions. ____________

TSP is managed by the Thrift Savings Board, not OPM. Questions about TSP payments should be addressed to:

Thrift Savings Plan Service Office
National Finance Center   P.O. Box 61500
New Orleans, LA 70161-1500

CHECKLIST

13) Request information about any pension from non-civil service employment (pension) for which you might be eligible. (Will it affect your FERS or CSRS pension in any way?) ____________

14) Do you receive any OWCP benefits? If you receive OWCP benefits, request information about their impact on your annuity. ____________

Six Months Before Retirement

15) Decide when to send Waiver of Military Retired Pay. ____________

- Send the Military Finance Center your Waiver of Military Retired Pay 60 to 90 days before your Retirement. ____________

16) Clear up any financial indebtedness to your Agency. If you don't, your Agency can ask OPM to withhold the debt from your annuity. ____________

17) Inform your supervisor of your proposed retirement date. ____________

18) Ask your Personnel Office for forms that may require additional study and time to complete. ____________

Two Months Before Retirement

FERS Forms – basic package of retirement forms for the employee to complete. ____________

SF 3107 Application for Immediate Retirement

SF 3107-2 Spouse's Consent to Survivor Election. (Only required if you do not elect the full survivor benefit for your current spouse)

SF 2818 Continuation of Life Insurance Coverage

SF 2817 If you do **NOT** want to continue all your Optional Life Insurance into retirement, you should complete this form. The **SF 2818 CANNOT** be used to cancel life insurance.

TSP Forms necessary for election of Thrift Savings Plan disbursements.

CHECKLIST

CSRS Forms – basic package of retirement forms for the employee to complete. ____________

SF 2801 Application for Immediate Retirement

SF 2801-2 Spouse's Consent to Survivor Election. (Only required if you do not elect the full survivor benefit for your Current Spouse)

SF 2801-3 Election of Former Spouse Survivor Annuity or Combination Current/Former Spouse Survivor Annuity. (Only required if you wish to make this type of election)

SF 2818 Continuation of Life Insurance Coverage

SF 2817 If you do **NOT** want to continue all your Optional Life Insurance into retirement, you should complete this form. The **SF 2818 CANNOT** be used to cancel life insurance.

TSP Forms necessary for election of TSP disbursements

RI 38-124 Voluntary Contributions Election. (Only required if you want a refund of your voluntary contributions)

19) Complete the EFT Information/Certification Letter for Direct Deposit Sign-up or request from your bank or financial institution a Direct Deposit Sign-up Form (**SF 1199A**). Either of these forms should be submitted with your retirement application. Follow your Agency's lead here, as there are some variations on this process. ____________

20) Complete/Sign the Retirement Application and all related forms. ____________

21) Submit all forms and required documents to your supervisor/administrative officer/Personnel Office. (Keep a copy for personal reference.) ____________

When Your Personnel Office Notifies You

22) Review and sign SF 3107-1 or SF 2801-1, Certified Summary of Federal Service , that the Personnel Office has prepared. ____________

23) Complete all customary Agency exit procedures. ____________

After You Retire send TSP forms directly to TSP Office. ____________

CHECKLIST
HEALTH AND LIFE INSURANCE COVERAGE

1. What Federal Employees Health Benefits (FEHB) coverage do I currently hold?

   Plan Name ____

   Enrollment (Self Only/Family)______________________________

   Option (High/Low)_______________________________________

2. Am I eligible to continue my Federal Employee Health Benefits coverage as an annuitant? If not, am I eligible for Temporary Continuation of Coverage (TCC)?

3. Am I presently covered as a family member on my spouse's FEHB plan? Should I retain that coverage?

4. Am I presently covered by any other health benefits plan? Should I retain that coverage?

5. Are family members covered by my FEHB plan? Will they be adequately protected by other plans if I change my enrollment to Self Only coverage?

6. What is the monthly premium for my current coverage? $____________________

7. Am I familiar with the features of my current plan? Should I switch to another plan during Open Season?

8. Am I eligible for Medicare at this time? What effect will Medicare have on my current coverage?

9. If I move out of the area covered by my HMO (or other limited service area plan), what do I need to do to change from one HMO to another plan servicing the new area?

CHECKLIST
HEALTH AND LIFE INSURANCE COVERAGE

10. What Federal Employees Group Life Insurance (FEGLI) coverage do I currently have?

    ( ) **Basic** – Amount of Coverage $______________________

    ( ) **Option A** – Standard – Amount of Coverage $___________

    ( ) **Option B** – Additional

    How many multiples of pay? 1 2 3 4 5

    Amount of Coverage $____________________

    ( ) **Option C** – Family

    Spouse -- 1 2 3 4 5 (times $5,000) = $__________

    Each Child -- 1 2 3 4 5 (times $2,500) = $__________

11. Am I eligible to continue my Basic Life Insurance coverage as an annuitant?
    Am I eligible to continue my Optional Insurance (A, B, C) as an annuitant?

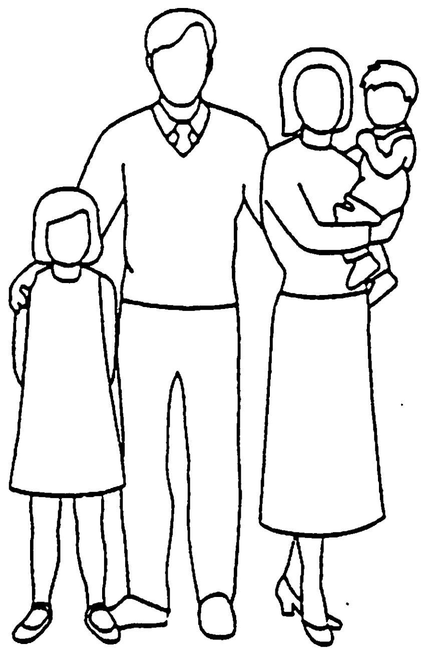
12. Have I decided what level of post age 65 Basic coverage I want? (see SF 2818, Continuation of Life Insurance Coverage, for Basic Life Insurance; includes election Regarding amount of post-retirement Basic life insurance). Do I want to retain Option B after age 65? If you wish to convert any coverage, use SF 2819, Notice of Conversion Privilege, to apply for conversion (no medical examination is required).

