

There's a lot of financial preparation that goes into retiring from federal service – are you ready?

Use the Questions from the Quiz to Improve Your Retirement Score

If you're like most employees, you may have been intrigued by some of the questions posed in the quiz you recently completed. Perhaps you wondered what you can do to increase your score to be more financial prepared when it is time to retire from federal service. As promised, here are the questions for your action!

Written Financial Goals

I have written my financial goals down clearly. Each of these goals are specific in the outcome I want, can be measured by the money it will take to accomplish them, and can be achieved on a realistic timeline. I believe my goals are thorough, substantial, and meaningful. Meeting these goals will allow me to achieve the standard of living that I want in retirement.

Debts & Financial Obligations

I have documented the debts and financial obligations that I'll carry into retirement. Proper consideration has been given to the pros or cons of paying off debts with high interest rates (like credit cards) and obligations with high repayment amounts (like a mortgage). I am confident that my obligations will not interfere with my ability to afford the retirement lifestyle I envision.

Retirement Budget

I have constructed a household budget for ordinary living expenses in retirement. Looking ahead many years into retirement, I have anticipated when significant changes will happen to my budget because of the rising cost of benefits and other living expenses. I have also crafted a budget for the fun, important, and meaningful things I wish to do in retirement. I am confident this planning will allow me to maintain my desired standard of living in retirement.

My Federal Pension

I have ensured that I'm eligible to retire on the date I wish. I am aware of any penalties for retiring early or lengthy delays in receiving my federal pension. I have certified my service with my agency to ensure all of my service is listed correctly and that I have received proper credit for my service. I am highly certain of the pension payment and the tax obligation I can expect when I retire.

Income Planning

I know how much my various sources of income can provide to me in retirement. Some sources of income may be fixed, but others may fluctuate based on changing market conditions. I understand that my ability to choose what types of accounts to use for income is largely dependent on the restrictions set by each account (for instance, the TSP). I understand the tax obligations of all sources of income.

Investment Planning

I have stress-tested my current investment strategy. I know with certainty what changes I must make at various stages of my retirement to protect against risk yet still provide the income I need. I have a diversified strategy with a balanced portfolio based on my risk tolerance. I know with certainty which assets I should use in varying market conditions and how to coordinate these withdrawals with other sources of income that I may have.

Tax Planning

I have analyzed my anticipated tax situation in retirement. I am well-versed in how to leverage various tax advantages and have efficient tax strategies in place for retirement to ensure that I do not pay more taxes than necessary. I understand that the timing of when I pull money from different types of accounts ultimately determines my tax obligations and am confident in my strategy to manage that process to my advantage.

Inflation

I have calculated that I am prepared for potential periods of high inflation and the rising cost of living in retirement. There is room in my monthly budget to absorb and withstand higher prices without jeopardizing the assets that I need to provide income to me for the rest of my life.

Social Security

I have evaluated the various options for starting to receive Social Security benefits and have determined the best strategy for me (and my spouse, if married). I fully considered all of the factors in determining the ideal age to start taking benefits, the penalties that may be assessed, and the tax obligation I will have on benefits I receive. I have created an account at SSA.gov to see my most up-to-date earnings history and estimated benefits.

Spousal Participation

I have thoroughly discussed all aspects of my financial goals and plans with my spouse. We are in sync with one another about our retirement timeline, financial expectations, and goals. We have both aired any worries that we have about our plans and we have addressed these concerns together. We are on the same page when it comes to our plans for retirement.

Life Insurance

I have recently completed a thorough assessment of my life insurance needs. I am sure that I have the proper type and amount of life insurance coverage in place. In the event of my death, I am certain that those who rely on my income for their continued financial security are adequately protected. Furthermore, these individuals know who to call in the event of my death so that they are able to receive these benefits quickly.

Health Insurance

I have confirmed that I (and all eligible family members) have met the requirements to keep my health insurance in retirement. I understand the changes I am allowed to make, the rising premiums, and increased tax obligations I can expect in retirement. Furthermore, I have weighed the pros and cons of enrolling in Medicare when I turn age 65 (including costs and penalties).

Long Term Care

I have implemented a strategy to pay for long-term care services if I need it now or in the future. Careful consideration has been given to the likelihood that I will need some version of long-term care services at some point in my lifetime. My strategy has accounted for the rising cost of care that may be needed which is not covered by my health insurance so I do not leave my spouse and/or children in an undesirable financial situation.

Family Benefits

I have verified which of my benefits may (or may not) be available to my spouse and/or children when I die. This includes income from my pension, survivor benefits, lump-sum payments, life insurance coverage, requirements to retain access to my health insurance, and how the TSP pays (and taxes) death benefits to my spouse and/or children.

Legacy Planning

I have given special thought to how I wish to pass on my wealth after I die. This wealth transfer may be to my spouse, children, grandchildren, other loved ones, or causes I care deeply about. I am aware of the tax implications that each person or entity may face based on how the assets will be transferred to them and I have taken steps to mitigate any unnecessary tax burdens.

Court Orders

I have conducted a meticulous review of any court orders (i.e. divorce decree or other judgments) to determine others who are entitled to any of my assets or federal benefits. If currently married, I understand how this court order changes what benefits my current spouse (or eligible children) may receive. All court ordered entitlements have been factored into the calculations for each of the benefits I expect to receive or provide to my family.

Estate Planning & Beneficiaries

I have consulted with an estate planning attorney to determine if a trust is a recommended planning tool for my situation. If appropriate, I have executed the trust and properly funded it based on the attorney's instructions. I have ensured that my will and beneficiary designations are up-to-date and that proper powers of attorney are in place. Copies of all documents are stored in a safe place for retrieval when needed.

Consulted Professional Help

I have sought advice from licensed professionals on subjects which are complicated or that require intricate knowledge to calculate and execute. Such individuals may be trusted financial professionals, tax professionals, and/or estate planning attorneys who are licensed to give advice in the state in which I live and are intimately familiar with federal benefits. I work closely with these professionals to ensure all of my financial decisions are aligned with my goals and they have verified my calculations.

Retirement Paperwork

I have contacted my HR department to determine the timeline for which they require me to submit my paperwork to retire. I am aware of the irrevocable decisions I must make at the time that I submit my paperwork. I understand that if I wish to get credit for any unfunded period of service (military, temporary, refunded, etc.), that payment must be made before leaving federal service. I have saved a copy of my electronic Official Personnel File (and all documents I wish to retain) prior to leaving federal service.

Nagging Questions

I have addressed any burning questions that have been on my mind about the retirement preparation process. I have thoroughly explored the answers to these questions to ensure there are no avoidable surprises in retirement.

We hope that the questions above provide you with some inspiration and direction on the wide variety topics reviewed in the quiz. As you make progress on completing the items above, you may retake the quiz to update your score! To do so, visit: [FedImpact.com/quiz](https://www.fedimpact.com/quiz)