Ep #2: What's NOT On Your Retirement Estimate?

Full Episode Transcript

With Your Hosts

Micah Shilanski and Tammy Flanagan

Ep #2: What's NOT On Your Retirement Estimate?

You can spend. You can save. What is the right thing to do? Federal benefits, thrifts, savings plans, too. You can save your own way, with help from Micah and Tammy. You can save your own way, save your own way…

Micah Shilanski: Welcome back to the Plan Your Federal Retirement Podcast. I am your cohost Micah Shilanski. And with me is the amazing Tammy Flanagan. Tammy, how are you doing ma'am.

Tammy Flanagan: Hi, Micah. Good to be here again, and we're excited to be doing another one of these podcasts, broadcasts, and I think we're going to provide some pretty useful information today.

Micah Shilanski: Yeah, I'm excited about it. As we go through and we're kicking this off right with our five part series on retirement planning. What are some five quick things that everybody should be thinking about and going through, and we'll get into a little bit into the details.

And last time on our first podcast that we put out there, we were talking about creditable service, and I kind of think the next natural step is one, is we do creditable service and then their next step along the line is really looking at your agency estimate, right? What is your pension going to be in retirement?

Tammy Flanagan: That's right, Micah. I think any age, any stage of your career, creditable service is something you want to be aware of and understand. So I think our last podcast was really geared to whether you're a brand new federal employee, and especially if you're a brand new federal employee, and all the way through pre retirement, that podcast hits the points of every stage of your career.

Today's podcast is going to do the same thing, but from a different perspective, because the agency estimates that are going to be prepared for a specific date, like if you say to your HR specialist, I would like to retire the end of next year, then that's a different estimate than the one that you can just go online to your payroll system and sometimes you'll find an automated kind of way to do it yourself type estimator there, and that's going to be much more general.

So we want to talk about the difference between those general estimates that you can find hopefully out there on your employee page or your payroll system page, they're there somewhere usually, or the ones that are going to be specifically done just for you at a specific date. And there is a big difference between the two.

Micah Shilanski: Yep. Now, as we've talked about before, right? The formula for being able to retire or to calculate your pension, I should say is not very complex. We need three parts to it.

You're going to make sure you're eligible for retirement. We're going to take your high-3 times your years of service, times a percent, and you're going to be able to come up with it. So it's not like it's complex math, but the real benefit of going to an HR specialist, in my opinion, and getting your estimate, Tammy is just what you said is someone's going to review it, because as we talked about with creditable service, the biggest thing we see is inaccurate information in a federal employee's file, right?

Maybe they don't have the wrong service comp date, maybe it's the wrong retirement date, maybe it's the wrong high-3, all of these things can add up to a mismatch and wrong information planning your retirement. And this is the key thing here. We need accurate information when you're planning the rest of your life, how much money are you going to have?

Tammy Flanagan: Yep. And some employees careers are a little more complex than others. You've known employees who have started with the same agency from day one and they end up with that same agency at the end of the day, always worked full time, never went through a divorce, might not even be married. And so we would call that a clean case. That's a pretty easy one, and after you can take their length of service times their high-3 times 1% and we got their retirement pretty accurately calculated.

But when you throw in a couple of divorce decrees, and you throw in some refunded service, because they had a break in service and took their money out. And then they had some time when they worked under a seasonal appointment, now we're getting into the area of where you need some professional help. And that professional is generally located in your HR office, but you have to know the right questions and you have to know what it is that they're providing you because you speak a different language than your HR specialist.

Micah Shilanski: Amen. We all use the same words, right, but our definitions of those words can change. And that's what gets people caught up. Now Tammy, you said something I want to pull out real quick, and then let's go ahead and jump into the estimate. You had made a comment about a divorce decree, right? You said, well, the divorce decree says X, Y, and Z. This is super important. Any client that I work with, I really push on them to get a copy of the divorce decree.

Even if they say, "Micah, I know what it says, blah, blah, blah. Or it was 30 years ago." I don't care. I want a copy of it. Now, if you're getting a copy of it, you need to give it to somebody with a fresh set of eyes, you need to give it to someone with a dispassionate point of view. So not emotional about it and have them look at it and see what it says. Because I can't tell you how many I've looked at that my clients sit in front of me and says my ex isn't getting anything and I'm reading the divorce decree and it's not there getting nothing, they're getting half, right? It's a big difference.