13. Do I have enough monthly annuity to pay for all my health benefits and life insurance premiums?

14. Do I want to cancel some of my coverage at retirement? (Use SF 2817, Life Insurance Election, to cancel life insurance options). Ask your retirement counselor or Agency representative to explain what happens and what effect it has when you carry all of your optional insurance into retirement.

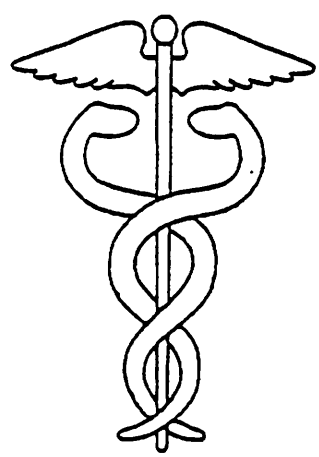
Social Security

It is Working for You



Life Insurance

Disability Insurance



Health Insurance

Retirement Insurance

RETIREMENT

Must be insured:	40 credits throughout lifetime (10 years)
To earn a credit:	$1120 paid in covered earnings
RETIREMENT AGE:	age 62 full age is 66 (if born in 1943-54) 5/9 of 1% reduction per month (currently 25% at age 62)

Retirement age to increase to age 67 by 2027

Request for Benefit & Earnings Statement.... for credits and benefit amounts

IN PLANNING FOR YOUR RETIREMENT, YOU MUST CONSIDER

IF YOU WERE BORN IN	100% AT AGE	% OF BENEFIT AT AGE 62
BEFORE 1938	65	80 %
1938	65-2 MONTHS	79.2
1939	65 - 4	78.3
1940	65 - 6	77.5
1941	65 - 8	76.7
1942	65 - 10	75.8
'43 - '54	66	75
1955	66 - 2	74.2
1956	66 - 4	73.3
1957	66 - 6	72.5
1958	66 - 8	71.7
1959	66 - 10	70.8
AFTER 1959	67	70

COMPUTATION

AVERAGE "INDEXED" EARNINGS

MAXIMUM OF 35 YEARS

Result Is:

PRIMARY INSURANCE AMOUNT

or

PIA

2011 PIA FORMULA

90% OF 1ST	**$749 of AIME**
32% of next	**$3768**
15% of AIME in Excess of	**$4517**

EXAMPLE:

$ 749	X	90% =	$ 674.10
$ 3768	X	32% =	$ 1205.70
			$ 1879.80

PLUS BALANCE X 15% = ???

RESULT IS THE PRIMARY INSURANCE AMOUNT (PIA) or BASE AMOUNT

WINDFALL ELIMINATION PROVISIONS

(WEP)

APPLIES TO WORKERS FIRST ELIGIBLE AFTER 1985 FOR:

...A pension based on non-covered employment

and

...A Social Security Disability or Retirement benefit

EXCEPTIONS TO WEP

- **Became age 62 before 1/1/86**
- **Became eligible for Gov't Pension before 1/1/86**
- **Had 30 years of "substantial" FICA covered earnings (see fact sheet)**

Windfall Elimination Provision

2010

Benefits America!

Your Social Security retirement or disability benefits may be reduced

If you work for an employer who does not withhold Social Security taxes from your salary, such as a government agency or an employer in another country, the pension you get based on that work may reduce your Social Security benefits.

The Windfall Elimination Provision affects how the amount of your retirement or disability benefit is calculated if you receive a pension from work where Social Security taxes were not taken out of your pay. A modified formula is used to calculate your benefit amount, resulting in a lower Social Security benefit than you otherwise would receive.

When your benefits may be affected

The Windfall Elimination Provision primarily affects you if you earned a pension in any job where you did not pay Social Security taxes and you also worked in other jobs long enough to qualify for a Social Security retirement or disability benefit.

For example, this provision affects Social Security benefits when any part of a person's federal service after 1956 is covered under the Civil Service Retirement System (CSRS). However, federal service where Social Security taxes are withheld (Federal Employees' Retirement System) will not reduce your Social Security benefit amounts.

The Windfall Elimination Provision may apply if:

- You reached 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985, even if you are still working.

Why a different formula is used

Social Security benefits are intended to replace only a percentage of a worker's pre-retirement earnings. The way Social Security benefit amounts are figured, lower-paid workers get a higher return than highly paid workers. For example, lower-paid workers could get a Social Security benefit that equals about 55 percent of their pre-retirement earnings. The average replacement rate for highly paid workers is about 25 percent.

Before 1983, people who worked mainly in a job not covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job where they did not pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

How it works

Social Security benefits are based on the worker's average monthly earnings adjusted for inflation. We separate your average earnings into three amounts and multiply the amounts using three factors. For example, for a worker who turns 62 in 2011 the first $749 of average monthly earnings is multiplied by 90 percent; the next $4,517 by 32 percent; and the remainder by 15 percent. The sum of the three amounts equals the total monthly payment amount.

The 90 percent factor is reduced in the modified formula and phased in for workers who reached age 62 or became disabled between 1986 and 1989. For those who reach 62 or became disabled in 1990 or later, the 90 percent factor is reduced to 40 percent.

There are exceptions to this rule. For example, the 90 percent factor is not reduced if you have 30 or more years of "substantial" earnings in a job where you paid Social Security taxes. See the first table that lists the amount of substantial earnings for each year.

(over)

The second table shows the percentage used depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, the 90 percent factor is reduced to between 45 and 85 percent.

To see the maximum amount your benefit could be reduced, visit ***www.socialsecurity.gov/retire2/wep-chart.htm***.

Some exceptions...

The Windfall Elimination Provision does not apply to survivors benefits. It also does not apply if:

- You are a federal worker first hired after December 31, 1983;
- You were employed on December 31, 1983, by a nonprofit organization that did not withhold Social Security taxes from your pay at first, but then began withholding Social Security taxes from your pay;
- Your only pension is based on railroad employment;
- The only work you did where you did not pay Social Security taxes was before 1957; or
- You have 30 or more years of substantial earnings under Social Security.

...and a guarantee

If you get a relatively low pension, you are protected. The reduction in your Social Security benefit cannot be more than one-half of the amount of your pension that is based on earnings after 1956 on which you did not pay Social Security taxes.

