

The **10 Worst Mistakes** Federal Retirees Can Make



Retirement Planning Recommendations from NARFE – the *only* association dedicated solely to preserving and improving the health care and retirement benefits of federal workers and retirees.

National Active and Retired Federal Employees Association



The decisions you make in retirement are important. Here are the **10 Worst Mistakes** federal retirees can make.

1. Moving before investigating

Relocating before you have examined all the pros and cons of a new area can be an expensive mistake. Thoroughly assess and compare the financial, emotional, cultural, medical, proximity to family and other considerations to prevent making a decision you may later regret. Focus on the reality, rather than the dreams, of retirement. Once a year, NARFE publishes a special section in *NARFE Magazine* on state taxes of federal retirement benefits. You should research all state and local taxes when relocating.

2. Not thoroughly reading mail from OPM

It is important to open and read the information sent to you by the Office of Personnel Management (OPM) after you retire. Remember, OPM serves as a retiree's payroll office. OPM notices are sometimes general in nature, but more often they are about your specific individual retirement benefits. **In particular, OPM sends a cost-of-living notice each December with important information, such as what to do to provide survivor benefits if you marry after retirement.** Ignoring mail from OPM could result in loss of benefits or a decrease in monthly annuity. In addition, not reading your OPM mail could prevent you from being able to appeal any adverse action being taken affecting your benefits. Members who do not understand an OPM notice or letter can contact their local NARFE chapter service officer for assistance. Of course, you must always notify OPM if your current mailing address changes.

3. Ignoring your change in insurance needs upon retirement

The Federal Employees' Group Life Insurance Programs (options A, B and C) increase in monthly premiums by nearly 50 percent at ages 55 and 60. Many retirees who maintain the same coverage they had as employees are overpaying. Examine your needs to determine what purpose life insurance serves for you. While you should have considered long-term care insurance *before* you retired when the requirements are less restrictive, if you are able to drop or reduce your life insurance, you would have more money available for long-term care insurance.

4. Not reading the annual federal benefits Open Season material

Just because you are satisfied with the health, long-term care, dental or vision insurance plan you have this year doesn't mean you shouldn't read the upcoming year's information sent by your plan(s) every year or the information sent by your retirement or compensation office. Something changes every year, whether it's a health plan dropping out of the program, or plans merging, changing areas of coverage, dropping an option or increasing / decreasing premiums. Your health plan's premium may be increasing to a point that your annuity will not be large enough in the upcoming year to pay the monthly premiums, and you need to change plans, options or method of payment. You get a lot of information during the annual Open Season, but it is important to read it. Members who need assistance on understanding the material can contact their local NARFE chapter service officer.

5. Changing FEHB coverage to Self Only when your spouse has his or her own nonfederal coverage

If you change your coverage to a Self Only option and your spouse does not have his or her own Federal Employees Health Benefits (FEHB) Program coverage as a federal retiree, your spouse will not be able to continue FEHB coverage in the event of your death. As a federal retiree, you must not only elect a survivor benefit but also have an enrollment covering your spouse in effect at the time of death for your spouse to ensure continued FEHB health coverage.

6. Choosing the wrong health care options for a federally employed family

Choosing between having a family enrollment and having two Self Only enrollments is an important decision with financial implications. Each family has its own unique situation that will determine what's best for them. For example, if one family member is still a federal employee, it would be beneficial for the employee to carry the family enrollment to take advantage of the "premium conversion" tax exclusion afforded only to active employees.



7. Closing your old bank account too soon

When your retirement check is being directly deposited into your account, and you want to change the bank or account, do not close your old savings or checking account until you know for sure your retirement payments are being deposited in the new account. Too often, the bank-change request does not go into effect until the next month's payment cycle, resulting in the next payment being sent to the old account. If that account is closed, then the payment is returned, and it could be another month before it is reissued.

8. Neglecting to elect a survivor benefit upon marriage or remarriage

If you marry or remarry after retirement, you have up to two years to elect a survivor benefit for your spouse. **Don't forget, upon your death your survivor cannot continue your health benefits coverage unless you have elected to provide a survivor benefit.**

9. Not checking your federal retirement benefits online

All retirees can view their current benefits and the amount of their next scheduled payment online, using OPM's Services Online website. To use it, you will need the PIN number you were issued by OPM or request one by going to www.opm.gov/retire. By keeping track of your benefits, you will be able to know ahead of time if your next payment is the correct amount and going to the right address.

Log in to your account at least once per year to avoid having to reset your password. There are many things that you can do in just a few minutes on OPM's Services Online site that could take weeks or months to accomplish by phone or mail.

And the **WORST MISTAKE** Federal Retirees Can Make:

10. Not Joining NARFE

NARFE has the knowledge and support you need to help guide you in retirement. NARFE has more than 95 years of experience lobbying for federal retirement matters on Capitol Hill. NARFE's Federal Benefits Service staff are former employees of OPM and the Social Security Administration with years of experience in federal retirement and insurance issues. Every month *NARFE Magazine* provides members with the latest news on issues that affect their income and benefits security.



