

# ARE YOU READY TO RETIRE? YOUR TOTAL RETIREMENT READINESS GUIDE

**As you prepare for retirement, understanding how you plan can be just as important as what you plan.**

Retirement is coming more quickly than you might expect. By September 2017, more than one third of career federal employees are projected to be eligible to collect their end-of-career benefits.

How will newly retired federal employees keep busy? A recent Government Business Council survey found that most federal managers look to retire between the ages of 61 – 70 and that, of those, 54% plan to focus on leisure activities, 18% intend to work part-time or temporarily and 6% want to start their own business. Whatever your goal, what you can afford to do in retirement greatly depends on how you plan for it.

No matter your age, it's never too early (or late) to begin planning for retirement. While some have been planning for years, others might have felt they didn't have the time or resources required to invest in their golden years. As you prepare, it's important to understand what kind of planner you are. The following guides will provide you with resources—whether you've planned a little or a lot—to understand where you're at today and how to be better prepared tomorrow.

Identify the approach that sounds most like you and use the associated guide to understand how best to prepare. Each lays out the actions you can take today, and the options you should consider long term, to ensure you and your loved ones are well prepared for your retirement from public service.

## Which of the following statements sound most like you?

- I haven't been able to start planning for retirement.**

If you've been unable to start preparing for retirement, turn to page 2 for information on starting your plan.

**GO TO PAGE 2**

- I've started planning but I haven't invested as much as I'd like.**

If you've planned some but know you could be more prepared, turn to page 3 for information on strengthening your plan.

**GO TO PAGE 3**

- I've been planning for a long time. I know I'll be ready for retirement.**

If you've thoroughly planned for the expected, it's time to think about the unexpected. Turn to page 4 for information on planning for the unexpected.

**GO TO PAGE 4**



The **Federal** Long Term  
Care Insurance Program™

# I HAVEN'T BEEN ABLE TO START PLANNING FOR RETIREMENT

If you've done little to no planning for retirement, there's no better time to get started than the present. While preparing for retirement may seem daunting at the outset, with a little effort you'll be on the right path in no time. As you begin planning, focus your efforts on the following six key factors.

## Starting Your Plan: 6 Factors to Consider

### 1 Retirement System—CSRS vs. FERS

Are you in the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS)? As a federal employee, your retirement journey begins by knowing your retirement system. Since 1987, new Federal civilian employees who have retirement coverage are covered by FERS. If you joined the federal government in the last two decades, you're likely in FERS.

*For more information, read "CSRS vs. FERS" at [GovExec.com](http://GovExec.com).*

### 2 Budget—Expenses & Income

In order to save for retirement, you first need to know how much income you have to invest. Take your current expenses—meaning things like rent, utilities, groceries, etc.—and compare it to your income. Are your expenses less than your income? If so, you should begin saving a portion of your monthly income for retirement.

*For help creating a budget, use a free tool like the [CNN Money Budget Maker](#).*

### 3 Savings—TSP, IRAs & Benefits

Once you know your budget, there are several ways to invest. The TSP is one source of your retirement income. Other major sources of retirement income include your FERS Basic Annuity or CSRS annuity (or retired pay if you are a member of the uniformed services), Social Security benefits, individual retirement accounts (IRAs), and other savings. If you're just starting to save for retirement, ask your personnel office about available retirement planning resources or recommendations for a financial planner.

*How much should you save? Use the [Federal Government Employees Ballpark Estimate calculator](#).*

### 4 Lifestyle—What Are You Saving For?

Retirement can last as long as, if not longer than, your career. How do you want to spend your retirement? As you save, it's important to remember why, and for whom, you're saving. Are you saving to support a parent, child or grandchild? In retirement, what activities will fill your time? Where will you live? Long term, will you live at home or in assisted living?

*For help planning life in retirement, read "[The New Retirement: The Ultimate Guide to the Rest of Your Life](#)" by Jan Cullinane and Cathy Fitzgerald.*

### 5 Health—Advance Directives & Wellness

To ensure you're prepared, keep an easily accessible list of your medical history, physicians and current medications. In the event of the unexpected, prepare your advance directives (power of attorney, health care proxy, etc.) and create a living will to ensure your next of kin are protected. Most importantly, as you age, make a habit of eating a healthy diet and exercising regularly—nothing is more important for a happy and healthy retirement.