Contacting Social Security

For more information and to find copies of our publications, visit our website at ***www.socialsecurity.gov*** or call toll-free, **1-800-772-1213** (for the deaf or hard of hearing, call our TTY number, **1-800-325-0778**). We treat all calls confidentially. We can answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. We can provide information by automated phone service 24 hours a day.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

Year	Substantial earnings
1937–1954	$900
1955–1958	$1,050
1959–1965	$1,200
1966–1967	$1,650
1968–1971	$1,950
1972	$2,250
1973	$2,700
1974	$3,300
1975	$3,525
1976	$3,825
1977	$4,125
1978	$4,425
1979	$4,725
1980	$5,100
1981	$5,550
1982	$6,075
1983	$6,675
1984	$7,050
1985	$7,425
1986	$7,875
1987	$8,175
1988	$8,400
1989	$8,925
1990	$9,525
1991	$9,900
1992	$10,350
1993	$10,725
1994	$11,250
1995	$11,325
1996	$11,625
1997	$12,150
1998	$12,675
1999	$13,425
2000	$14,175
2001	$14,925
2002	$15,750
2003	$16,125
2004	$16,275
2005	$16,725
2006	$17,475
2007	$18,150
2008	$18,975
2009–2011	$19,800

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent

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EFFECT OF WINDFALL ELIMINATION PROVISION ON 2011 PIA

NO GOVERNMENT PENSION:

$880 AIME

90%	of	$749	=	$674.10
32%	of	$119	=	38.00
				$712.10 PIA

WITH GOVERNMENT PENSION

40%	of	$749	=	$299.60
32%	of	$119	=	38.00
				$337.60 PIA

DIFFERENCE OF $374.50

Types of Social Security Benefits

Disability

- Totally disabled--any age
- Insured 10 yrs & 20/40
- Full payment early
- Disabled children (before age 22)
- Disabled widows/widowers

Types of Social Security Benefits

Wife/Husband's

- At 65--full payment is 1/2 worker's PIA
- Reduction 25/36 of 1% each month
- Paid only if less than own PIA
- At any age with child under 16 or disabled in care

Types of Social Security Benefits

Divorced Spousal

- Married 10 years
- Currently unmarried
- Can apply even if spouse currently working

Types of Social Security Benefits

- Widow/Widower's
- 100% of deceased worker's PIA at age 65
- Can collect earlier -- age 60
- Options when entitled on own PIA
- Disabled benefits -- age 50-60
- Affected by remarriage prior to age 60

GOVERNMENT PENSION OFFSET

(GPO)

- **Applies to Spousal or Widow(er)'s benefits**
- **Applies when Gov't pension was earned where no FICA taxes were withheld (non-covered work)**
- **2/3 of Gov't Pension is deducted from the Social Security spousal/widow(er)'s benefits**

GPO EXCEPTIONS:

DOES NOT APPLY IF:

.Eligible for Gov't pension before 12/1/82, **and** meets Social Security spousal eleigibility requirements in effect in 01/77. (Husbands had to be dependent upon wives for 1/2 support) (Divorced spouses had to be married 20 years)

.FERS enrollment **prior to 1/1/88**

.FERS enrollment after 1/1/88 **and** 5 years employment under FERS

RETIREMENT TEST

Yearly Earnings Limits

Under Full Retirement Age	**$14,160**
Full Retirement Age anytime during the year	**$37,680**
Month of Full Retirement Age & over	**no limit**

WHAT IS COUNTED:

"Earned Income" only -- gross wages as a worker
net profit as a sole proprietor

WHAT IS NOT COUNTED:

Everything except "Earned Income"...... pensions, tax deferred income, Investment income, IRA's, savings, VA benefits, etc.

EXCESS EARNINGS

Under Full Retirement Age	Year of Full Retirement Age
$1 for $2 over limit	$1 for $3 over limit (but only for months under FRA)

WHEN IS IT COUNTED:

When money is "earned" not when "paid". Calendar year basis

MONTHLY TEST

First Year Only

Under Full Retirement Age (FRA)	In year of FRA
$14,160 annual	$37,680 annual
$ 1,180 monthly	$ 3,140 monthly

Self-employment

45 hours per month

MEDICARE

Available at age 65 only - Exception: 2 years disability checks

PART A - HOSPITAL INSURANCE

No premium if 40 Social Security and/or Medicare credits

$1132 deductible - per benefit period

Pays all covered expenses up to 60 days

PART B - MEDICAL INSURANCE

2011 monthly premium $115.40 per individual

$162 annual deductible

Pays 80% of allowed charges

PART D – PRESCRIPTION DRUG COVERAGE

2011 monthly premiums average $37.00
Many plans to choose from

ENROLL AT AGE 65
automatic if collecting SSA checks otherwise must apply (if not working) to avoid later penalty
Working Aged Provision: When covered by employers plan or Spouse's employer plan & Coverage based on current employment

TAXATION OF SOCIAL SECURITY BENEFITS

. BEFORE 1984, SOCIAL SECURITY BENEFITS WERE NOT TAXABLE

. EFFECTIVE 1984, 2 THRESHOLDS:

$32,000 MARRIED, FILING JOINTLY

$25,000 SINGLE

THEN, IF ADJUSTED GROSS INCOME MEETS ABOVE THRESHOLDS,

<u>50%</u> OF SOCIAL SECURITY BENEFITS ARE TAXABLE

. EFFECTIVE 1994, <u>85%</u> IS TAXABLE IF:

$44,000 MARRIED, FILING JOINTLY

$34,000 SINGLE

<u>BUT,</u> RETAINS 1984 LAW FOR FIGURES UP TO 1994 LAW, i.e.,

<u>50%</u> of $32,000 - $44,000 married, filing jointly
$25,000 - $34,000 single

18

CALL SOCIAL SECURITY TOLL-FREE

1-800-772-1213

7 A.M. TO 7 P.M.

BEST TIMES TO CALL: BETWEEN 7 - 9 A.M.
AND
4 - 7 P.M.