NARFE Membership Provides:

Legislative Representation

NARFE's national legislative program is advanced in Congress by a team of registered lobbyists backed by an informed network of grass-roots activists in every state and congressional district, and a member-supported Political Action Committee. The Association's strong supporters and years of experience on Capitol Hill and in federal agencies have made NARFE a name respected by members of Congress and a key player in the federal community.

NARFE Magazine

NARFE's award-winning monthly magazine for active and retired federal employees gives current information about legislative issues that affect you, an in-depth look at federal benefits and financial planning topics, questions and answers and more!

NARFE Retirement Support

NARFE's Federal Benefits Services Department, along with local Service Centers and chapter service officers are available to assist you with your benefits questions. Additionally, members have access to the NARFE Federal Benefits Institute, offering webinars and valuable resources with guidance on CSRS and FERS retirement, health and life insurance, Medicare, Social Security, Federal Long Term Care Insurance, the Thrift Savings Plan and more.

Special Membership Discounts

Your membership entitles you to special rates on insurance programs, auto insurance, NARFE's Benefits Service Department, Service Center volunteers and chapter service officers throughout the country help federal employees, retirees, their spouses and beneficiaries in matters relating to CSRS and FERS retirement; employee or retiree health, life and long-term care insurance; Medicare; Social Security; and the Thrift Savings Plan.

DON'T MAKE THE **SAME MISTAKES!**
PROTECT **YOUR** EARNED BENEFITS.

Join NARFE today!

The National Active and Retired Federal Employees Association (NARFE) is the *only* association solely dedicated to safeguarding and enhancing the benefits of America's active and retired federal employees, and their survivors. www.NARFE.org/Join ♦ 800-456-8410

NARFE does not provide legal advice or assistance, does not provide financial planning advice or assistance, and does not provide tax advice or assistance. For legal, financial planning or tax advice/assistance, NARFE recommends members contact an attorney, financial planner or certified public accountant/tax adviser.



Active and Retired Federal Employees ... Join NARFE Today!

The only organization dedicated solely to protecting and preserving the benefits of all federal workers and retirees, NARFE informs you of any developments and proposals that affect your compensation, retirement and health benefits, AND provides clear answers to your questions.

Who Should Join the National Active and Retired Federal Employees Association?

If your future security is tied to federal retirement benefits – federal retirees, current employees, spouses and individual survivors – you should join NARFE.

NARFE MEMBER BENEFITS

- Get monthly issues of *narfe* magazine with news and insights for the federal community.
- Access the NARFE Federal Benefits Institute for powerful resources to help you fully understand and manage your benefits.
- Visit the Legislative Action Center to contact your representatives about bills affecting federal benefits.
- Visit the Member Perks page for a full listing of the many time-, money- and hassle-saving benefits available only to NARFE members.
- The opportunity to get involved at the local level by joining a chapter in your area.

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NARFE MEMBERSHIP APPLICATION

YES. I want to join NARFE for the low annual dues of \$40.

Mr. Mrs. Miss Ms.

Full Name

Street Address

Apt./Unit

City

State

ZIP

Phone

Email

I am a (check all that apply)

- Active Federal Employee Active Federal Employee Spouse
 Annuitant Annuitant Spouse Survivor Annuitant

Please enroll my spouse

Spouse's Full Name

Spouse's Email

THREE EASY WAYS TO JOIN

1. **Complete this application** and mail with your payment to NARFE / Member Records / 606 N. Washington St. / Alexandria, VA 22314-1914
2. Join online at **www.narfe.org**.
3. **Call 800-627-3394**, Monday through Friday, 8 a.m. to 5 p.m. ET.

PAYMENT OPTIONS

- Check, Money Order or Bill Pay (Payable to NARFE)
 Bill me (*NARFE membership will start when payment is received.*)
 Charge my:
 MasterCard VISA Discover AMEX

Card No.

Expiration Date ____ / ____
mm yyyy

Name on Card

Signature

Date

TOTAL DUES

\$40 Annual Dues X _____ = _____
Per Person # Enrolling Total Dues

Dues payments are not deductible as charitable contributions for federal income tax purposes.

Looking to meet others in the federal community and participate in NARFE at a local level? Call **800-627-3394** to learn about a NARFE chapter in your area.

Or, if known, add Chapter # to join now _____

MAY WE THANK SOMEONE? If applicable, please provide the name, membership and chapter number of the member who introduced you to NARFE:

Recruiter's Name

Recruiter's Membership ID

Recruiter's Chapter Number

NARFE respects the privacy of our members. Personal information is used to provide content and relevant communications to our members, and will not be sold or rented to third parties without your express permission.

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