

Federal Employee Retirement Guide

# Retiring From Federal Service

---

A planning guide for federal employees and retirees in Waco, Temple, Killeen, and Fort Hood. Understand your retirement income, review coverage for your family, and prepare for the decisions you will make before leaving federal service.

# Feel prepared for life after federal service.

You may be ready for more time with family, a different pace, or work you choose on your own terms. Before you leave federal service, you want to know that your income can support that life and that you understand the benefits you are taking with you.

It is reasonable to have questions. Will your pension and savings cover your spending after taxes? Can you keep your health coverage? What would your spouse receive if you died first? A retirement application brings those questions together, often while you are still working and trying to make sense of unfamiliar rules.

We wrote this guide to help you prepare. It explains how your service record and retirement timing affect your benefits, then walks through decisions about savings, taxes, and family coverage. You will find examples of situations that need extra attention, questions to take to your agency HR office, and a worksheet for organizing your own information.

**Start with the life you want retirement to support. Then compare the income and coverage available on the dates you are considering.**

## A quick note on scope

Most of the guide focuses on the Federal Employees Retirement System (FERS), with notes for other retirement systems and special circumstances. Use it alongside your official benefit estimates. Your agency HR office or the Office of Personnel Management (OPM) must confirm eligibility and calculations; your advisor and tax professional can help you evaluate how those benefits fit your household. This is educational guidance, not individualized advice.

# Review your retirement records.

---

Gather your service and benefit records before comparing retirement dates. These six checks help you identify missing information and questions for your agency HR office.

- 1 Pull your SF-50s and count creditable service.**

Whole years and months of civilian FERS service, plus any temporary or part-time service, any break, and any refunded service, since not all of it counts the same way. Ask HR to confirm which periods count toward eligibility and the pension calculation.
- 2 Confirm your high-3 average salary.**

OPM uses your highest average basic pay over any 36 consecutive months, locality pay included. For most people that is the last three years, but not for everyone.
- 3 Check unused sick leave.**

OPM converts the balance using its 2,087-hour chart, adds it to computation service and drops any remaining partial month. It can help meet the 20-year computation threshold for 1.1% at 62, but cannot establish retirement eligibility. Annual leave is different: unused annual leave generally pays out as a lump sum at separation.
- 4 Confirm FEHB retirement eligibility.**

Generally, you need immediate-retirement entitlement and five continuous years of coverage, including as a family member, or coverage since your first opportunity if shorter. Government contributions continue while eligibility and enrollment continue; waivers are limited.
- 5 Resolve any military deposit before separation.**

The deposit is paid to your employing agency before you stop working for the government. Ask HR which periods need a deposit and whether any retired-pay waiver applies.
- 6 Separate Social Security from the supplement estimate.**

Your SSA statement helps with claiming decisions. OPM calculates the supplement using a constructed full-career Social Security estimate and civilian FERS service; your statement alone does not reproduce it.

## Compare your retirement options.

Your separation date and the date your pension begins can affect both income and coverage. They may differ if you postpone an MRA+10 annuity. MRA means minimum retirement age; the table compares common routes and the details to confirm with HR.

| If you retire at...                                                       | Income and coverage considerations                                                                | What to confirm                                                                     |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>Your MRA with 30 years</b>                                             | An immediate annuity at 1%, the supplement until 62 under OPM's cessation rules, no COLA until 62 | FEHB five years, survivor election                                                  |
| <b>Your MRA with 10 to 29 years</b>                                       | A 5% reduction for each year under 62, and no supplement                                          | Whether postponing the annuity to 62 (or to 60 with 20 years) removes the reduction |
| <b>60 with 20 years</b>                                                   | An immediate annuity at 1% plus the supplement                                                    | The earnings test if you keep working                                               |
| <b>62 with 20 or more years</b>                                           | The 1.1% multiplier and eligibility for annual COLAs; the first adjustment is prorated            | Whether banked sick leave gets you to 20                                            |
| <b>62 with 5 to 19 years, sick leave included</b>                         | An immediate annuity at 1%                                                                        | Deposits for military or early service not yet credited                             |
| <b>A VERA offer (50 with 20, or any age with 25; at least 5 civilian)</b> | An unreduced FERS annuity now; the supplement waits until your MRA                                | Any CSRS component, reduced under 55; taxes withheld from any VSIP                  |
| <b>A special-provision retirement (50 with 20)</b>                        | The 1.7% multiplier on the first 20 years; the supplement with no earnings test until MRA         | Which positions qualify at your facility                                            |

## Check health coverage during any gap before pension payments begin.

Postponing an eligible MRA+10 annuity can allow FEHB/FEGLI to resume when payments start, but coverage stops during the gap. FEHB temporary continuation can last up to 18 months at the full premium plus 2%, if you contact your former agency within 60 days. Deferred retirement does not restore FEHB/FEGLI and carries no supplement or sick-leave credit. A deferred annuity requires at least five civilian years with contributions left in the system.