AVOID MONDAY

AVOID FIRST WEEK OF THE MONTH (CHECK WEEK)

or

www.socialsecurity.gov

Tax Aspects of Retirement

Presented by the
Internal Revenue Service

IRS

Free Tax Help

- Information 1-800-829-1040
- Forms and Pubs 1-800-829-3676
- www.irs.gov

IRS

Topic Publications

- Pub. 17 Your Federal Income Tax
- Pub. 505 Tax Withholding and Estimated Taxes
- Pub. 523 Selling Your Home
- Pub. 554 Older Americans' Tax Guide
- Pub. 575 Pension and Annuity Income
- Pub. 590 Individual Retirement Arrangements
- Pub. 915 Social Security Benefits

IRS

Topic Forms

- Form 1040-ES Estimated Tax for Individuals
- Form 1099-R Distributions from Pensions, Annuities, IRA's, etc
- Form 5329 Additional Taxes Attributable to IRA's, Other Qualified Retirement Plans, etc.
- Form 5498 IRA Contribution Information
- Form 8606 Nondeductible IRA's

IRS

Taxable Portion of Retirement Income

- Fully Taxable
  - No basis (employee contribution) in the plan
  - All distributions are included in taxable income
- Partially Taxable
  - Basis or cost in the plan
  - Only the taxable portion of the distribution is included in taxable income

IRS

Determining Taxable Retirement Income

- The Simplified Method
- Based on total basis or cost in the plan and the total anticipated monthly payments
- Tax-free portion of each payment does not change once it's computed

IRS

Simplified Method

- Example:
- Single Life Table
- 55 or under at annuity starting date
- Number of payments to recover cost =360
- Cost in plan = 36,000
- 36,000/360 = 100 per month received tax free
- $1000 p/mon for 12 months - $12,000 gross for the year $10,800 taxable/$1200 tax-free

IRS

Lump-Sum Distribution

- From a qualified plan
- Employee's entire balance in plan
- Paid within a single year
- Made because the employee died, separated from service, or attained age 59 1/2

IRS

Tax Treatment

- Keep the money and report the entire taxable part of the distribution as ordinary income
- Roll over all or part of the distribution into a traditional IRA or another qualified plan within 60 days. No tax now, paid when distributed from new plan.

IRS

Rollovers

- Receive distribution from qualified retirement plan and transfer to another eligible plan
- Could be plan at another place of employment or a Traditional IRA
- Done within 60 days of receipt
- Direct transfer vs. payment made to you

IRS

Special Additional Taxes

- Early Distributions
- Required Distributions
- Excess Accumulations

IRS

Early Distributions

- Prior to reaching age 59 ½
- 10% additional tax
- Many exceptions
- Age 55 and separated from service
- Based on life expectancy

IRS

Required Distributions

- Must begin receiving payments by April 1st of the year that follows the later of:

- The calendar year in which you reach age 70 ½, or
- The calendar year in which you retire

IRS

Excess Accumulations

- Penalty for not taking at least the minimum
- Penalty equal to 50% of the shortfall

IRS

Thrift Savings Plan (TSP)

- Elect to defer pay rather than receive it
- All "pre-taxed" dollars, no cost basis
- Fully taxable when received
- Other distribution options
- Additional tax prior to 59 ½, unless exception met

IRS

Disability Income

- May be fully taxable, partially taxable or nontaxable
- Depending on how premiums were paid
- Employee, employer or other third party, or combination

IRS

Disability Pension

- Taxed as **wages** until you reach minimum retirement age
- Taxed as **pension** income once you reach minimum retirement age

IRS

Sickness or Injury Benefits

- Workers' Compensation
- Benefits from accident or health insurance policy
- Long-term care insurance benefits
- Nontaxable items

IRS

Veterans' Benefits

- Paid by the Department of Veterans Affairs are nontaxable
- Military retirement pensions based on length of service are taxed in the same manner as other pensions

IRS

Contribution Limits for Traditional IRAs

- Must have earned income
- Maximum contribution is $5,000 ($6,000 if age 50 or older)
- Must have not reached age 70 1/2
- Spousal IRAs have the same contribution limits

IRS

Deductible Contributions for Traditional IRA's

- Determining factors:

- Covered by an employer type plan
- Filing status
- Modified AGI

- AGI $90,000 for married filing joint
- AGI $56,000 for single

- If spouse not covered and AGI <$169K can take fully deductible IRA for spouse

IRS

Traditional IRA Distributions

- Taxable as ordinary income in year received
- Reported to taxpayer on Form 1099-R
- Fully taxable – only *deductible* contributions
- Partially taxable – *nondeductible* contributions

IRS

Minimum Distributions

- Distributions must begin by the **required beginning date**
- Must receive entire balance in the plan *or* **minimum required distribution**
- By April 1st of the year following the year in which you reach age 70 ½, and by every December 31st thereafter

IRS

Example

- Turn 70 on 12/3/2010
- Would be 70½ on 6/3/2011
- First distribution no later than 4/1/2012
- Second distribution by 12/31/2012
- Double up in 2012 – this can be avoided
- Calculated by dividing prior year end account balance by divisor – see pub. 590

IRS

Roth IRA Contributions

- Must have earned income
- All contributions are nondeductible
- Same contributions limits as traditional IRA's
- $5000($6000 if 50 or older)
- Contribution phase-out between $169-$179K for MFJ and between $107-$122K for single
- No age 70 ½ limit

IRS

Roth IRA Distributions

- Qualified distributions are **not** taxable
- Distribution made 5 years after Roth was established **and** at least age 59 ½
- No minimum distribution rules
- May convert Traditional IRA to Roth IRA

IRS

Social Security Benefits

- A portion of Social Security Benefits will be taxable if ½ of your benefits plus your other income exceed a base amount:

- $25,000 base amount for single:
- $25-$34K up to 50%, over $34K up to 85% included in income

- $32,000 base amount for married filing joint:
- $32-$44K up to 50%, over $44K up to 85% included in income

IRS

Sale of Home

- Exclusion of Gain – up to $250,000 for single and $500,000 for MFJ
- Ownership Test – owned home for at least 2 years during the 5 year period ending on the date of the sale
- Use Test – lived in the home as your main home for 2 of the last 5 years

IRS

Withholding & Estimated Tax Payments

- "Pay as you go system"
- Have tax withheld at the source – form W-4P
- Expect to owe at least $1000 in tax after subtracting withholding and credits
- Estimated tax payments – "safe harbor rule"
- 90% of tax liability on current year return
- 100% of tax liability on prior year return
- See form 1040-ES

IRS

Good luck in your future endeavors.