Tammy Flanagan: Hey, I had a friend one time who's recently retired from OPM who worked in retirement services. And I knew that he was planning to retire a while back. And I kept saying, "How come you haven't retired yet? I thought you were leaving." "Oh, I just realized what my ex wife was getting, and I got to work longer to make sure that I can still afford to retire."

So even someone who knows this stuff, doesn't always know what that divorce decree says, because that's sometimes written in legalese language, and it takes someone who's familiar with that to be able to interpret what it says.

Micah Shilanski: And Tammy, a little bit of a spin on this. Right? One of the things that I always do personally is whenever I need my own financial planning advice, I always say, well, what would I recommend to a client? But then I ask another financial planner about it.

Now, even though I know what the answer is, right, I am emotionally involved in this decision, so I can mentally alter things a little bit to say what is best and you can justify everything in your own mind. That's why getting somebody else, and it doesn't have to be Tammy or I right, getting somebody else to look at it, getting an HR estimate from them versus what you're generating, getting somebody else to look at it can really shed a lot of light on these issues.

Tammy Flanagan: That's right. Just like a doctor doesn't necessarily want to operate on his own family member, because he's too emotionally attached to it, yeah.

Micah Shilanski: All right. So let's dive into an estimate. As you said, there's two different types that you can get.

And one, now, by the way, every agency is different. So we're going to be speaking very broad about things, so hopefully we're covering it, right? Some people can generate these on their own, some people can't. But the one that we're going to review is kind of the most common that Tammy and I run across. And we're just going to run through an estimate that you would be getting from your HR.

So we're going to run through it in the format that we see it. Depending on your agency, it may be in a different format, but all of these same data points are going to be there.

Tammy Flanagan: Yeah. There's basically two main software companies that produce these estimating calculators. One is called economic systems incorporated, and I always get them confused if that's the one that does HR navigator or if it's GRB, which stands for government retirement and benefits. So those are the two main estimates that you'll get, one or the other. There's a few other smaller ones out there that some smaller agencies I've seen using, but the one we're going to cover is pretty much in the same format, whether it's from GRB or economic systems.

Micah Shilanski: Okay, perfect. So we're going to kind of start at the top and work our way down. Now, the most important thing as we're going through this, is not what's necessarily on your estimate, but it may be what's not on your estimate that's there. And the first thing I want to point out as we go through this, at the very top, the very beginning of this thing, because this is what catches so many people off, at the very first line, it says, FERS benefit estimate report, right?

Tammy Flanagan: Who gets to take away the word estimate?

Micah Shilanski: That's right.

Tammy Flanagan: Who gives you the real thing?

I get that question all the time. Who takes away the word estimate? How do I know exactly? Can I go to OPM to get my estimate? That's the other question I get a lot of times, and what's the answer to that one?

Micah Shilanski: You can get your exact pension calculation six months after you retire, right? That's your certified one.

Tammy Flanagan: That's right. OPM won't take care of that until after you've already made the commitment, so that's not a good place to go. But I think what Micah and I are going to tell you today is that even though it says estimate, you can have some confidence in it if you understand where it's coming from and what it shows and more importantly what it doesn't show.

Micah Shilanski: And it's that old computer analogy, right? G-I-G-O, GIGO, right. Good in, good out. So the better information that's in here, the better output we're going to get, and the opposite's true. So let's go through and talk a little bit about the unreduced monthly annuity. Tammy, and would you just walk us through the reductions real fast, and what those mean?

Tammy Flanagan: Right. Well, first of all, that first line unreduced annuity, let's start there because that's based on what went into that estimate. And if you look at your estimate, usually it's on the first page, it's sometimes on the second page, it says the basis of the estimate or the data that went into the estimate.

So you want to make sure that that birth date that they're using is yours. Sometimes we mistype something into the software, you want to make sure that that's for the retirement date that you're thinking about leaving, because what good is an estimate for three years from now, if you're leaving the end of this month.

