

Welcome

- » About today's topic
- » 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!

What if You Die While Employed?

Your ProFeds Presenter



FEDIMPACT Retirement Training by PROFEDS

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Support Team

» Standing by for your questions

What if You Die While Employed?

What if You Die While Employed?

What happens when the unexpected happens

Agenda

- **» PENSION:** Who can be protected to receive your pension and what eligibility requirements must be met
- **» LUMP-SUM:** Which benefits are paid out lump-sum and how they are calculated
- **» ACTION STEPS:** What to do now to prepare your family if this happens to you

What if You Die While Employed?

What this webinar will NOT cover

What if You Die While Employed?

What this Webinar Will NOT Cover

- » If you retire and then die
- » If you die "on the job" or "in the line of duty"
- » Tax advice (just tax awareness)
- » All the nooks and crannies of all of the exceptions

What if You Die While Employed?

Outline of Benefits to Cover Today

- » If you die while employed, what happens to:
 - Your last paycheck
 - Your annual leave balance
 - Your CSRS/FERS pension
- » Are there any special payments to:
 - Your spouse
 - Your children

UNPAID COMPENSATION

What if You Die While Employed?

Unpaid Compensation

- » Your <u>final paycheck</u> and the value of your unused <u>annual</u> <u>leave balance</u> will be paid to your designated beneficiary
- » You can designate that beneficiary (or beneficiaries) on this form:



What if You Die While Employed?

YOUR CSRS/FERS FEDERAL PENSION

What if You Die While Employed?

Retirement Contributions

- » While you were working, you contribute to either CSRS or FERS
 - The amount you are required to contribute varies (see table to right)
 - These contributions are separate from what you may choose to put into TSP

Retirement Contributions		
System	Amount	
CSRS	7.0%*	
CSRS Offset	0.8%*	
FERS	0.8%*	
FERS-FRAE (hired/rehired in 2013)	3.1%*	
FERS-RAE (hired/rehired in 2014+)	4.4%*	
* Law Enforcement Officers, Firefighters and Air Traffic Controllers contribute an extra 0.5% on top of the figures above		

Retirement Contributions

- » When you retire, those contributions (along your agency's contributions and interest) will be used to fund the lifetime pension you receive under CSRS or FERS
- » But what happens if you were to die before having a chance to draw that pension?
- » To know that, we have to define a few things first...

What if You Die While Employed?

Definition of 'Married'

- » Married at the time of death and:
 - had been married for at least 9 months, OR
 - there was a child born of the marriage, OR
 - the employee's death was accidental
- » Common Law
 - OPM recognizes common-law marriages for employees residing in common-law states

What if You Die While Employed?

Former Spouses with a Court Order

- » Court Orders
 - A <u>former</u> spouse may be awarded certain benefits by court order
 - A <u>former</u> spouse can lose entitlement to court-ordered benefits due to:
 - their death, or
 - their remarriage before age 55 (unless you were married to each other for 30+ years)

What if You Die While Employed?

Current Spouses

- » Qualify for benefits:
 - A <u>current</u> spouse must meet certain rules to be eligible
 - Your <u>current</u> spouse's benefits may be reduced (or eliminated) if a former spouse has a Court Order awarding them benefits
 - A **<u>current</u>** spouse can lose entitlement to benefits due to:
 - · their death, or
 - their remarriage before age 55 (unless you were married to each other for 30+ years)

How Are Beneficiaries Determined

- » You may designate them on specific forms, or
- » If there is <u>no beneficiary named</u>, this is the order:
 - 1. Your widow or widower, then
 - Your child or children equally, and descendants of deceased children by representation, then
 - 3. Your parents equally or surviving parent, then
 - 4. The appointed executor of your estate, then
 - 5. Your next of kin entitled to your estate under the laws of the state you resided

What if You Die While Employed?

Various Scenarios to Consider

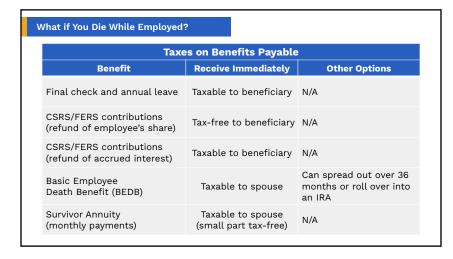
- » Not married at time of death (or do not meet the 'married' definition)
- » Married with less than 18 months of service
- » Married with 18 months to less than 10 years of service
- » Married with 10+ years of service

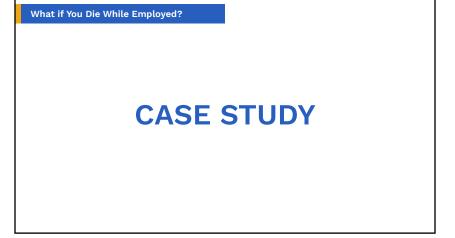
What if You Die While Employed? The Federal Pension Scenario **CSRS FERS** Not married Beneficiary receives a refund of all of the employee's (or does not meet CSRS or FERS contributions (plus interest) as long as the requirements) there are no survivors (spouse, former spouse or child) entitled to a monthly survivor annuity Beneficiaries are named on: Married but with Designation of Beneficiary SF-2808 (CSRS) or SF-3102 (FERS) less than 18 months of federal service