IRS

Minnesota Revenue
State Retirement Information

Income Tax and Withholding Division
Outreach Program

Hillary Jasicki
Volunteer Coordinator

Free Tax Help

- For senior, low to middle income, and disabled taxpayers
- When: February 1st – April 15th
- Call: 651-297-3724 or 1-800-657-3989, or
- Go online: www.revenue.state.mn.us

- Interested in volunteering?
  - Sign up on our web site or call 651-556-6389
  - Training is provided
  - Volunteers certified by IRS
  - Program e-files returns

Additions & Subtractions

- Additions:
  - Standard deduction for married taxpayers
  - Non-Minnesota municipal bond interest
  - Lump sum distribution (capital gain portion) from federal Form 4972 (qualified retirement plan)
- Subtractions:
  - U.S. bond interest
  - Subtraction for persons age 65 or disabled (Schedule M1R), if income requirements are met
  - Railroad Retirement Board income
  - Charitable contributions over $500

Credits

- Minnesota child and dependent care credit
  - Disabled spouse or dependent
  - Household income limitation
- Long-term care insurance premiums
  - Up to $100 nonrefundable credit per person
- Marriage credit if filing a joint return
  - Both spouses must have taxable earned income, taxable pension, or taxable Social Security income
  - Income requirements must be met

Estimated Tax Payments

Estimated Taxes – Form M14

- If your tax liability is over $500 and you receive income which is not subject to withholding you must make quarterly payments.
- Social Security- state income tax cannot be withheld
  - Pay by check – vouchers
  - E-File Minnesota
    - Direct withdrawal from bank account
  - Pay by credit/debit card – fee
    - Pay over internet or by phone
- Underpayment penalty exceptions

Property Tax Refund

Minnesota resident who is a renter or homeowner may qualify for refund if:

- Property must be principle place of residence
- Taxpayer must be full or part-year resident
- Household income limitations
- Property must be assessed property taxes
- Homeowner must own and occupy their home on January 2 of the following year
- Special Property Tax refund for homeowners

Residency

- Residency determines how much of your income is taxable to Minnesota
  - Deferred compensation taxable to Minnesota
  - Pension follows state of residency
  - Social security follows state of residency
- Tests used to determine Residency
  - 183 Day Rule

    Spend at least 183 days in MN and you, or your spouse, own, rent or occupy an abode
  - Domicile

    26 factors used to determine an individual's permanent residence; the place they intend to make their home for an indefinite period of time

Domicile

"When it comes to determining residency, your words and actions are both considered, but of the two your actions carry more weight than words."

Page 2, Income Tax Fact Sheet #1 (Residency)

Common Factors

- **Property ownership and residence**:
  - Homestead status, location of home, mailing address, amount of time spent in Minnesota
- **Financial data**:
  - Location of bank accounts, state in which you filed previous resident tax returns
- **Licenses and registrations:**
  - Voting, driver license, vehicle registration, professional licenses

Common Factors Cont.

- **Affiliations:**
  - Place of worship, union membership, social memberships
- **Family and dependents:**
  - Where your spouse or dependents reside

Page 2, Income Tax Fact Sheet #1 (Residency)

States with No Income Tax

- Alaska
- Florida
- Nevada
- New Hampshire
- South Dakota
- Tennessee
- Texas
- Washington
- Wyoming

Helpful Web Sites

- www.revenue.state.mn.us
  - Fact Sheets
  - E-file
  - Refund status
  - Make payments
  - Email questions- indinctax@state.mn.us
- www.irs.gov
  - Publications
  - Instructions
- www.retirementliving.com
  - Compare tax burden by state
  - Retirement community information
  - Agencies for retirees

Minnesota Tax Questions

Minnesota Revenue

Income Tax and Withholding Division

651-296-3781 or 1-800-652-9094

www.revenue.state.mn.us

Enjoy Your Retirement!

Thank you for your attention!

Questions?

Civil Servant How-To Guide:

One-Year to Six Months in Advance:

___Establish Venue/Date (one year in advance)
___Find keynote speaker (fall – 6 months out)
___Contact Color Guard and fill out request form
___Send out initial letter to agencies

Six Months to 1 Month in Advance:

___Send out award nomination requests (January)
___Set up awards luncheon registration website
___Confirm sponsors and send out sponsorship requests to BCBS, GEHA, Geico, and U.S. Federal Credit Union (February)
___Check on top 5 trophy inventory and paper weight supply (gift for speaker) order as needed
___Confirm photographer (January)
___Set date in April for Blue Ribbon Panel and send out invitation to U.S. Congressional staff (March)
___Download nomination applications and save in O Drive (save as with agency first, then nominee name, ex. BIA_Rosalie_Clark), make sure all nominees are accounted for
___Send list of nominees to John Sorensen at Skylane Bowling (end of March/1sts week of April)
___Confirm Blue Ribbon Panel (1st week in April)

Four weeks before to Day before the Event:
___Have interns double check to ensure all apps downloaded and accounted for and all names spelled correctly
___Work on booklet (move names to different folder once they are placed in the booklet)
___Have numerous people proofread booklet
___Send out sample booklet via Agency Heads to ensure everyone is included on it
___Bring booklet down to VA to print
___Have Blue Ribbon Panel meeting (late April)
___Send John Sorensen the trophies and names of top five
___Finalize tables and seating – make sure to send instructions and seating diagram with table numbers on it
___Upload booklet to website
___Create sheet with list of winners on it and print
___Bring banner over to hotel a few days before event

This guide is to help you through the planning of the Civil Servant of the Year Awards. Enclosed is a checklist breaking down what needs to be done when, also sample spreadsheets, letters and other forms you will need. Locations of these documents will also be available.

Retirement Planning
Entering the Next Stage of Your Life

Charles P. Buck CFP ®

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

"Helping you Determine your Financial Future"

Charles P Buck CFP® — Buck Financial Advisors, LLC

Basic Considerations

- Longevity
- How you spend you 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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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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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 to conservative

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How to Find a Financial Planner

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

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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

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PROFESSIONAL ASSOCIATION

Estate Planning for Mid-Career Professionals

Presented by

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January 17, 2012 Edition

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.