## Situations that may need a closer look.

---

### **The VA employee at 57 with 30 years.**

You are eligible today, with the supplement. Compare the income available now with working to 62, when the 1.1% formula may apply and annual cost-of-living adjustments (COLAs) become available. Consider those differences alongside the additional years at work.

### **The Fort Hood civilian with a VERA or reassignment letter.**

Check the terms and deadline in your letter with HR. An unreduced FERS annuity may be available at 50 with 20 years, but the supplement does not begin until your MRA. Taxes are withheld from each VSIP payment, and an installment schedule can span tax years. Estimate how you would cover expenses during that gap before signing.

### **The postal employee.**

Your health plan is now the Postal Service Health Benefits program. Certain Medicare-eligible postal annuitants must enroll in Part B to keep it, with exceptions, including employees who were 64 or older on January 1, 2025. Include the Part B premium when comparing the cost of coverage in retirement.

### **The military retiree in a second federal career.**

Ask HR about the cost and effect of a military-service deposit. Buying back active-duty years usually requires waiving military retired pay, with exceptions for combat-related and reserve retirements, and the deposit must be paid to your employing agency before you separate.

### **The CSRS employee or retiree.**

The Social Security Fairness Act repealed the windfall and offset provisions for benefits payable from January 2024. Check that your and your spouse's Social Security benefits reflect the change.

### **Some law-enforcement and firefighter positions.**

Special provisions change the multiplier, the eligibility age, and the earnings test. Coverage is decided position by position against OPM's duty-based definitions, and most federal police officers are not covered. Job titles alone do not establish coverage. Ask your agency HR office to confirm your SF-50 coverage code, qualifying service and the rules that apply before choosing a retirement date.

### **The household where the TSP is most of the savings.**

Review how you would draw income from the Thrift Savings Plan (TSP). Compare installments and rollover options, distinguish Roth from traditional savings, and confirm the age-55 rule and when required distributions begin.

# Mistakes to check for before you retire.

Use this list to review your elections and deadlines before submitting retirement paperwork.

## Decision mistakes

- Starting an MRA+10 annuity at 57 with a 25% reduction without comparing it with a postponed start.
- Declining the survivor annuity without reviewing the 10% cost of full coverage against the unreduced pension. A covered spouse generally needs survivor entitlement to continue your FEHB enrollment after your death; separate eligibility through the spouse's own job differs. Electing less than full coverage requires spouse consent witnessed by a notary or other official authorized to administer oaths.
- Signing a VSIP without checking when the supplement starts.
- Claiming Social Security at 62 because the supplement stopped, and locking in a reduction of up to 30%.

## Planning mistakes

- Reaching the TSP limit early in the year and missing matching contributions in the remaining pay periods, if you are under 50 or have also reached the catch-up limit.
- Overlooking the unused sick-leave balance in the computation, or counting it toward eligibility when it cannot qualify you.
- Discovering the five-year FEHB rule after the date is set.
- Leaving FEGLI Option B on "No Reduction," where age-banded premiums continue and the published schedule has a final 80-and-over band.

### A practical warning

Processing time changes. OPM reported 65,237 pending claims in February 2026 and 15,427 in August. Review the current processing report and arrange for the income gap between separation, interim payments, and final adjudication.

# Taxes and rules that shape the plan.

Ask your tax professional to estimate what you would keep after taxes under the retirement dates and withdrawal choices you are considering. Confirm benefit eligibility separately with HR.

## Tax items to evaluate

Annuity taxation (Simplified Method)

TSP withdrawals as ordinary income

Roth TSP

Supplement earnings test (\$24,480 in 2026)

Social Security claiming age

Medicare Part B

VSIP as income

No Texas income tax

## Rules to confirm

FEHB five-year rule

Survivor election

Sick-leave credit

Military deposit

Roth catch-ups if 2025 federal FICA wages topped \$150,000

Age-55 TSP rule

Required distributions at 73 or 75 depending on birth year

### Consider taxes alongside your spending needs

Compare the money available after taxes with what you need to spend. A lower tax bill alone does not tell you whether a withdrawal or retirement date suits your circumstances.

Check the SF-50 coverage code, including FERS, FERS-RAE or FERS-FRAE. Employee deduction tiers do not by themselves change the regular pension formula. Part-time service and disability retirement require calculations outside the regular full-time examples here.

TSP details to confirm: the automatic 1% generally vests after three years, or two for certain positions; employee and matching contributions vest immediately. Agency matching is up to 4%, separate from the automatic 1%, and depends on contributions each pay period. Catch-ups can count for the match. Traditional TSP RMD age is 73 for birth years 1951–59 and 75 for 1960 onward, or retirement if later; Roth TSP has no lifetime RMD.

Also avoid assuming the rules are the same across agencies and systems. FERS, CSRS, postal, and special-provision employees at the same facility can face different multipliers, health-plan rules, and eligibility ages.

# When it may be worth getting help before you file.

You may be able to resolve a benefit question directly with HR. When several choices affect your household income or coverage, it can help to review them together with an advisor. Consider which of these situations apply to you.

- ☐ Your agency has offered **VERA, VSIP, or reassignment** and you need to understand the written deadline.
- ☐ You are between your **MRA and 62** and unsure whether to retire, postpone, or wait.
- ☐ You are not certain you have **five continuous years** of FEHB.
- ☐ You have **military service** you have not bought back.
- ☐ The **TSP is most of your household savings** and you have not designed the withdrawals.
- ☐ You and your spouse have not decided the **survivor election**.
- ☐ You are a **postal employee** sorting out PSHB and Medicare Part B.
- ☐ You retired from the Army and now hold a **civilian federal job**.
- ☐ You are **CSRS** and nobody has rechecked your Social Security since the 2025 law.
- ☐ You hold a **special-provision** position and are near 50 with 20 years.

## Prepare for the conversation

Mark the items that apply and collect the relevant statements or letters. Note which answers you still need from HR.

## Before you file, be able to answer these.

---

Use these questions to check your preparation. Write down any unanswered items on the worksheet at the end of this guide.

- ☐ What is my creditable service, to the month?
- ☐ What is my high-3, and is it really my last three years?
- ☐ How many hours of sick leave will I have on the date?
- ☐ Which multiplier applies to me, 1%, 1.1%, or 1.7%?
- ☐ Does the supplement start on my date, and when does it stop?
- ☐ Have I met the FEHB five-year rule?
- ☐ Which survivor election are we choosing, and why?
- ☐ What does the offer letter change, and what does it leave alone?
- ☐ How will the TSP pay me, and starting when?
- ☐ When will I claim Social Security, separately from the supplement?
- ☐ Do special provisions, CSRS, postal, or military rules apply to me?
- ☐ Who needs to be involved before I sign? HR, OPM, my tax professional, my advisor.

# Bring your benefits into your household plan.

---

At Winnacle Wealth, we help you compare retirement choices with the spending and family commitments your income needs to support. We can organize the information from your agency, work through withdrawal choices, and coordinate questions with your tax professional. HR and OPM remain responsible for official benefit eligibility and calculations.

## Questions we can work through with you

- Which date, of the ones available to me, sets the best combination of multiplier, supplement, and coverage?
- What does the household need from the TSP, and in what order?
- How do the supplement, Social Security, and the annuity fit into one income timeline?
- What should be coordinated with HR and OPM before filing?
- What does the survivor election mean for my spouse's income and coverage?

## How we organize the review

- 1 Gather your service records.**  
Creditable service, high-3, sick leave, deposits owed, coverage code.
- 2 Compare retirement dates.**  
Compare income and coverage at each eligible date.
- 3 Coordinate the income timeline.**  
Annuity, supplement, TSP, Social Security, in order.
- 4 Write the decision down.**  
What we file, when, with which elections, and why.

Additional resources: [NARFE Chapter 0229 in Waco](#) and, for military retirement questions, the [Fort Hood Retirement Services Office](#). For civilian benefit eligibility and official estimates, contact your agency HR office or OPM. These are independent resources; listing them does not imply a relationship with or endorsement of Winnacle.

## Your next step.

You now have a list of records to gather and decisions to review before filing. Use the worksheet to note your possible retirement dates and the questions you still need answered. If you would like to discuss your situation with us, book a Right Fit Call to see whether Winnacle's approach fits your needs.

### A practical conversation can help clarify

- Which eligible dates to compare first.
- What to request from HR before you file: service history, sick-leave balance, coverage code, and an annuity estimate.
- Which elections need your spouse in the room.

### Book a Right Fit Call

(254) 776-8400

[hello@WinnacleWealth.com](mailto:hello@WinnacleWealth.com)

200 W State Hwy 6, Suite 330 · Waco, TX 76712

Winnacle Wealth, LLC is a Registered Investment Advisor ("RIA") located in the State of Texas. Registration does not imply a certain level of skill or training. Additional information about Winnacle Wealth is available in its Form ADV Part 2A. This guide is for educational purposes only and should not be construed as individualized investment, tax, legal, or financial planning advice. It is not a recommendation to retire on any date, make any election, or buy, sell, or hold any investment.

Federal retirement figures reflect OPM, TSP, SSA, and IRS rules published for 2026 and are subject to change; your agency HR office and OPM produce the only binding calculation. Winnacle Wealth is not affiliated with, endorsed by, or sponsored by the Office of Personnel Management, the Department of Veterans Affairs, the Department of the Army, the U.S. Postal Service, or any federal agency.

# Pre-filing planning worksheet.

My candidate retirement dates (up to three)

---

---

---

My creditable service

My high-3

Sick leave hours

Coverage code (FERS / CSRS / postal / special)

What each date sets

☐ multiplier    ☐ supplement start    ☐ FEHB five-year rule met    ☐ survivor election

My near-term cash needs

☐ VSIP taxes    ☐ Gap months before the supplement    ☐ Part B premium    ☐ Deposit owed    ☐ Other

Questions I need answered before filing

---

---

---

---

---

My written decision

---

---

---