*For more information, read AARP's "[Legal Documents You Need Now](#)."*

### 6 Insurance—Your Benefits & Long Term Care

As you prepare to leave the workforce, catalog your insurance providers and be sure you have the coverage you need. Starting no later than five years before retirement, make sure you're eligible to keep your FEGLI and FEHB benefits. Also, take the time to understand your Medicare benefits at [Medicare & You](#). Finally, look into long term care insurance to make sure you have the coverage you need to remain protected and secure in the event of a sudden illness, home care or assisted living.

*Use the [Federal Long Term Care Online Consultant Tool and Webinar Library](#) to assess your long term care needs. For more information, read [page 5 of "Your Total Retirement Readiness Guide."](#)*

# I'VE STARTED PLANNING, BUT I HAVEN'T INVESTED AS MUCH AS I'D LIKE.

Planning for your retirement can feel daunting. It's a long term project that easily takes a back seat to immediate financial obligations—like paying for education or a mortgage—and unexpected obligations—like medical costs or caring for a sick loved one. Whether you're off track because you simply haven't had the resources or because an unforeseen financial strain derailed your plans, assessing where you're at and beginning again is simpler than you think. In reenergizing your retirement planning approach, there are several steps you can take to make sure you're on the right track.

## 5 Steps to Strengthening Your Retirement Plan

### 1 Figure out your budget.

Whether you've prepared a lot or a little, you first need to figure out how much you're living on today. Calculate your fixed expenses (those that remain the same each month), your discretionary expenses (those you choose like vacations, cable TV or Starbucks) and your monthly income. Is there money left over for retirement?

**Readiness Tool:** *CNN Money Budget Maker*

### 2 Understand your investment portfolio & retirement income.

If you're able, annually max out your eligible contributions to your TSP or 401(k). Look at your expected monthly income from all sources (CSRS or FERS retirement benefit, Social Security, military retirement, etc.). Then, determine if you will need additional cash flow from your TSP in retirement. If you need help thinking through your options, consult a financial planner, attend a pre-retirement seminar at your agency or view a free Educational Webinar at [LTCFeds.com](http://LTCFeds.com).

**Readiness Tools:**

- *TSP Retirement Income Calculator*
- *CSRS and FERS Annuity Calculator*
- *Social Security Benefits Calculator*

### 3 Make sure you have the health coverage you need.

Make sure you can continue your FEHB plan coverage in retirement. According to OPM, federal employees are eligible to continue health benefits coverage if you retire under a qualifying federal retirement system and have been continuously enrolled (or covered as a family member) in any FEHBP plan for the five years of service immediately before the date your annuity starts, or for the full period of service since your first opportunity to enroll, if less than five years. For more information, read Tammy Flanagan's "[Five Year Test.](#)"

**Readiness Tools:**

- *The Five Year Test*
- *Medicare & You*

### 4 Verify your life insurance coverage.

Ensure your personnel file includes information on your current Federal Employees Group Life Insurance (FEGLI) program coverage. As with health benefits, you will be eligible to continue your life insurance coverage if you've been enrolled for five years prior to your retirement. Along with this, be sure that your Designation of Beneficiary form is current for all your benefits, including FEGLI, CSRS or FERS, TSP and any other compensation.

**Readiness Tool:**

*Retirement and FEGLI Benefits Information*

### 5 Prepare for the unexpected.

An unexpected medical event or financial burden can derail even the most diligent planning. Thinking long term about your care is essential, especially when you consider that 41% of long term care is provided to people under age 65. Make sure your advance directives are in place and see if the Federal Long Term Care Insurance Program is right for you. For more information, [read page 5 of "Your Total Retirement Readiness Guide."](#)

**Readiness Tools:**

- *Long Term Care Online Consultant Tool*
- *Educational Webinar Programs at LTCFeds.com*



# I'VE BEEN PLANNING FOR A LONG TIME. I KNOW I'LL BE READY FOR RETIREMENT

Whether you're 35 or 65, the way you've been planning for retirement means you'll be ready when the day comes. You have all the pieces in place. You're thinking about your future and actively preparing for it. While you've prepared for the expected, it's time to prepare for the unexpected.

## Planning for the Expected: Your Retirement Readiness Checklist

### You'll be ready for retirement if you:

- Know your fixed expenses and actively use a budget.
- Fully fund your TSP or 401(k), maxing out your eligible contributions.
- Update your retirement allocations to match your risk profile as you age.
- Know your estimated Social Security and Medicare benefits.
- Contribute to a 529 plan for your children's college education.
- Work with a financial planner or have taken a personal finance class.
- Know about or have passed the "five year test" for continued FEHB and FEGLI benefits.
- Keep your retirement and financial plans organized and easily accessible.
- Know your agency personnel file is in order and up-to-date.