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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.

Since 1976

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).

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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)

Since 1976

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.

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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)

Since 1976

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3. Beneficiary Designations (ctd.)

A. False. In **<u>most</u>** 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.

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3. Beneficiary Designations (ctd.)

B. **FALSE**. RARELY (IF EVER) SHOULD AN IRA OR RETIREMENT 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 raiment accounts and life insurance, I recommend that you consider taking your business elsewhere.

Since 1976

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.

Year	Exemption	Top Tax Rate*
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.

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Current Status of the Federal Estate Tax

Year	Exemption	Top Tax Rate
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

Since 1976

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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.

Since 1976

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.

Henson & Efron

PROFESSIONAL ASSOCIATION

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Retirement Planning
Entering the Next Stage of Your Life

Lauri Salverda, CFA, CFP®

Clerestory Advisors, Inc.
750 Main Street
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Mendota Heights, MN 55118
651-209-2610

lauri@clerestoryadvisors.com

Basic Considerations

- Longevity
- How you would like to spend you 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?

- 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?

GAP	Amount Needed Today*
$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 to conservative

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How to Find a Financial Planner

- Professional or Personal Referrals
- CFP Board of Standards - www.cfp.net/search 800-487-1497
- NAPFA – www.napfa.org/consumer/planners/index.asp 800-366-2732
- FPA – 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
- 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
Thomas J. Woessner
Lindquist & Vennum, P.L.L.P.
4200 IDS Center – 80 South Eighth Street – Minneapolis, MN 55402
612-371-3517

January 17, 2012 Edition

Do I need a Will?

Do I need a Will?

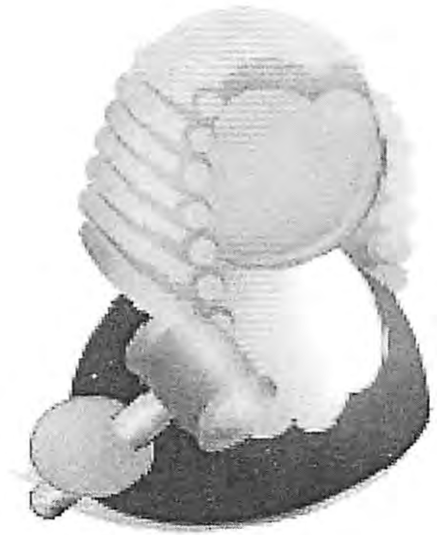
- A will is a written document that provides for the disposition of a person's estate at death. In order to be effective a will must meet certain requirements regarding execution and witnessing which are specified by state law.

- 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.



January 17, 2012 Edition

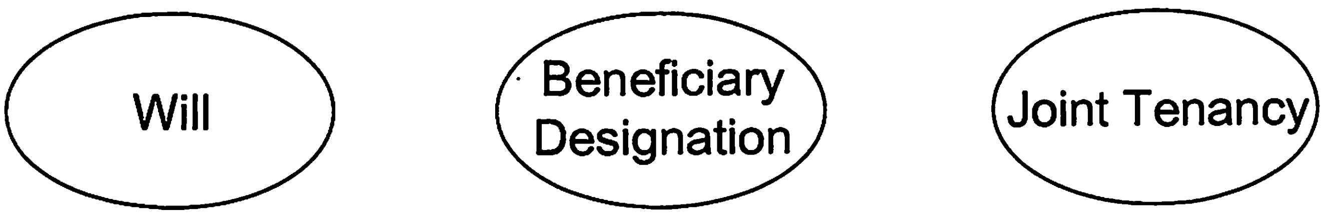
If I have a will,
I will avoid the need for a probate proceeding.

- A will governs the disposition of “probate” property which is property titled in the individual’s name alone.

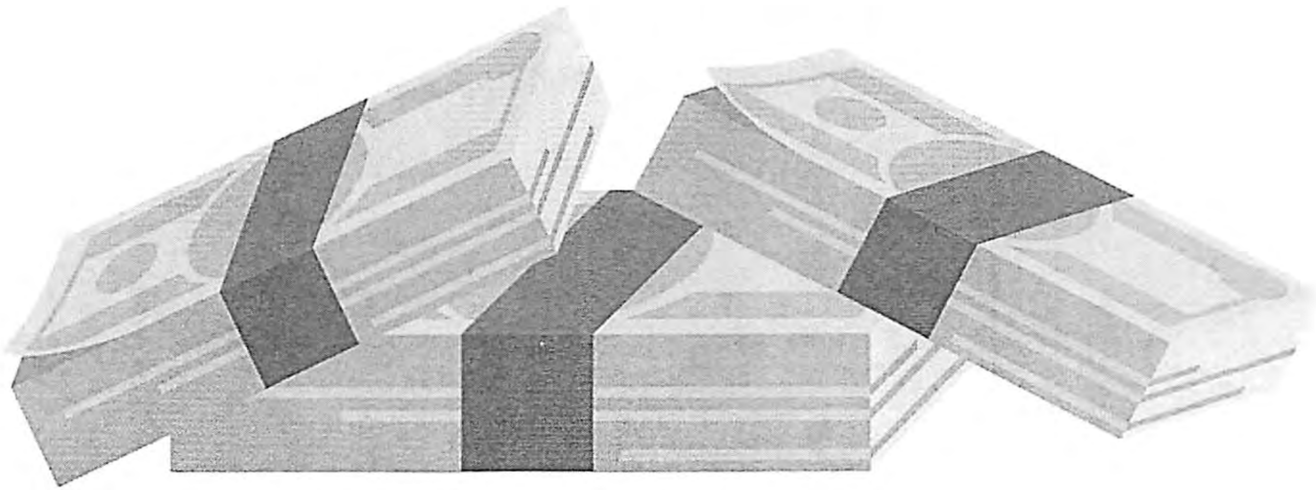
- A probate proceeding is the process by which probate property is collected and ultimately distributed pursuant to the decedent’s will, or if not, pursuant to state law.

- Non-probate property is property that passes outside of probate proceedings.

