



Your Small-Town Doctor of Financial Planning Says:

Federal Employees Should Review Their Benefits

Federal employees generally enjoy excellent benefits, which are often much more comprehensive than those in the private sector. But with quality comes complexity. To take full advantage of them, it is important to understand their ins and outs and to be able to maneuver through the details.

For one thing, federal employees should be aware that, in the fall of each year, they have an opportunity to review and modify some of their employee benefits. The Federal Benefits Open Season for 2024 for health insurance (“FEHB”), dental and vision insurance and Flexible Spending Accounts benefits will be held from November 13 through December 11.

During this period, those covered by these plans should determine whether any changes are warranted, considering such facts as increases in rates, health circumstances, prescriptions, and new and revised options being offered by the current plan and alternative plans.

While reviewing their health benefits, federal employees should consider the status of their 2023 contributions to their Thrift Savings Plan and Health Savings Account (“HSA”). For example, if one’s goal is to maximize contributions, are any adjustments needed to the remaining 2023 paychecks? Those contributing to a Flexible Spending Account (“FSA”) should keep in mind that FSA contributions unused after the end of the year are lost, unlike HSA contributions which can be carried over from one year to the next.

Federal employees should also understand what they must do so that they and their spouses continue to be eligible for FEHB after retirement. They should also be clear about how FEHB works with Medicare and Tricare (if applicable) When these programs are properly combined, out of pockets are minimal.

In addition, Federal employees need to prepare years in advance for their portable Federal Employee Group Life Insurance (“FEGLI”). The amount of insurance they can keep will decrease over time in retirement and becomes too expensive to maintain. It’s one of the weaknesses in federal benefits. Federal employees need to know about how this works and prepare for it. If they try to replace the lost life insurance after they retire, they will find that medical underwriting is not kind as one ages, and they may not be able to adequately replace the lost life insurance.

It is also important that employees plan and prepare for their retirement benefits, including their pension, well before they retire. This isn’t advice just for federal employees. Sometimes, when a client

comes to The Kelly Group for the first time when they are close to retirement and they haven't done sufficient planning ahead of time, we have to be the bearer of bad news regarding when they can retire.

The Kelly Group's team includes two advisers who are certified as Chartered Federal Employee Benefits Consultants (ChFEBCSM). You can read an interview with one of them, Jodi Davis, in the August issue of I95 Business magazine. If you have any questions regarding federal benefits, retirement planning, or any other financial planning or wealth management issues, please contact The Kelly Group at 410-893-0560.



The Kelly Group

48 E. Gordon St., Bel Air, MD 21014

Ph. 410-893-0560 | Fax: 410-838-3287 |

www.kellyria.com

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