18 months to less than 10 years of service NOTE: At least 18 months must be federal service a refund of all of the employee's CSRS contributions (plus interest) as long as there are no surv (spouse, former spouse or child) entitled to a monthly survivor annuity. a refund of all of the employee's FERS contributions (plus interest) as long as there are no surv (spouse, former spouse or child) entitled to a monthly survivor annuity. Spouse receives the Basic Employee Death Benefit (BEDB): "Lump-sum payment of the higher - 50% of the high-3, OR - 50% of the final salary (basic payment).	hat if You Die While	e Employed?			
Married with 18 months to 18 months to 18 months to 19 the employee's 18 contributions of service NOTE: At least 18 months must be federal service Months to 10 the employee's 10 contributions (plus interest) as long as there are no surv (spouse, former spouse or child) entitled to a monthly survivor annuity. Months must be federal service Mont	The Federal Pension				
a refund of all of the employee's CSRS contributions (plus interest) as long as there are no surv (spouse, former spouse or child) entitled to a monthly survivor annuity. a refund of all of the employee's CSRS contributions (plus interest) as long as there are no surv (spouse, former spouse or child) entitled to a monthly survivor annuity. be federal service a refund of all of the employee's FERS contributions (plus interest) as long as there are no surv (spouse, former spouse or child) entitled to a monthly survivor annuity. Spouse receives the Basic Employee Death Benefit (BEDB): Lump-sum payment of the higher 50% of the high-3, OR 50% of the final salary (basic payment)	Scenario	CSRS	FERS		
» Lump-sum payment of \$37,055*	18 months to less than 10 years of service NOTE: At least 18 months must	a refund of all of the employee's CSRS contributions (plus interest) as long as there are no survivors (spouse, former spouse or child) entitled to a monthly survivor	interest) as long as there are no survivors (spouse, former spouse or child) entitled to a monthly survivor annuity, <u>AND</u> Spouse receives the Basic Employee Death Benefit (BEDB): » Lump-sum payment of the higher of: — 50% of the high-3, OR — 50% of the final salary (basic pay),		

The Federal Pension				
Scenario	CSRS	FERS		
Married with 10 years+ of service NOTE: At least 18 months must be federal service	Spouse receives a survivor annuity (ongoing monthly payments) equal to 55% of the pension calculated on the day the fed died (service & high-3 at time of death)	Spouse receives the Basic Employee Death Benefit (BEDB): » Lump-sum payment of the higher of: – 50% of the high-3, OR – 50% of the final salary (basic pay), AND » Lump-sum payment of \$37,055,* AND Spouse receives a survivor annuity (ongoing monthly payments) equal to 50% of the pension calculated on the day the fed died (service & high-3 at time of death)		

TAX
IMPLICATIONS





Case Study

» FERS employee at age 50

- Employee type: Regular

- Federal service: 20 years

- Married: 15 years

- Annual Leave: 215 hours

- Final salary: \$104,000

- High-3: \$102,000



What if You Die While Employed?

Case Study

- » Spouse would receive:
 - Last Paycheck: \$1,300 (after deductions) TAXABLE
 - Annual Leave: \$10,508 TAXABLE
 - Basic Employee Death Benefit (BEDB):
 - Lump-sum: \$37,055 TAXABLE
 - Half of salary (\$104,000): \$52,000 TAXABLE
 - Survivor Benefit
 - Monthly pension: \$1,700/mo (\$20,400/yr) TAXABLE

What if You Die While Employed?

CHILDREN'S SURVIVOR BENEFITS

What if You Die While Employed?

Children's Survivor Benefits

- » Children receive survivor benefits at no cost
 - unmarried, dependent child
 - under age 18 (or 22 if a full-time student)
 - beyond age 22 if disabled prior to age 18
- » Children receive the same survivor benefits regardless if the federal parent is still employed or retired, or if the parent is under CSRS or FERS

Children's Survivor Benefits

Children's Survivor Benefits (for 2022)			
If one living parent (who is married to the deceased)	If no living parent (or a living parent never married to the deceased)		
\$587 per month (up to 3 children), or\$1,759 per month (3+ children)	\$702 per month (up to 3 children), or\$2,106 per month (3+ children)		
» Coordination with Social Security			

- this benefit will be reduced (\$1 for \$1) by any Social

Security benefits that the child receives

What if You Die While Employed?

WRAP-UP & NEXT STEPS

What if You Die While Employed?

Wrap-Up

- » Update your beneficiaries
 - Download forms: FedImpact.com/beneficiaries
 - Save copies of confirmation receipts and all related correspondence from HR or OPM, and ensure you see the update in your eOPF to know that it was processed
 - Keep a copy of completed forms and correspondence in a safe place where your family knows to look
- » Have your spouse and/or kids watch this webinar!

What if You Die While Employed?

Get the Rest of the Story



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