How Property Passes



Trusts are only for the wealthy.



January 17, 2012 Edition

Trusts are only for the wealthy.

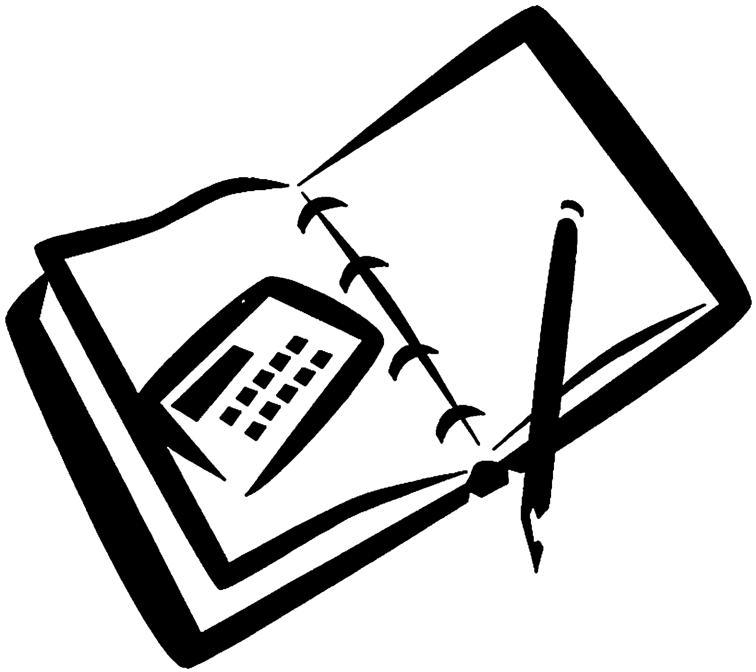
- A trust is a separate legal entity created by an agreement appointing a trustee who is given responsibility for managing the trust assets and distributing them to the beneficiaries in accordance with the terms of the trust.
- A trustee can be an individual and/or a bank or trust company.
- A trustee 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.

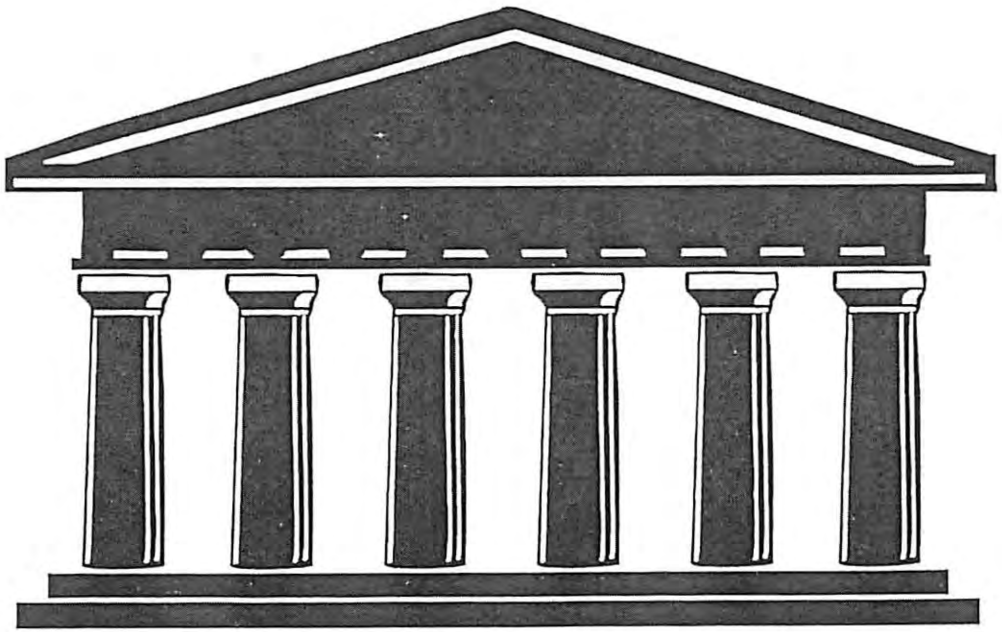
I need a revocable trust to save taxes.



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.

January 17, 2012 Edition

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%.

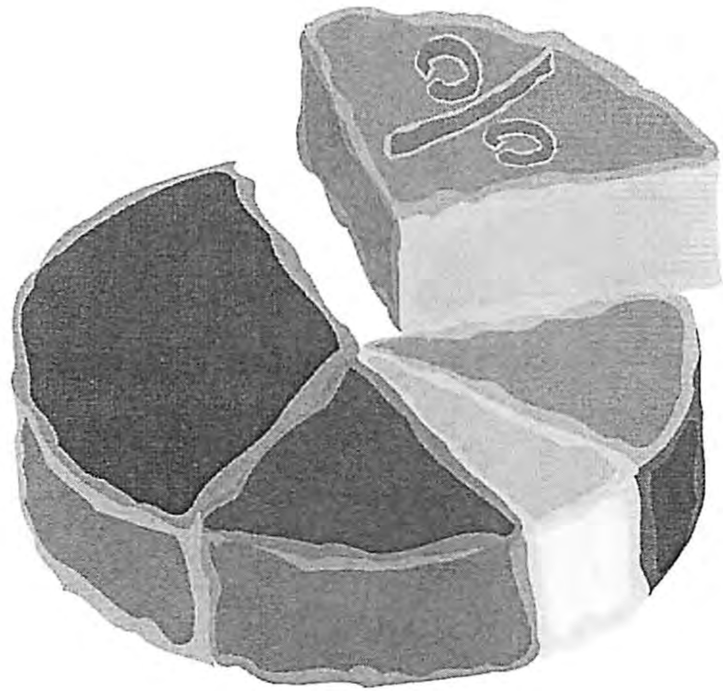
Life insurance is not subject to estate taxes.

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.