If you've done all of the above—even taking care to address the action plans on [page 2 \(Starting Your Plan\)](#) and [page 3 \(Strengthening Your Plan\)](#)—you should feel good knowing you're on the right path to a long, secure and happy retirement. But, while you've prepared for the expected, there are ways you can prepare for the unexpected too.

## Preparing for the Unexpected

For all your excellent planning, there are some things you can never see coming. Whether a debilitating injury, a sudden illness or the financial strains of caring for a loved one, thinking about the unexpected and preparing is critical to protecting your retirement security.

### Have you...

- Updated your retirement allocations to match your risk profile as you age?
- Prepared advance directives for your loved ones, including estate planning and instructions for care following a major health event?
- Developed a plan for long term care, including the option of long term care insurance, and discussed it with your family?

Long term care is something anyone, regardless of age, may need. Automobile and sporting accidents; disabling events such as strokes, brain tumors, and spinal cord injuries; and disabling illnesses such as multiple sclerosis and Parkinson's disease are examples of injuries and ailments that can happen to anyone at any age. Long term care planning is especially critical for women because of their longer life expectancy.

Nearly 41% of long term care is provided to people under age 65 and according to the U.S. Department of Health and Human Services, about 70% of people turning age 65 will need long term care services at some point in their lives. Medicare, TRICARE and private health insurance do not pay for the majority of long term care services most people need.

To learn how you can prepare for your long term care, visit The Federal Long Term Care Insurance Program (FLTCIP) and use the Cost of Care Tool.

For more information on long term care, [read page 5 of "Your Total Retirement Readiness Guide."](#)

# UNDER- STANDING IF LONG TERM CARE PROTECTION IS RIGHT FOR YOU

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**Regardless of your retirement readiness, applying for long term care insurance can be a smart choice.**

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Long term care insurance is a smart way to protect your income and assets and remain financially independent should you need long term care services some day. Most health insurance programs, including the FEHB Program, Medicare, TRICARE, and TRICARE for Life, provide little or no coverage, and the cost of long term care services can be very expensive, for example:\*

- \$19 an hour for a home health aide
- \$3,427 a month for care in an assisted living facility
- \$258 a day for a private room in a nursing home

For many, long term care insurance is a smart move, especially when you consider that approximately 70% of people over age 65 will require some long term care services at some point in their lives. This does not mean you should assume you're too young to need the protection that long term care insurance provides if you're under age 65. Unexpected injury or illness, which can occur at any age, can also cause the need for long term care.

That's why the U.S. Office of Personnel Management (OPM) sponsors the Federal Long Term Care Insurance Program (FLTCIP). OPM has ensured that the FLTCIP contains valuable consumer-friendly features that reflect the needs of the Federal Family. It's important to see what may make this federally sponsored program the right choice for you.

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**The FLTCIP Reflects Your Preference for Home Care**  
Today, many individuals prefer to receive long term care at home rather than in a facility. If home care is your preference, you'll be pleased to know the FLTCIP reimburses for care provided in your home by friends, family members, as well as formal care by licensed caregivers. The program's coverage of home care is one of the most flexible in the long term care insurance industry. Currently, more than half of all FLTCIP enrollees choose to receive care services at home, in order to maintain quality of life in familiar surroundings and "age in place."

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**The FLTCIP Can Help Support Families**  
When the need for long term care arises, adult children are often the first people called upon to provide care. However, juggling the demands of caregiving with a career and child-rearing responsibilities can have a significant financial, physical and emotional impact. The FLTCIP reimburses for home care by licensed caregivers so family members can continue to be employed full-time while directing your services.

The FLTCIP care coordination benefit can be extremely comforting for enrollees who live far from parents and other qualified relatives needing care. Rather than make important decisions from a distance, FLTCIP enrollees can contact a care coordinator to gather reliable information about the different facilities and home care options that exist where qualified relatives live. Once the enrollee has placed the initial call, the care coordinator can then work directly with the relative, providing emotional support, creating a plan of care and assisting in its implementation, and serving as a trusted partner every step of the way.

For more information, [visit www.LTCFEDS.com](http://www.LTCFEDS.com) or call the FLTCIP Program Consultants at 1-800-LTC-FEDS.

You may also schedule an appointment to be called at a time most convenient to you by emailing [appointments@lhcpartners.com](mailto:appointments@lhcpartners.com).

\*John Hancock Life & Health Insurance Company. "John Hancock 2013 Cost of Care Survey," conducted by LifePlans, Inc., April 2013