



## FEHB in Retirement

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- » Handouts – available for download
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## FEHB in Retirement

### Your ProFeds Presenter



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



#### Support Team

- » Standing by for your questions

## FEHB in Retirement

**FEHB in Retirement**

**What federal employees need to know to keep FEHB for themselves and their families**

## Agenda

- » **ELIGIBILITY:** A breakdown of the 3 criteria you must meet to be eligible to keep FEHB
- » **DUAL FEDS:** Choices that 2 federal employees married to each other may have for keeping coverage
- » **FAMILY:** How to retain (and add) coverage for family members in retirement
- » **CHANGES:** Modifications to carriers, plans, and who is covered under FEHB in retirement

## What this webinar will NOT cover

### 3 Criteria to Keep FEHB in Retirement

- » You must meet ALL 3 criteria to keep FEHB:
  - 1 You must retire under an immediate pension, AND
  - 2 You must be enrolled in FEHB on the day you retire, AND
  - 3 You must have been enrolled in FEHB for 5 years immediately prior to your retirement date



### You must retire under an IMMEDIATE pension

- » An “immediate” pension begins within 30 days after separation:
  - Fully-eligible
  - Disability
  - Early Outs
- » NOTE: Deferred pensions are not “immediate” (FEHB lost permanently)
- » GREY AREA: MRA+10 pensions
  - If postponing, FEHB is on pause
  - If drawing, FEHB is activated

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**You must be enrolled in FEHB on the day you retire**

- » You (the employee) must be actively enrolled in the FEHB program on the day you retire
- » Your family members do NOT have to be enrolled in FEHB, but they'll only have coverage if you add them later during an Open Season or following a Qualifying Life Event

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**You must have been enrolled in FEHB for 5 years immediately prior to your retirement date**

- » Most employees have been covered under FEHB for well more than 5 years prior to retiring
  - If you enrolled in FEHB close to that 5-year mark, make certain you have the full 5 years covered
  - Time enrolled under TRICARE or your spouse's FEHB plan counts
- » During this 5-year period, you can change carriers/plans (this does not restart the 5-year clock)

**Military's TRICARE Program**

- » Time in the military's TRICARE program can satisfy the 5-year rule for continuing FEHB in retirement
- » However, the employee must still be enrolled in FEHB on their date of retirement from federal service to be eligible to use FEHB in retirement
- » If they choose, federal retirees (who are eligible for TRICARE) may suspend FEHB to use to TRICARE and may return to FEHB during an Open Season or if they lose TRICARE coverage

**Federal Couples**

- » Can be under two separate Self-Only plans, a Self+One plan, or under a Self+Family plan
- » As long as each are enrolled (together or separately) for 5 years prior to their own retirement with an immediate pension, they are eligible to keep FEHB



*Federal couples should consider putting FEHB coverage under the person who will retire later to take advantage of premium conversion (tax break) for as long as possible.*

### FEHB Cost in Retirement

- » The government continues to pay roughly 72% of the overall premium in retirement
- » FEHB premiums are the same for employees and retirees
- » If your FEHB premium ever exceeds the amount of your federal pension, you must pay the difference
- » NOTE: If you decide to enroll in Medicare, your FEHB premiums do not change

### Putting FEHB Cost into Perspective for 2024

Year	FEHB Increases	Employee Pay Raises	CSRS Retiree COLAs	FERS Retiree COLAs
2015	3.2	1.0	1.7	1.7
2016	6.4	1.0	0.0	0.0
2017	4.4	1.5	0.3	0.3
2018	6.1	1.9	2.0	2.0
2019	1.3	1.9	2.8	2.0
2020	4.0	3.1	1.6	1.6
2021	3.6	1.0	1.3	1.3
2022	2.4	2.7	5.9	4.9
2023	7.2	4.6	8.7	7.7
2024	7.7	5.2	3.2	2.2
10-Year Avg	<b>4.63%</b>	<b>2.39%</b>	<b>2.75%</b>	<b>2.37%</b>

### Premium Conversion

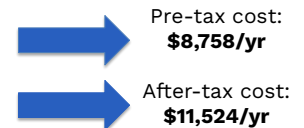
- » Huge tax perk while you're working!
- » How it works:
  - While working, you pay FEHB premiums with pre-tax dollars
  - In retirement, you pay FEHB premiums with after-tax dollars

### Premium Conversion

- » Huge tax perk while you're working!
- » How it works:
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  - In retirement, you pay FEHB premiums with after-tax dollars

**Example:**

**If you're in a 24% tax bracket in the BCBS High Self Plus One (premium: \$8,758/yr)**



Once retired, the premium is the same, but it sure FEELS more expensive!

**Your NEW tax burden as a retiree is \$2,766!**

### FEHB Open Seasons

- » Open Seasons (November/December each year) allow employees to make changes to their health coverage
  - Sign-up or cancel coverage
  - Change among Self-Only, Self+One, & Self+Family plans
  - Change carriers or plans
- » Retirees may participate in annual Open Seasons just like employees (except they cannot enroll)

### Keeping Family Members on FEHB in Retirement

- » As long as YOU meet the criteria for keeping FEHB in retirement, your family members (your spouse and eligible children under age 26) who are already covered under your FEHB will remain covered
- » Family members will only lose coverage if you change plan types (for instance, moving from a “Family” to a “Self-Only” plan)

### Adding Family Members on FEHB in Retirement

- » While the retiree is living, family members can be enrolled:
  - During an annual Open Season
  - Based on a Qualifying Life Event (marriage, divorce, death of a spouse, or birth/adoption)
- » Once the retiree dies, family members will NOT have the option to join FEHB

### Current Spouse

- » In order for your current spouse to retain FEHB coverage after you die, these two things must be true:
  - Your spouse must already be enrolled in FEHB on the date of your passing,
- AND
- You MUST have elected at least the minimum Survivor Benefit option for them (election made upon retirement)

## Wrap-Up

- » FEHB is an important benefit in retirement, so take great care to ensure you are eligible to keep it
- » FEHB premiums for employees and retirees are the same (but retirees have to pay tax on their premium)
- » You are able to continue to change your coverage in retirement (primarily during Open Seasons)
- » Continued coverage for your spouse after you die is dependent on selecting the right “Survivor Benefit” option when you retire



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U.S. Office of Personnel Management



*"The most information I have ever received and heard in my ENTIRE military and federal years."*  
L.B., Department of Defense



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- » Next webinar topic:
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