



# What if You Die While Employed?

Presented by ProFeds

## What if You Die While Employed?

### 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  
presented by ProFeds

### Chris Kowalik

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

### 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 this webinar will NOT cover

### 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

### 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

What if You Die While Employed?

## UNPAID COMPENSATION

What if You Die While Employed?

### Unpaid Compensation

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

**SF-1152 (for CSRS & FERS)**  
*Unpaid Compensation Designation*

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-RAE (hired/rehired in 2013)	3.1%*
FERS-FRAE (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

#### What if You Die While Employed?

##### 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 **former** spouse may be awarded certain benefits by court order
  - A **former** 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 **current** spouse must meet certain rules to be eligible
  - Your **current** spouse's benefits may be reduced (or eliminated) if a former spouse has a Court Order awarding them benefits
  - A **current** 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)

#### What if You Die While Employed?

### How Are Beneficiaries Determined

- You may designate them on specific forms, or
- If there is no beneficiary named, this is the order:
  - Your widow or widower, then
  - Your child or children equally, and descendants of deceased children by representation, then
  - Your parents equally or surviving parent, then
  - The appointed executor of your estate, then
  - 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
<b>Not married</b> (or does not meet the requirements)	<u>Beneficiary</u> receives a refund of all of the employee's CSRS or FERS contributions (plus interest) as long as there are no survivors (spouse, former spouse or child) entitled to a monthly survivor annuity  Beneficiaries are named on <b>SF-2808 (CSRS) or SF-3102 (FERS)</b> <i>Designation of Beneficiary</i>	
<b>Married</b> but with <b>less than 18 months</b> of federal service		

#### What if You Die While Employed?

### The Federal Pension

Scenario	CSRS	FERS
<b>Married with 18 months to less than 10 years</b> of service  <i>NOTE: At least 18 months must be federal service</i>	<u>Beneficiary</u> receives 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 annuity	<u>Beneficiary</u> receives a refund of all of the employee's FERS contributions (plus interest) as long as there are no survivors (spouse, former spouse or child) entitled to a monthly survivor annuity, AND  <u>Spouse</u> receives the Basic Employee Death Benefit (BEDB): <ul style="list-style-type: none"> <li>Lump-sum payment of the higher of:               <ul style="list-style-type: none"> <li>50% of the high-3, OR</li> <li>50% of the final salary (basic pay), AND</li> </ul> </li> <li>Lump-sum payment of \$37,055*</li> </ul>

\* This figure increases by the CPI-W (COLA) each year

#### What if You Die While Employed?

##### The Federal Pension

Scenario	CSRS	FERS
<b>Married with 10+ years of service</b>  <i>NOTE: At least 18 months must be federal service</i>	<u>Spouse</u> 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)	<u>Spouse</u> receives the Basic Employee Death Benefit (BEDB): <ul style="list-style-type: none"> <li>• Lump-sum payment of the higher of:               <ul style="list-style-type: none"> <li>– 50% of the high-3, OR</li> <li>– 50% of the final salary (basic pay), AND</li> </ul> </li> <li>• Lump-sum payment of \$37,055*, AND</li> </ul> <u>Spouse</u> 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)

\* This figure increases by the CPI-W (COLA) each year

#### What if You Die While Employed?

## TAX IMPLICATIONS

#### What if You Die While Employed?

##### Taxes on Benefits Payable

Benefit	Receive Immediately	Other Options
Final check & annual leave	Taxable to beneficiary	N/A
CSRS/FERS contributions (refund of employee's share)	Tax-free to beneficiary	N/A
CSRS/FERS contributions (refund of accrued interest)	Taxable to beneficiary	N/A
Basic Employee Death Benefit (BEDB)	Taxable to spouse	Can spread out over 36 months or roll over into an IRA
Survivor Annuity (monthly payments)	Taxable to spouse (small part tax-free)	N/A

#### What if You Die While Employed?

## CASE STUDY

#### What if You Die While Employed?

##### 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

## What if You Die While Employed?

### 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	• \$702 per month (up to 3 children), or
• \$1,759 per month (more than 3 children)	• \$2,106 per month (more than 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

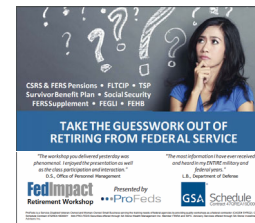
## What if You Die While Employed?

### Wrap-Up

- Update your beneficiaries
  - Download forms: [FedImpact.com/beneficiaries](https://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](https://FedImpact.com/Attend)



## What if You Die While Employed?

### Handouts & Replay



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

## What if You Die While Employed?

### Next Webinar



- Next webinar topic!
  - **New Options Offered by the TSP**  
The latest “upgrade” to TSP may surprise you
- Sign-up at:  
[FedImpact.com/Webinar](https://FedImpact.com/Webinar)

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