

THE FEDERAL RETIREMENT PLAYBOOK

8 Planning Opportunities and
Common Pitfalls Under FERS

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Is the American Dream of Retirement Still Within Reach?

At Frame Wealth Partners, we believe it is. For federal employees, retirement is often viewed as one of the strongest benefits of public service. Yet many employees spend decades accumulating benefits without fully understanding how the pieces work together. Your pension, Thrift Savings Plan (TSP), Social Security, FEHB coverage, survivor elections, and retirement timing all interact.

One decision could potentially permanently affect another.

As retirement approaches, understanding your options becomes just as important as saving for retirement itself.

This guide highlights several planning opportunities and common mistakes we see among employees covered under the Federal Employees Retirement System (FERS). After reading this guide, if you'd like a second opinion on your retirement strategy, we'd welcome the opportunity to meet with you for a complimentary, no-obligation consultation.

1. DON'T LEAVE TSP MATCHING CONTRIBUTIONS ON THE TABLE.

One of the easiest opportunities available to federal employees is also one of the most commonly overlooked.

Under FERS, employees who contribute at least 5% of their salary to the Thrift Savings Plan receive the full government matching contribution. Failing to contribute enough to receive the entire match means voluntarily giving up part of your compensation.

Although many employees understand the value of the match, some delay increasing contributions because they intend to "catch up later." Unfortunately, those missed matching dollars cannot be recovered.

For many employees, consistently receiving the full government match can become one of the most valuable components of their long-term retirement savings.

2. RETIREMENT IS ABOUT COORDINATING ALL OF THE PIECES.

Federal retirement is unique.

Your pension, Thrift Savings Plan, Social Security, healthcare benefits, taxes, Required Minimum Distributions, beneficiary elections, and estate planning all work together.

Structuring one area without considering the others may create unintended consequences.

We believe retirement planning isn't about making isolated decisions—it's about coordinating every part of your financial life, so each decision supports the next.

3. RETIREMENT ELIGIBILITY ISN'T THE SAME AS RETIREMENT READINESS.

Many federal employees focus on reaching retirement eligibility while spending far less time evaluating whether retiring at that point would actually be the best financial decision.

A difference of only one or two years may increase:

- Your FERS pension
- Your accumulated annual leave payout
- Your Thrift Savings Plan balance
- Your Social Security strategy
- Your long-term retirement income

Retirement is more than qualifying for a pension. It is about determining the timing that best supports your overall financial picture and goals.

4. FEHB MAY BE YOUR MOST VALUABLE RETIREMENT BENEFIT.

Many employees spend decades focused on their pension while overlooking the importance of maintaining eligibility for Federal Employees Health Benefits (FEHB) into retirement.

Missing eligibility requirements or misunderstanding enrollment rules can permanently affect healthcare options throughout retirement.

Healthcare can potentially become one of the largest retirement expenses, making FEHB continuation an important topic of the retirement planning conversation—not simply an administrative decision completed during retirement paperwork.

5. THE FERS RETIREMENT SUPPLEMENT DESERVES CAREFUL PLANNING.

Employees who retire before becoming eligible for Social Security may qualify for the FERS Special Retirement Supplement.

While this benefit can provide valuable income before age 62, it is subject to eligibility requirements and earnings limitations.

Retirement timing, post-retirement employment, and Social Security decisions may all influence how much value this benefit ultimately provides.

Understanding these interactions before retirement can help avoid unexpected reductions.

Planning Insight

Federal retirement isn't just about maximizing your pension or growing your TSP. The greatest opportunities often come from coordinating your retirement date, pension election, TSP withdrawal strategy, Social Security timing, taxes, and healthcare benefits into one comprehensive plan.

6. AGE 59½ OPENS NEW PLANNING OPPORTUNITIES.

Many employees are unaware that reaching age 59½ creates additional flexibility.

Depending on your employment status and plan rules, certain in-service withdrawal options may become available, allowing retirement assets to be repositioned without separating from federal service.

These strategies are not appropriate for everyone, but understanding when additional flexibility becomes available can help avoid rushed decisions later in retirement.

7. YOUR PENSION DECISION MAY BE PERMANENT.

One of the largest decisions federal employees make occurs only once.

When you retire, you'll choose whether to provide a survivor benefit for your spouse. While electing a survivor benefit generally reduces your monthly pension, declining it may permanently eliminate future income options for your spouse and may also affect eligibility to continue Federal Employees Health Benefits (FEHB) coverage.

Because these elections are often irrevocable after retirement, it's important to evaluate them within the context of your broader financial plan rather than making the decision solely based on the size of today's pension payment.

8. DON'T LET THE THRIFT SAVINGS PLAN MAKE EVERY DECISION FOR YOU.

The TSP is one of the most cost-effective retirement plans available.

However, many employees invest exclusively in Lifecycle (L) Funds and never revisit whether the allocation still reflects their retirement goals, risk tolerance, or income needs.

Lifecycle Funds automatically become more conservative over time, regardless of whether that approach remains appropriate for your personal circumstances.

For some investors, they may be an excellent solution. For others, reviewing the underlying investment allocation may uncover opportunities to better align their portfolio with their long-term objectives.

At Frame Wealth Partners, we've dedicated significant time to understanding the retirement decisions federal employees face under FERS. If you're within several years of retirement or simply want confidence that you're making informed decisions, we'd welcome the opportunity to provide a second opinion and help you bring your financial future into frame.

[Book Your Complimentary Consultation Here](#)