You want to make sure it's lined up with your retirement plans. You also want to look at the sick leave that they're using to calculate the estimate. I've seen some estimates that don't have any sick leave included. Some just have what you had on the day you requested the estimate, not projected five years from now, what you'll have when you retire. So that can affect, it's not a major impact, but it can affect the final calculation.

And then you want to look at the different characteristics of yourself. Like, is it going to include a survivor benefit?

Do they think you're married? If you're not, and that's important to realize, did you ever work part time? There's all your services included in that service comp date. I had a guy the other day who hired me only for one reason, and that was to validate his service computation date.

And I thought, "Oh, this is going to be easy money." But it wasn't.

Micah Shilanski: That's why he hired you.

Tammy Flanagan: That's right. He had a lot of different things going on. He had time he worked in the US Senate, The US House Of Representatives. He had military service, three different times. He was in government, out of government. So you want to make sure all of that has followed you to this point in your career, and that that service computation date reflects all those changes.

And did you pay for the service? So that's what goes into that unreduced monthly annuity. If all that data is up to date and current, that's going to be an accurate calculation, but if there's anything off, even the date of your retirement could be significant, that's going to change that dollar amount. So be sure that all the data they're using lines up and agrees with what your career really was, make sure it's all matching.

Micah Shilanski: So Tammy, what I'm hearing is we really want to, I mean, naturally, right, we want to jump to the dollar amounts, to say, "What is that dollar amount when I retire?" But this could be a false positive, what we really need to do is that step back and look at that supplemental data, right? Look at that estimate basis that's down there. So you know just as you said, all of those things are accurate before we start looking at the numbers, because if that's not right, all of the numbers could be wrong.

Tammy Flanagan: And ideally, if someone who's requesting this estimate has already been through some type of retirement training, whether they've been to your bootcamp, which is going to tell them how to calculate their retirement, whether they've been to a live presentation, whether they've watched a different webinar, they want to know at least roughly how to calculate that, so in my mind, I want to have an idea of what I should be getting and see how close it is to the number my agency came up with, and if we are $1000 dollars a month off, we want to know why.

That would be my first question. Why am I coming up with 3,200 a month, and the estimates telling me I'm getting 3,800 or vice versa. So, you want to have some basis of what you think it should be. That would be ideal.

Then when we get to the reductions, there are several that they offer on the estimate. Usually, there's a line for an early retirement age reduction, a deposit reduction, a survivor benefit, a redeposit and alternative annuity. And if those apply you, sometimes those will be shown as reductions to that basic benefit, which are going to reduce your taxable income because they're not withholdings, they're considered permanent reductions.

The most common of those is the survivor benefit reduction. That's for a FERS employee, either going to be 10% off the top of your retirement or 5%, and typically that reduction is for a surviving spouse. There are some exceptions to that, it could be for someone who has an insurable interest, or you might be leaving something to a former spouse. But if you have a divorce decree that says your former spouse is getting survivor benefits, that will generally never be on this estimate, because your agency doesn't have a copy of your divorce decree, they have no idea that that former spouse even exists.

Micah Shilanski: And that is so, so important to remember, right? Because if you're planning on that $3,000, $4,000 a month, gross pension, whatever it is. But again, your ex is going to get half of that, that's not four grand, right? Really in the planning process, it's really important to understand that.

Tammy Flanagan: And generally your agencies, retirement specialists, they're not going to get into that with you. They'll give you a copy of your estimate, so you can take this to your attorney and have them calculate what your former spouse is going to get or you could go to someone like Micah or myself who understand that language and can help you understand the division that that divorce decree is setting out for the former spouse, whether it's part of your retirement while you're living or whether it's survivor benefits after you're gone or whether it's both.

And I've seen them where they leave both as well. Did you want to cover any of the other reductions? Do you think they're worth talking about?

Micah Shilanski: I was only going to say on the other reductions, it's really a penalty because you retiring early or you owe money back to the government, right? I mean, basically that kind of summarizes those. So they're really not that common. If one of those was hitting you, it's something to absolutely look at, if there's a dollar amount there. But again, I agree survivor benefits that's the one that's pretty much everyone was going to look at.

Tammy Flanagan: I want to mention one other one just for a second, because this is one, most people don't even know what it is, it's titled on this estimate as alternative annuity, and I would venture to guess that the majority of federal employees have never heard of alternative annuity.

So what it is, it's the ability for someone who has a life threatening illness when they retire, because I know a lot of people who are retiring for health reasons, they're not necessarily making it a disability, but because their health is failing, they've decided it's time to retire. So if you've been diagnosed with an illness that is life threatening, it's going to limit your life expectancy to some degree, you may be a candidate for the alternative annuity, which means you would be entitled to receive all of the money that you paid into FERS or CSRS.

Now, if it's FERS, it's not a ton of money, but over the course of a 20, 30 year career, it can be tens of thousands of dollars, so that's a nice chunk of money to have as you walk out the door. And it will because a reduction to your retirement, but it's very small, it's actuarial, it's based on how old you are when you separate and how much you're taking out. So if you're only taking out 25,000, it's not going to because a huge reduction, but that 25,000 could really help, especially if you need medical care that's very expensive or something your insurance doesn't cover.

So I just wanted to point that out, that that's what alternative annuity is. It's mainly for someone on a non disability retirement, but who's retiring with a life threatening illness. Ask your HR specialist about that. If you think you might qualify and they can factor that into your estimate.

Micah Shilanski: Yeah. It's just good to know. I mean, hopefully God forbid that would not going to take place, but it is a good thing that's out there for those that it does affect.

So we've gone through the reductions. Now, we're going to go to the deductions that's there. A little confusing, right? But the deductions are things that you are choosing to have withheld that are coming out, and that's going to be a myriad of different things. And this is really important to look at because I see a lot of common mistakes, and Tammy I know you do as well in these deductions.

Now this is going to range from your insurances, so this could be health insurance, life insurance, dental, vision, federal tax withholdings. Right? All of those things are deductions, which are going to come out of your pension. And one of the things that I really want to make sure I'm looking for is number one, is the health insurance, where they're calculating the correct health insurance premium for whatever reason, right?

Do they have you a single when you should be married or maybe you're a dual fed, so each of you has a single policy now, but one's going to retire early, so now you're going to move under their insurance or vice versa, but make sure that dollar amount for health insurance is really accurate. But the most common one that I see messed up or inaccurate is tax withholdings.

Tammy Flanagan: Right. Yeah. So you'll see a federal tax withholding line on the deduction section, and like you were saying, Micah that federal tax withholding is not going to necessarily be accurate because we have to look at your entire income. You might have a spouse who's still working full time. You yourself might be going into a second career or you might be starting to take out distributions from your thrift and turning on social security.

So that deduction is based on just FERS, as if that was your only income, and that's generally not the case, otherwise you probably couldn't retire if you were just going to try to live on this first benefit.

Micah Shilanski: Yeah. So it's really important on here. And I tell clients, I was like, "Look, I'm not going to worry when you're getting your interim checks and initially after you retire, how much they were holding for taxes, but once your retirement is certified by OPM, now I'm going to start worrying about taxes." Because normally Tammy, as you said, they're not withholding enough taxes, because they're only looking at that first income that you're getting.

And then number two, unless you're in a few of the States that do not tax, well, have no income tax A, or don't tax your federal pension, you state taxes are not being withheld by default. And so this really catches a lot of retirees that first year into retirement, where they owe several thousand dollars in taxes, which is not the bill you want when you get to sit down to do your taxes.

Over the last 30 years you've been on autopilot, maybe it's a breakeven, you're getting a little refund. You have all your withholdings kind of set, you go into your first year retirement, then all of a sudden you got a $4,000 tax bill because you didn't have state taxes withheld. So this is something you really need to watch and OPM can withhold state taxes, but you have to be proactive. It normally takes me once or twice to get them, forms filling out and paperwork to get them to withhold the taxes, Tammy Flanagan: Right. Yeah. Sometimes I recommend to clients that they have their tax preparer, their account, whoever does their tax or themselves maybe run their income through one of the tax programs as if you were already retired and you'll get a better idea of how much your income tax might be and realistic terms rather than what it shows on your estimates. I would take that federal tax withholding with a grain of salt, because it's probably not enough. It's probably not taking out enough to really take into account all the income you're likely to have.

Micah Shilanski: And on that we will put on our website. So if you jump on our website, this is our second podcast, so it will be planyourfederalretirement.com/two, and will ... Tammy what I like to use is the IRS has a federal tax withholding calculator. So we'll put a link right there and that's a really simple one to use if you're in a pretty simple situation, maybe it's a pension, or you're getting a couple of paychecks. It's not for self employed at all, but it'll give you a really quick estimate to see if you're on track for taxes.

Tammy Flanagan: That's good. Yeah. And I guess it's worth mentioning too, that there's a publication the IRS has called Publication 721 that helps people figure out the tax free portion of their retirement, which I hope everybody doesn't get too excited because it's not a big portion, but at least a little bit, every little bit helps.

Micah Shilanski: You know, for simplicity when I'm doing tax calculations to begin with, until OPM has certified the retirement rate, I always just say for FERS, for FERS, I just say 100% of your pension is taxable, because it's not far off and it makes it really easy. And guess what, if I over withhold just a little bit in taxes, you get the money back.

If you under withhold and then you got to write that check and a lot of people don't like doing that, but yeah, a portion of your benefit is going to be tax free, which is nice.

Tammy Flanagan: Don't forget to claim it though because you're entitled to it. And the other thing I guess is worth mentioning is that all your insurance premiums you're used to paying them biweekly, so they look like they're a lot less than they are on your estimate, because your estimate is showing the monthly reduction or deduction for those premiums.

So your health insurance might look twice as expensive, but it's really the same price, because you're only paying it once a month rather than biweekly. But the important thing to note is that the government continues to pay their share of the cost of continuing your health benefits, just like they did while you worked.

With dental and vision and longterm care, there is no government contribution to those, but you can certainly have those in retirement. In fact, you can even enroll in those, dental, vision and longterm care plans even after you retire. So you can check those out as well.

Life insurance is a different story because if you decide you want to keep more of your life insurance, you may have to pay an additional premium. Most people don't, because most people's needs for life insurance go down after they retire. But if for some reason, maybe you're in very poor health and you're retiring at a later age, you may want to pay a premium to keep more of that insurance. But typically we see life insurance cost reduce rather than go up after retirement. Just depends on how much you need to keep.

Micah Shilanski: Yep. So it's just important to look at just as you're saying. All right. So then after that, we're going to have, again, starting at the top, you have your unreduced benefit. Then you have your reductions which takes away. Then you have deductions which also take away, and that's going to leave your net monthly pension. And one of the thing ... And of course that math is generally right on the estimate, right? I don't see errors in the math that's there, maybe some incorrect numbers with how much life insurance will cost, whether they have it or not or taxes, but I'd say the other thing that's generally missing from the estimate Tammy is what I see anyways is the first supplement.

A lot of times the first supplement, even if you're going to be eligible for it is often not on there. And if it is, it's not summed together. So it's a different line item. So a lot of people that I'm meeting with, they could have a $2,500 net pension plus a $1,200 supplement and they don't realize they're getting both of them.

Tammy Flanagan: Both, that's Right. Yeah. And I think it's because the supplement is a temporary benefit. You're not going to get it for the rest of your life, and the other funny thing is I've noticed that if you go through the entire first retirement application, there is not one mention of a first supplement on there.

So you kind of have to know that you're entitled to it, so this might be a discussion you'll have with your HR specialist and find out if you're entitled to it, if you're not, how long would it take you to become entitled? Because I've seen some people retire, let's say at age 59, with 20 years of service and they're going to take a deferred benefit, but if they would just stay one more year, they get a supplement for two years.

So that's a good conversation to have with your qualified HR specialist if you have one that you can get some retirement counseling from or attend one of our good sessions that are going to help you understand who's entitled and who isn't to these things. But like you said, Micah, sometimes it's not even there and they're entitled to it, which could be well over $1000 a month additional income, at least for the first five to seven years of retirement, many cases.

Micah Shilanski: So again, just important things that you need to be educated, and how your benefits work, because this is your money that's coming in, really important.

Tammy Flanagan: One more thing, now this doesn't pertain to FERS employees, but we have a lot of people more so now than ever before, it's not a huge population, but a lot more people are retiring under a category called CSRS offset. And the other thing I see missing from the estimates is the amount of the offset, because if you're retiring at age 57, there is no offset until you turn 62, but you certainly want to be aware that that's coming because that's going to probably impact when you file for social security.

So if you're under a civil service offset, the same place where you would normally see the first supplement is where sometimes you'll see an offset there and sometimes you won't. But if you're under a CSRS offset, be aware that you will have an offset at some point in your retirement. So it's important to be aware of.

Micah Shilanski: And an offset means in this case you are under CSRS, right? But with a term offset is not only a category, but that means your pension will be less. So they're going to take a deduction, they're going to ... I guess it's a reduction, right? They're going to permanently take money out of your pension at a certain time, because you are eligible for social security.

Now again, Tammy, just as you said, this is only for a special category, CSRS offset. If you are FERS, do not even worry about this, right, it does not apply to you whatsoever.

Tammy Flanagan: Then the other thing in that net monthly annuity category is usually they'll put in there the value of the survivor benefit if you die the day you retire. So if you did elect a survivor benefit up under the reductions, you had a spousal benefit shown there, then it's going to show you how much your spouse will get every month if you predecease them, if you die first and that's before any deductions, right, any withholdings.

So they're going to have to pay tax on that, have health insurance deducted from it. So pretty much, many of the same deductions that you're going to have will be coming out of that check.

Micah Shilanski: Well, Tammy I know we'll probably run a little bit long on this, but let's take a quick minute if you don't mind, and let's talk about those survivor benefits because we'll do a future podcast talking more in depth about this, but this is a question we get, I get a lot and I can only imagine you do too, which is, do I leave a survivor benefit or not?

Tammy Flanagan: Yeah. So there's two things. There's leaving a survivor benefit because your spouse needs the money, and the other thing is leaving a survivor benefit because your spouse who is not federal is counting on you for health insurance. And those are two things that are vitally important to understand because once you make that election to provide it or not to provide it, it's very hard if not impossible to change your election and you may not find out you made the wrong decision till it's too late.

So you want to understand this before you retire, not your spouse finding out after you've passed away.

Micah Shilanski: So I would say hands down rule, I cannot think of an exception to this rule at all, and let me know if you do, but if you're going into retirement, you must provide health insurance eligibility to your surviving spouse. That's going to be there.

Now, that means if they're not a dual fed, you must leave a survivor benefit to them. It could be a reduced survivor benefit that may or may not be a good idea, but at least that would give them eligibility to maintain FEHB, your federal employee health benefits, and I can tell you from the outside looking in, that is a phenomenal health care system, right? So, really important to do that.

Tammy Flanagan: Yeah, technically you wouldn't have to leave health insurance if your spouse is over 65, because they could go out and buy a Medicare supplement, but do they want to, the federal health benefits is a wonderful supplement to Medicare and it's so good to have that option, to have the government contribution, to have all the benefits included with using FEHB to supplement Medicare.

So I agree with you, Micah, I can't think of a reason why someone would not leave a survivor benefit if their spouse is only entitled to health insurance through their federal career. Dual federal couples are a different story because they can each carry it themselves.

Micah Shilanski: Amen. Yes, ma'am. So really important on that. Now we're going to talk later on in this series about, do you need a survivor benefit for the dollar wise, right? A little spoiler for you real fast. I think it's a very simple equation. If you die as the federal employee, can your spouse maintain their same current lifestyle? If the answer is no, you need survivor benefits. Right?

Tammy Flanagan: And then some, you might need insurance.

Micah Shilanski: And then some. Yeah, you might need other things. It's a very simple math equation. Sometimes we put a little too much into it, but I think it's really is that simple, because we need to make sure we're taking care of our families. All right. I'll get off my soap box at least for right now.

Tammy Flanagan: Well, the other reason why people might want to listen to when we talk about that, is because I've seen it many, many times where you have a couple who both work. In many cases, they both work for the government, in some cases one's private industry, one's federal, and they think because they each have their own pension benefit, their own social security, their own retirement savings, why do we need to leave each other survivor benefit? I have my retirement, he has his. Who's the spender, who's the saver?

Micah Shilanski: Exactly right. Right? So, and it's one of those things, how much money gets put in your bank account, more than likely that's how much you're spending. So if half your income goes away and you're still spending the same amount, what's going to happen?

Tammy Flanagan: That's right.

Micah Shilanski: So Tammy real quick, I think we should do some action items. We went through a lot of different things, right? Really important to request your estimate and look at it.

Now there's some different rules with different agencies because of how busy they get, how frequently you can request it, what you can do in that side, at least start, and if you're not eligible for it for a certain period of time, jump on your calendar and put a date on your calendar to remind yourself to go get it at that time.

And if the only way you can generate one is through your payroll system, then at least start with that. Because what we're trying to do is not just figure out, what your pension is going to be in retirement, but is the information the government has on your service correct? And if it's not, now we need to fix it. Same thing we were saying in that first podcast.

Tammy Flanagan: That's right. And also, find your retirement specialist because that person can be a wealth of information to answer questions about service credit, what's on this estimate, what options you have to choose from, they can help you sort out the pros and cons sometimes. That could be easier said than done as well, because sometimes you have someone in your same building, you can just walk up there, make an appointment and meet with them.

Other times it's a shared service center, where they're in another state and they may not want you to call them until you retire. So check into that, at least look to see what your options are. Do you have any retirement counseling available from within your agency? If not, then I think educating yourself is vital no matter what, even if you have counseling, you need to understand this stuff in basic form.

I don't need to know how the plane flies when I get on an airplane, because I don't have any control over that, I have no input, but in my retirement, I need to know where these numbers come from because I do have control over when I retire, how much I save for retirement, when I turn on social security, so I think it's everybody's responsibility to be able to do their own estimate, at least in elementary form.

Micah Shilanski: And keep in mind, and I'm not trying to rag on OPM or HR people, but there's a pretty significant error rate, mistake rate, right, that's out there. And so making sure you know what the numbers are, so you're getting your money in retirement-

Tammy Flanagan: That you've earned.

Micah Shilanski: ... really important. Yeah.

Tammy Flanagan: Absolutely. Nobody cares about it more than you do.

Micah Shilanski: All right. So a couple of action items for this, because this is all about action items, you taking action in your retirement planning and getting yourself in a better place would be, number one, I would say, absolutely go get an estimate of your pension. Look at those numbers as Tammy said.

So the second action item would, after you get the estimate, look at it and start with the basis of the estimates, start with the supplying information, that age, your retirement date, the high-3, all of that stuff, make sure that's correct before you start looking at the numbers.

Tammy Flanagan: we're going to talk about this at a future date, but you may also want to get an estimate of how much TSP is going to provide in income and how much you're going to get from social security, so that you can really pull all three pieces together if that's what you're going to be living on in retirement. So this is just one piece of the puzzle. This is only showing your basic government pension.

Micah Shilanski: And actually that's a good spoiler alert, right, because that's what we're going to be covering pretty much next time. Forget if it's the next one or the one after that, but if you pull your social security information, pull your TSP information, have it in front of you at our next podcast. So when we're talking about this, you can see how it applies to you in real life.

Tammy Flanagan: Yep. And the other thing is find out who your HR specialist is and where they are. And we talked about this last podcast, know how to get into your EOPF. So if you do have questions about who's my beneficiary, which life insurance options that I elect, what's my service comp date. I can figure that out by reviewing what's in my OPF. We talked about that last time.

Micah Shilanski: Okay. Perfect. Well, Tammy, this was a blast as usual. Thank you so much for spending time with us and going through the podcast.

Tammy Flanagan: It's fun, Micah. I hope it helps some people and look forward to doing the next one.

Micah Shilanski: Yep. And if you have questions, you have things you want us to cover in the podcast. We would love to hear from you the best way to do that is to email us ar newsletteratplanyourfederalretirement.com. And until next time happy planning.

Tammy Flanagan: Thank you.