



Retiring Early Under MRA+10 Rules



Retiring Early Under MRA+10 Rules

Welcome

- » Our audience today
- » Q&A – the ProFeds Support Team standing by
- » Handouts – available for download
- » Recorded – how to get the replay
- » Stay until the end!

Retiring Early Under MRA+10 Rules

Your ProFeds Presenter



Chris Kowalik

- » ProFeds Founder
- » Developer of the FedImpact Retirement Workshop
- » Host of the FedImpact Podcast



Support Team

- » Standing by for your questions

Retiring Early Under MRA+10 Rules

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**What you gain, what you lose and
what you never get back**

Retiring Early Under MRA+10 Rules

Agenda

- » MRA+10 Rules
 - Who qualifies and what's the catch?
 - Point of clarification: this is NOT an "early out"
- » Review 3 case studies to assess outcomes
 - Income: Pension, Social Security, Supplement, TSP
 - Benefits: Survivor Benefits, FEGLI, FEHB

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Full Eligibility to Retire

FERS Full Eligibility	
Age	Years
62	5
60	20
MRA (55-57)	30

Minimum Retirement Age

Born in	MRA
1947 & earlier	55
1948	55 & 2 months
1949	55 & 4 months
1950	55 & 6 months
1951	55 & 8 months
1952	55 & 10 months
1953-1964	56
1965	56 & 2 months
1966	56 & 4 months
1967	56 & 6 months
1968	56 & 8 months
1969	56 & 10 months
1970 & later	57

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MRA+10 Retirement

- » Only applies to FERS employees who:
 - have NOT met the requirements to be "fully-eligible," but
 - have reached their Minimum Retirement Age (55-57), AND
 - have at least 10 years of creditable years of service (5 years must be federal)

FERS MRA+10 Eligibility	
Age	Years
MRA (55-57)	10
Penalties apply to the pension!	

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MRA+10 Retirement

- » Pension choice #1:
 - Take the pension right away with a penalty applied
 - The penalty is 5% for every year you are under age 62 (months are prorated)
 - The penalty is PERMANENT

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MRA+10 Retirement

- » Pension choice #2:
 - Voluntarily postpone receiving the pension to avoid or mitigating the penalty
 - To avoid the penalty, wait until you reach either age 60 or 62 (depending on the years of service you have):
 - Those with 20-29 years of service must wait until age 60
 - Those with 10-19 years of service must wait until age 62
 - To mitigate the penalty, get closer to age 60 or 62 above

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MRA+10 Retirement

- » Other direct consequences to MRA+10 retirements:
 - You are ineligible for the **Special Retirement Supplement** usually paid to FERS employees retiring under age 62
 - You are still eligible for **FEHB** and **FEGLI** coverage, but you must be drawing the pension for the coverage to be active
 - NOTE: If you voluntarily postpone receiving the pension (to avoid the penalty), FEHB and FEGLI will be lost temporarily, but will be restored when you begin receiving the pension

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MRA+10 Retirement

- » Indirect consequences to MRA+10 retirements:
 - **Lower pension calculation** because fewer years are included in the pension than if you waited until fully-eligible
 - **Lower survivor benefits** for a spouse since the starting pension will be lower than if you wait until fully-eligible
 - **Smaller Thrift Savings Plan** (fewer years to contribute)
 - **Smaller Social Security benefits** (fewer years to contribute)

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Our Case Studies Today

- » Current Situation:
 - Age: 57
 - Years: 27
 - Salary: \$80,000/year
 - TSP: \$26,000/year
 - SS at 62: \$1,200/mo
 - FEGLI: \$498,000



Our Case Studies Today

Wendy



Willing to wait until fully-eligible

Patrick



Probably taking a private sector job

Robin



Really going to retire (for real!)

Wendy



Willing to wait until fully-eligible

WENDY: Willing to wait until fully-eligible (age 60)

- » PAY (57-59): \$242,867 (federal job)
- » TSP (57-59): \$90,143 (\$26k/yr added and 5% match)
- » PENSION: \$24,286/year
- » SRS (60-61): \$21,600
- » FEHB & FEGLI: Can keep as long as she had coverage for 5 years immediately prior to retiring

Patrick



Probably taking a private sector job

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PATRICK: Probably taking a private sector job (age 57)

FEDERAL JOB

- » PENSION: \$15,714/year (take at 57 w/ 25% penalty)
\$20,952/year (postpone taking to age 60)
- » SRS: Ineligible
- » PAY (57-59): None
- » TSP (57-59): None
- » FEHB & FEGLI: Can keep as long as he had coverage for 5 years immediately prior to retiring, AND is drawing his federal pension

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PATRICK: Probably taking a private sector job (age 57)

PRIVATE SECTOR JOB

- » PENSION: None
- » PAY (57-59): \$242,867
- » 401(k) (57-59): \$85,286 (\$26k/yr added and 3% match)
- » Health benefit: available but more costly than FEHB
- » Life benefit: available but more costly than FEGLI

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Robin



**Really going
to retire
(for real!)**

Retiring Early Under MRA+10 Rules

ROBIN: Really going to retire (age 57)

- » PENSION: **\$15,714/year** (take at 57 w/ 25% penalty)
\$20,952/year (postpone taking to age 60)
- » SRS: Ineligible
- » PAY (57-59): None
- » TSP (57-59): None
- » FEHB & FEGLI: Can keep as long as she had coverage for 5 years immediately prior to retiring, AND is drawing her federal pension

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Comparing Wendy, Patrick & Robin

Who	Pay (57-59)	Pension (57-59)	Pension (60-65)	SRS (60-61)	TSP/401(k) (extra by 60)
Wendy	\$242,867	\$0 (kept working)	\$741,461	\$21,600	\$90,143
Patrick	\$242,867	\$0 (postponed)	\$639,673	\$0	\$85,286
Robin	\$0	\$47,142 (started @57)	\$479,755	\$0	\$0

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**Who won
&
Who lost?**

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Get the Rest of the Story

CSRS & FERS Pensions • FLTClP • TSP
Survivor Benefit Plan • Social Security
FERS Supplement • FEGLI • FEHB

**TAKE THE GUESSWORK OUT OF
RETIRING FROM FEDERAL SERVICE**

"The workshop you delivered yesterday was phenomenal. I enjoyed the presentation as well as the class participation and interaction."
U.S. Office of Personnel Management

"The most information I have ever received and received in my 25/26 military and federal years."
U.S. Department of Defense

FEDIMPACT
Retirement Training by PROFEDS

GSA Schedule
Contract #75R01200001

- » Attend a workshop:
 - Virtual and live options
 - No cost to attend
 - Covers all of the federal benefit topics and decisions to be made
- » See all the details at: FedImpact.com/Attend

Handouts and Replay



- » Handouts
 - Download
 - Emailed
- » Replay
 - Link will be emailed to all registered participants

Next Webinar



- » Next webinar topic!
 - **Retiring Under an Early Out Offer**
Uncovering the opportunities (and the consequences) to leaving federal service under the VERA/VSIP
- » Sign-up at:
FedImpact.com/Webinar

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