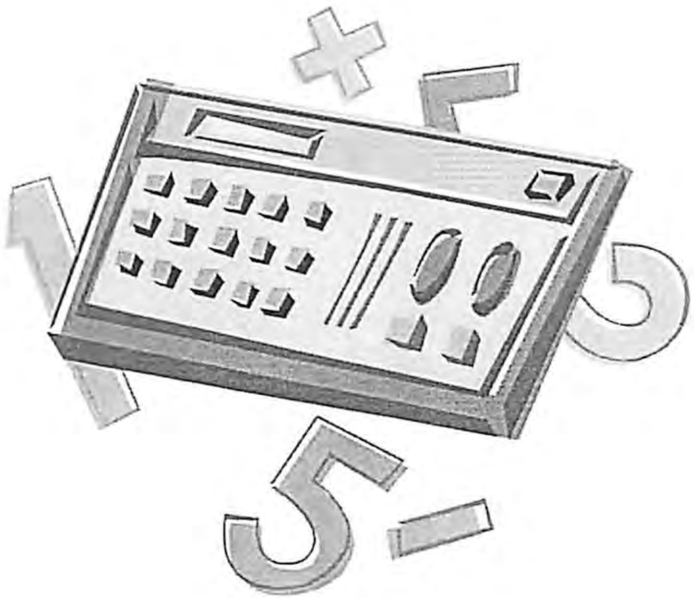


Estate taxes will reduce the assets I leave to my spouse.

- Generally, assets passing at death to a surviving spouse qualify for the marital deduction and are not subject to estate taxes.

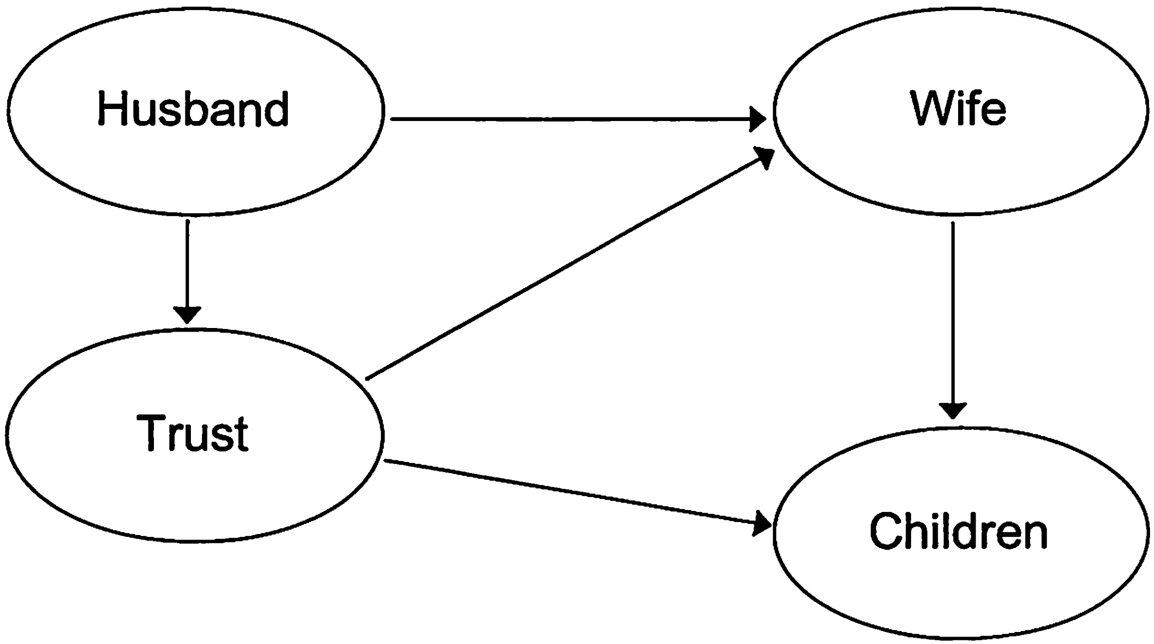
- The marital deduction is unlimited in amount and is available for outright gifts and for certain gifts in trust.

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.

January 17, 2012 Edition

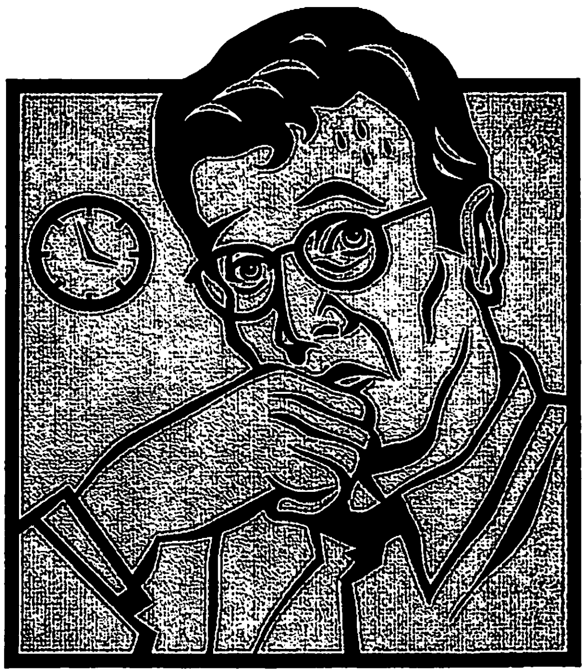
If I have a will
I have completed my estate planning.

- 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

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: **<u>I do not wish to limit or exclude any power in (A) through (D).</u>**

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: ____

____

____

____

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: ____________________

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

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

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

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:

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:

Where I would like to live to receive health care:

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

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

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

Any other things:

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)
) ss.
COUNTY OF HENNEPIN)

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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LINDQUIST&VENNUM

January 17, 2012 Edition

FINANCIAL INVENTORY

Ownership and Approximate Value

<u>ASSETS</u>

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 *(describe)*			
______	______	______	______
______	______	______	______
______	______	______	______
______	______	______	______
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 *(describe)*			
TOTAL LIABILITIES			

Beneficiary Designations:

Life Insurance Primary:

Contingent:

Retirement Plans Primary:

Contingent:

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ADDITIONAL INFORMATION

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

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

____

____

____

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

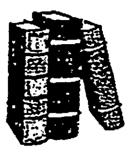
Pre-Retirement on / /
Mid-Career on / /
Orientation on / /
Date

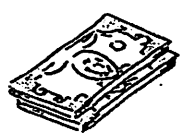
The seminar met my needs

1 2 3 4 5

No Definitely

I liked: 

I learned: 

Of most value to me was: 

Additional information I would like to see: