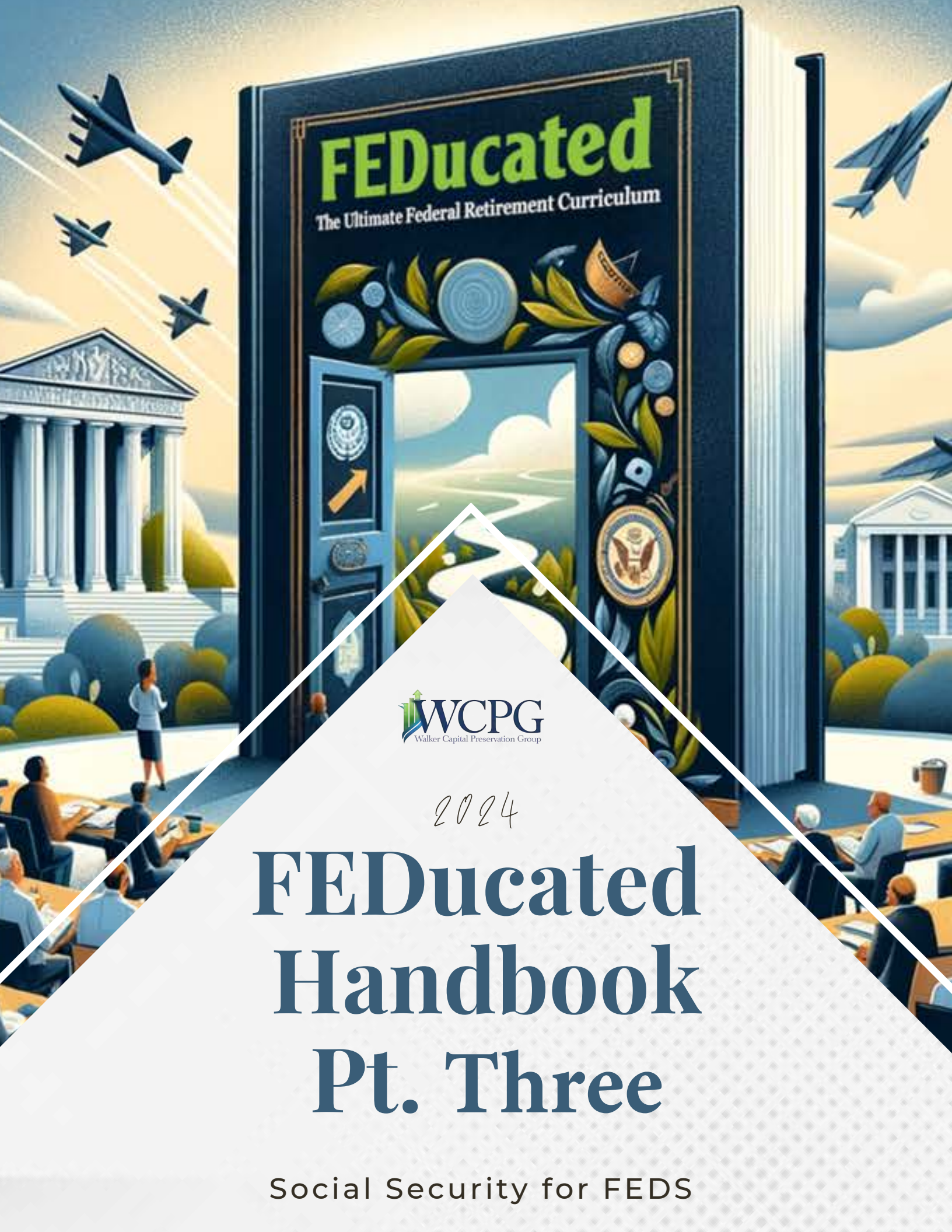




2024

FEDucated Handbook Pt. Three

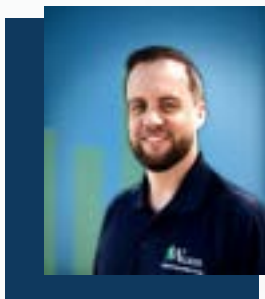
Social Security for FEDS



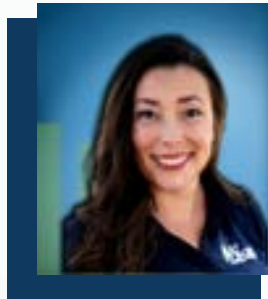
• OUR MISSION

Since 2014, Walker Capital's Mission has been to educate & empower today's Federal Employee to maximize their Retirement through proper positioning & seamless coordination of their Federal Benefits & Personal Assets.

• MEET OUR TEAM



TOM WALKER,
ChFEBC
Best-Selling
Retirement Author



ABIGAIL DUENAS,
ChFEBC
Federal Retirement
Strategist



**Master Elite IRA
Advisor**
Ed Slott's Tax
Planning Group



Retirement Tax Services
CPA Tax Planning Partners
of WCPG

As seen on



WCPG RETIREMENT BENEFITS FORECASTS

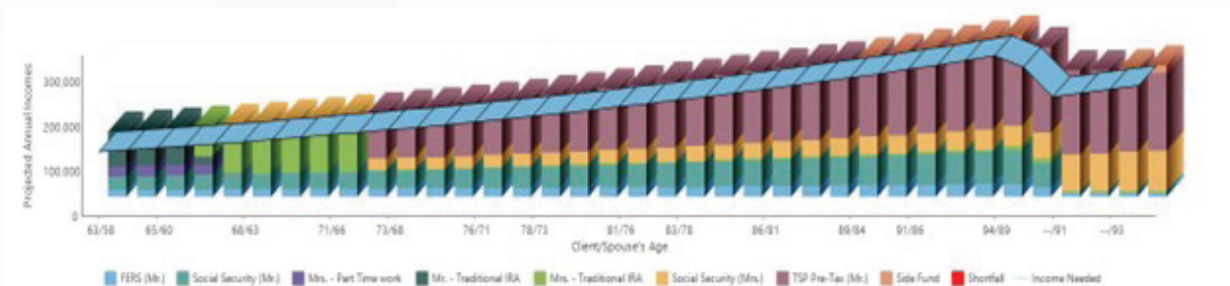


What is a **Retirement Benefits Forecast** and why do I need one?

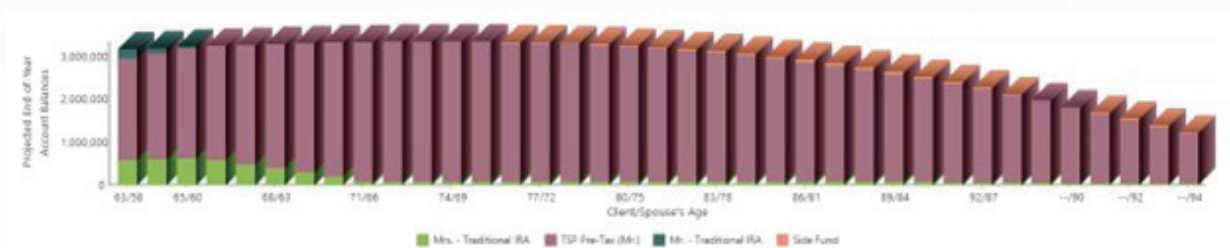
This powerful analysis offers a completely personalized model of your current retirement trajectory that includes:

- ▶ Your CSRS/FERS Pension
- ▶ FERS Supplement (if applicable)
- ▶ Social Security benefits (+ Spousal Benefits)
- ▶ TSP & IRA Withdrawals, RMDs, and Tax Treatment
- ▶ Personal Retirement Budget (adjusted for inflation)
- ▶ Current vs Future Tax Liability

Sample: Desired Income & Income Sources Through Retirement



Retirement Assets & Remaining Account Balances Through Retirement



The best part? Building a personalized projection with the Retirement Strategists at WCPG is just the start!

Our team is committed to helping you identify and address FERS/CSRS retirement pitfalls while building a relationship that enables us to help **you** get both **TO** and **THROUGH** your golden years successfully!

WORKING WITH WALKER CAPITAL



What to expect

WCPG proudly offers Webcast Attendees & Federal Employees a **Complimentary Consultation** to review your retirement, this consultation is broken down into two parts:

▶ Part 1 – Introduction Phone Call (~30 min.)

- **Goals:** Meet your Retirement Strategist & review your situation
 - **Discuss:** Retirement Timeline, Goals, Family & Concerns
- Gather data to build retirement model that will be reviewed with you during a Video Strategy Session in Part 2
 - We provide a “What to Bring Email” to make it easy for you to have the key information available for your Introduction Call

▶ Part 2 - Strategy Session Video Conference (~60 min.)

- **Goals:** Design & Discuss Retirement Benefits Forecast
 - Work through “What if Scenarios” & “Stress Tests”
 - What if I retired earlier? How about if I worked longer?
 - How may inflation, LTC, or higher tax rates impact my retirement?
- Identify Strengths & Weaknesses of current retirement trajectory
- Identify WCPG Services that align with your concerns & can improve your retirement

[Ready to Start? Click Here](#)

WALKER CAPITAL'S SERVICES OFFERED



▶ Retirement planning

- Retirement planning is the process of determining retirement income goals and the actions and decisions necessary to achieve those goals. Retirement planning includes identifying sources of income, estimating expenses, implementing a savings program and managing assets. Future cash flows are estimated to determine if the retirement income goal will be achieved.

▶ Federal Benefits Optimizations

- The Federal Retirement systems available today still offer some of the best large-scale benefits available... if you can successfully navigate the maze of program acronyms, rules, caveats, & pitfalls. During your career, it is important to understand the benefits you currently carry & how they may change over time. As you enter retirement, it is critical that you maximize your benefits in order to leverage your years of public service into your retirement. There are a number of critical coordinates to mapping out a successful retirement. For example, it is critical that you coordinate your FEGLI & SSB with your spousal FEHB & income continuation needs. Retirement is a journey, let Walker Capital help guide you through!

▶ Tax Planning

- Truly Holistic Retirement Planning requires a braintrust of like minded experts with complimentary areas of expertise which is why Walker Capital has partnered with a Tax Professor & CPA to help you understand your current tax equation and how it may change in coming years. The key is to be proactive in

addressing these concerns today because taxes are only going to be 'on-sale' for a few more years and the IRS has already put major restrictions on how much you can contribute in each of those years!

▶ Estate Planning

- What happens to your hard-earned assets after you are gone? Having a plan for your estate can help ensure that your legacy is distributed efficiently and that you can clearly outline your wishes/goals for how that legacy could be used even after you are no longer around to provide those instructions. Have a goal of leaving money to the grandkids for education? Looking to avoid probate costs and delays? Do you have a child with special needs? An estate plan – like a Living Trust + Pour-Over Will + Powers of Attorney – is here to help!

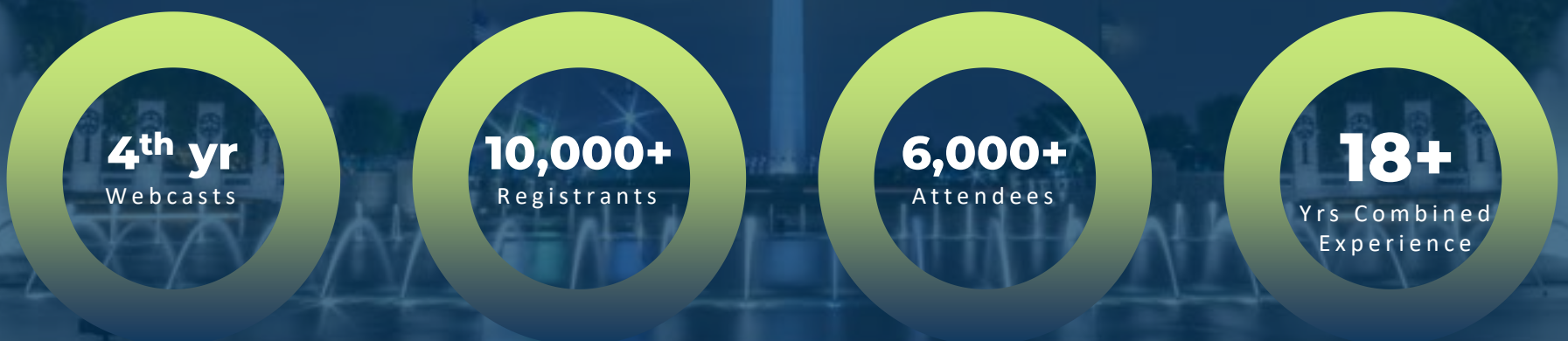
▶ Insurance Planning

- When properly utilized, insurance can help protect the quality of both you & your family's lifestyle throughout your career, in retirement, & even after (legacy). Whether looking to sleep easier knowing Living Benefits will help protect your lifestyle, looking to utilize Cash Value Life Insurance as a tool to help navigate future tax risk, or looking to ensure your loved ones have access to a highly leveraged tax-free death benefit – today's innovative policy design offerings allow Walker Capital to help your insurance plans evolve with your needs as they change over time!

[Ready to Start? Click Here](#)

#3 | Feds Social Security

A Deep Dive Into Social
Security Filing
Strategies for Feds



4th yr
Webcasts

10,000+
Registrants

6,000+
Attendees

18+
Yrs Combined
Experience

DISCLAIMER

- This presentation is intended as an educational overview and is not intended to provide specific advice, financial or otherwise, to any individuals without further consultation.
- WalkerCPG does not provide legal, tax or accounting advice. Please consult with a qualified attorney or CPA for proper legal, tax or accounting counsel.
- This educational presentation is not intended to sell any specific product, company, or strategy but to educate and empower attendees while emphasizing the importance of planning ahead
- Walker Capital Preservation Group, Inc. (WCPG) is not affiliated with, endorsed, or sponsored by the Federal Government or any U.S. Government agency. No Federal Government agency has reviewed or endorsed any of the information contained in this presentation.
- Due to the amount of material that will be covered today, please write down questions to be reviewed at the end of the presentation

TEAM MEMBERS



Tom Walker, ChFEBC

Retirement Strategist

Tom is a best-selling author & Federal Retirement Strategist with **10+ years experience** working closely with federal employees.



CPA & Tax Teams

CPA Partners & Tax Trainers

WCPCG proudly partners with the CPA's at **Retirement Tax Services** & is a member of Ed Slott's Master Elite IRA Advisor Group



Abby Miller, ChFEBC

Retirement Strategist

In the past decade, Abigail has dedicated herself to empowering federal employees, assisting them in achieving their financial aspirations .

WALKER CAPITAL

Empowering Those Who Power The Public Sector

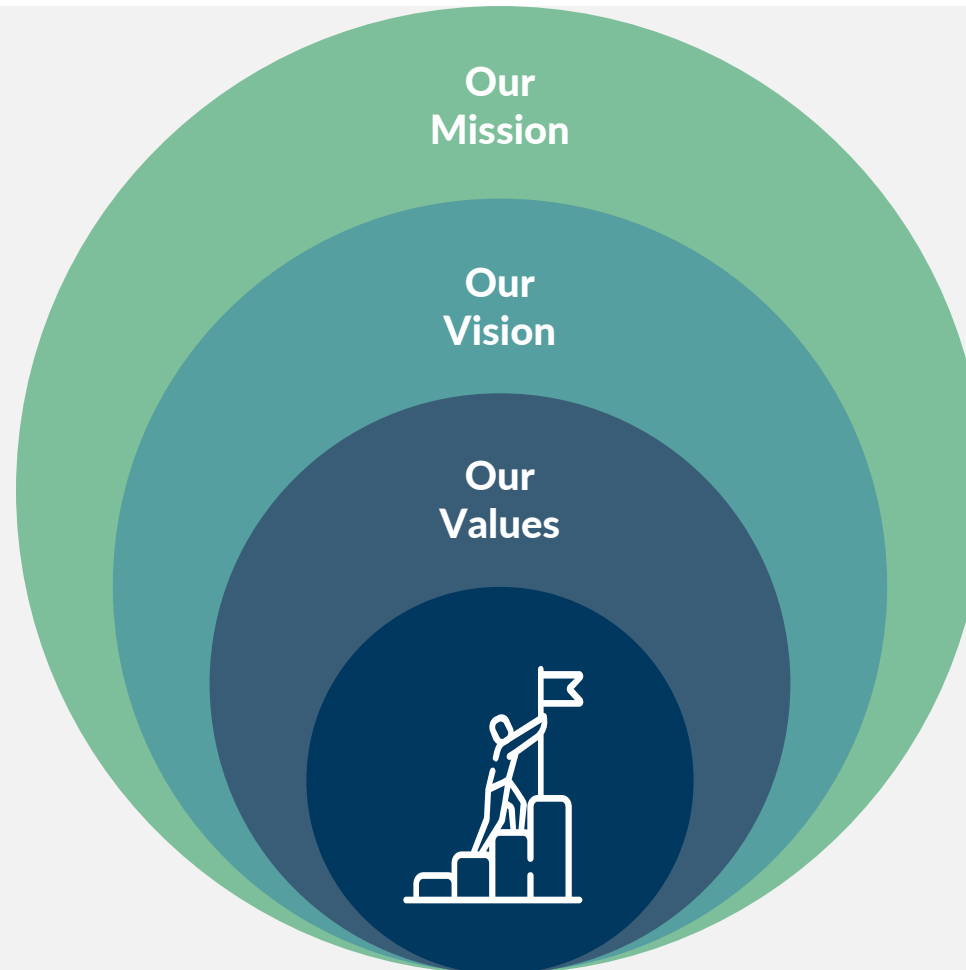


OUR MISSION

Provide industry-leading Retirement & Tax Planning Insights, Education, & Services to Federal Employees nationwide through our services and strategic partnerships

OUR VISION

Coaching Federal Employees to maximize their retirement through proper positioning & seamless coordination of their Federal Benefits & Personal Assets



Values

Financial Empowerment & Education is not something that should be exclusively reserved for the wealthy



Values

Your geography should not limit your access to the RIGHT Information & Team of Experts



Values

In order to help see you TO & THROUGH retirement, your Retirement Planner should not be RETIRING before you

Walker Capital Locations

Industry leading
VIRTUAL retirement
planning experience:

- Video Conferencing
- Powerful Planning Software
- Cutting Edge Cyber Security
- DECADES of combined experience helping Feds



Abby Duenas,
ChFEBC
Murrieta, California



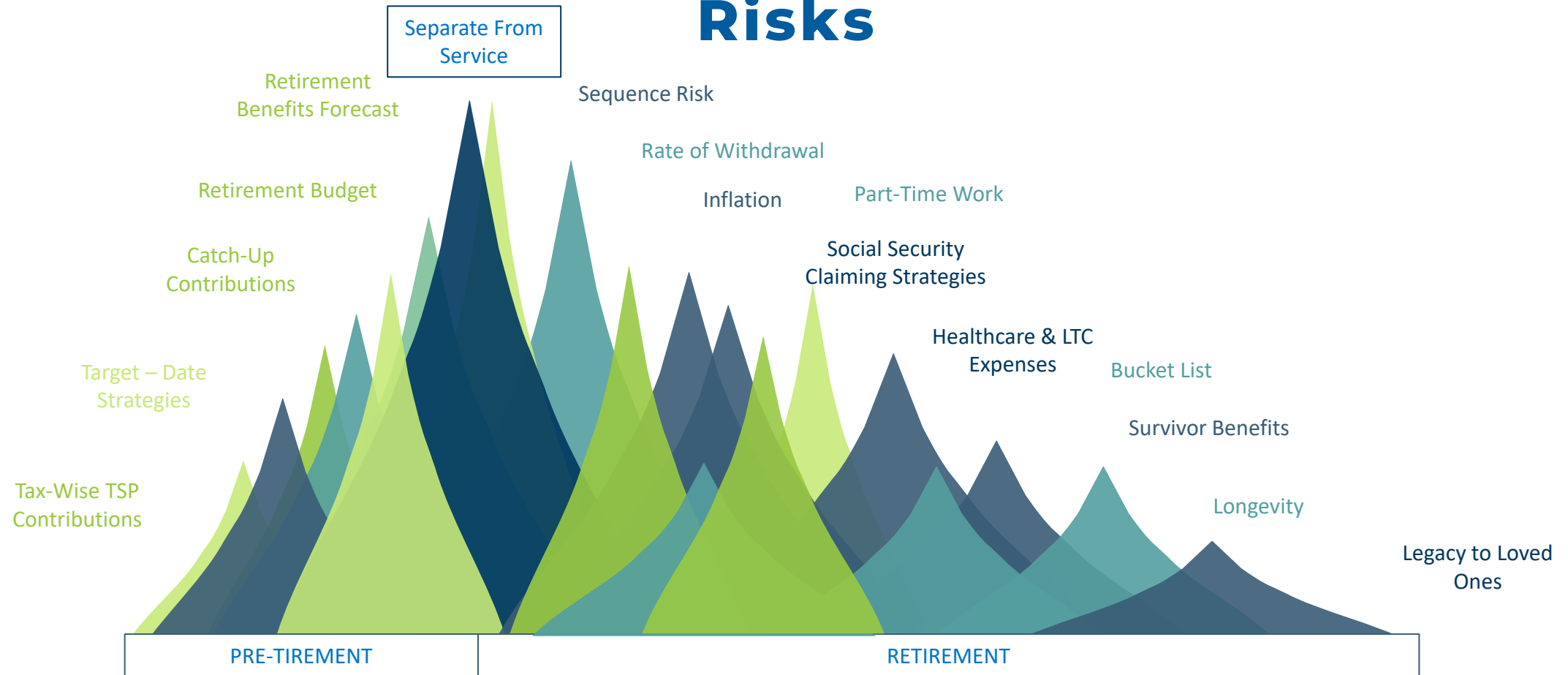
Tom Walker,
ChFEBC
Charlotte, North Carolina

AGENDA

1. TSP 101
2. TSP Fund Overview
3. The Thrift SAVING Years
4. TSP Caveats & Constraints
5. Thrift SPENDING Years
6. Federal Employee Case Study

Social Security 101

Pre-tirement Vs Retirement Risks



In retirement planning, as in mountain climbing...
Most of the risk is on the decent

Soc Sec Helps Address Key Ret. Risks



Longevity

Lifetime income for
worker and spouse



Inflation

Regular cost-of-living
adjustments



Markets

Benefits not affected
by markets



Taxes

Preferential tax treatment
vs. other incomes -
(Trad. IRA/ Trad. TSP
distributions)



Income

Guaranteed income
stream



Social Security

The Official Website of the U.S. Social Security Administration

Sign In or Create an Account

New Users

You must be able to verify some information about yourself and:

- Have a valid E-mail address.
- Have a Social Security number.
- Have a U.S. mailing address, and
- Be at least 18 years of age.

You can create an account only to gain access to personal information. You cannot use this online service to create the records of a person.

- With whom you have a business relationship
- For whom you are a representative payee
- For whom you are an appointed representative

Unauthorized use of this service may subject you to civil penalties, or both.

Create An Account

Learn More

Are you now, or have you ever been a victim of domestic violence?

You can block electronic access to your information.



Your Social Security Statement

June 1, 2022

WANDA WORKER

Retirement Benefits

You have earned enough credits to qualify for retirement benefits. To qualify for benefits, you earn "credit" through your work — up to four each year. Your full retirement age is 67, based on your date of birth: April 5, 1962. As shown in the chart, you can start your benefits at any time between ages 62 and 70. For each month you wait to start your benefits, your monthly benefit will be higher — for the rest of your life. These personalized estimates are based on your earnings to date and assume you continue to earn \$54,489 per year until you start your benefits. Learn more at ssa.gov/benefits/retirement/learn-more.

Disability Benefits

You have earned enough credits to qualify for disability benefits. If you become disabled right now, your monthly payment would be about \$2,083 a month. Learn more at ssa.gov/benefits/disability.

Survivors Benefits

You have earned enough credits for your eligible family members to receive survivors benefits. If you die this year, members of your family who may qualify for monthly benefits include:

Beneficiary	Monthly Benefit
Minor child	\$1,962
Spouse, if caring for a disabled child or child younger than age 18	\$1,962
Spouse, if benefits start at full retirement age	\$2,083
Total family benefits cannot be more than:	\$3,002

Your spouse or minor child may be eligible for an additional one-time death benefit of \$255. Learn more at ssa.gov/benefits/survivors.

Personalized Monthly Retirement Benefit Estimates (Depending on the Age You Start)



Medicare

You have enough credits to qualify for Medicare at age 65. Medicare is the federal health insurance program for people:

- age 65 and older,
- under 65 with certain disabilities, and
- of any age with End-Stage Renal Disease (ESRD) (permanent kidney failure requiring dialysis or a kidney transplant).

Even if you do not retire at age 65, you may need to sign up for Medicare within 3 months of your 65th birthday to avoid a lifetime late enrollment penalty. Special rules may apply if you are covered by certain group health plans through work.

For more information about Medicare, visit ssa.gov/medicare or call 1-800-MEDICARE (1-800-633-1227) (TTY: 1-877-488-2048).

We base benefit estimates on current law, which Congress has revised before and may revise again to address needed changes. Learn more about Social Security's future at ssa.gov/TheresFuture.

Earnings Record

Review your earnings history below to ensure it is accurate because we base your future benefits on our record of your earnings. There's a link to the amount of earnings you pay Social Security taxes on each year. Earnings above the limit do not appear on your earnings record. We have combined your earlier years of earnings below, but you can view your complete earnings record online with my Social Security. If you find an error, view your full earnings record online and call 1-800-772-1213.

Work Year	Earnings Taxed for Social Security	Earnings Taxed for Medicare (began 1990)
1971-1990	\$ 2,142	\$ 2,142
1991-1999	87,102	87,102
2001	240,069	240,069
2002	34,547	34,547
2003	34,846	34,846
2004	36,021	36,021
2005	39,032	39,032
2006	39,711	39,711
2007	43,629	43,629
2008	43,071	43,071
2009	45,170	45,170
2010	44,603	44,603
2011	45,666	45,666
2012	47,093	47,093
2013	49,660	49,660
2014	49,095	49,095
2015	50,996	50,996
2016	52,156	52,156
2017	53,251	53,251
2018	53,966	53,966
2019	54,550	54,550
2020	54,489	54,489
Not yet recorded		

Earnings Not Covered by Social Security

You may also have earnings from other sources, such as Social Security, where you pay Social Security taxes. This work may be federal, state, or local government work. If you participate in a pension plan or receive a pension based on work you did not pay Social Security taxes on, you could lower your benefits. To find out more, visit ssa.gov/ncw.

Important Things to Know about Your Social Security Benefits

- Social Security benefits are not intended to be your only source of retirement income. If you have other savings, investments, pension accounts, or other income, you may have enough money to live on.
- You need at least 10 years of work (40 credits) to qualify for retirement benefits. Your benefit amount is based on your highest 35 years of earnings. If you have fewer than 35 years of earnings, your benefit amount will be lower.
- To keep up with inflation, benefits are adjusted through "cost of living adjustments."
- If you get retirement or disability benefits, your spouse and children may qualify for benefits.
- When you apply for other retirement or spousal benefits, you may be required to apply for both benefits at the same time.
- If you and your spouse both work, use the my Social Security Retirement Calculator to estimate spousal benefits.
- The age you claim benefits will affect the amount for your surviving spouse. For example, if you claim benefits at age 62, your spouse's benefit may be reduced. If you wait until age 66 to claim, your spouse's benefit may be higher.
- If you are divorced and were married for 10 years, you may be able to claim benefits on your ex-spouse's record. If you are a spouse, you may increase the amount of your benefit if you claim on your record. If you are a spouse, you may reduce it if you claim on your ex-spouse's record.
- Learn more about benefits for you and your family at ssa.gov/benefits/retirement.
- When you are ready to apply, visit ssa.gov/benefits/retirement.
- The Statement is updated annually. It is available online, or by mail upon request.

"Social Security benefits are not intended to be your only source of income when you retire"

"Under current law, Social Security benefits will be reduced in 2035 to 75%"

SS Mechanics

Social Security

1937

Great System In 1937...



Paid retired workers only



More people paying in than drawing out



Benefits began at 65 ... Life expectancy was 63

Today

...Not Updated For 2024

Life expectancy

Of those reaching age 65:

- Men can expect to live to 84.4
- Women can expect to live to 86.7



Survivors' benefits, spousal benefits, benefits for children, and disability benefits



Significantly more money going out than coming in

Social Security: Follow The Money

Who Pays For Soc Sec?



Employees: 6.2% of wages (up to \$168k earned)



Employers: 6.2%



Combined: 12.4%

Who Receives Soc Sec?



- 45.9 million retired workers
- 8.3 million disabled workers
- 4.0 million widows and widowers
- 2.5 million spouses
- 1.2 million adults disabled since childhood
- 2.8 million children

66.6 Million
Beneficiaries



\$1.2 Trillion
Annual Benefits

Retired workers and their dependents

Disabled workers and their dependents

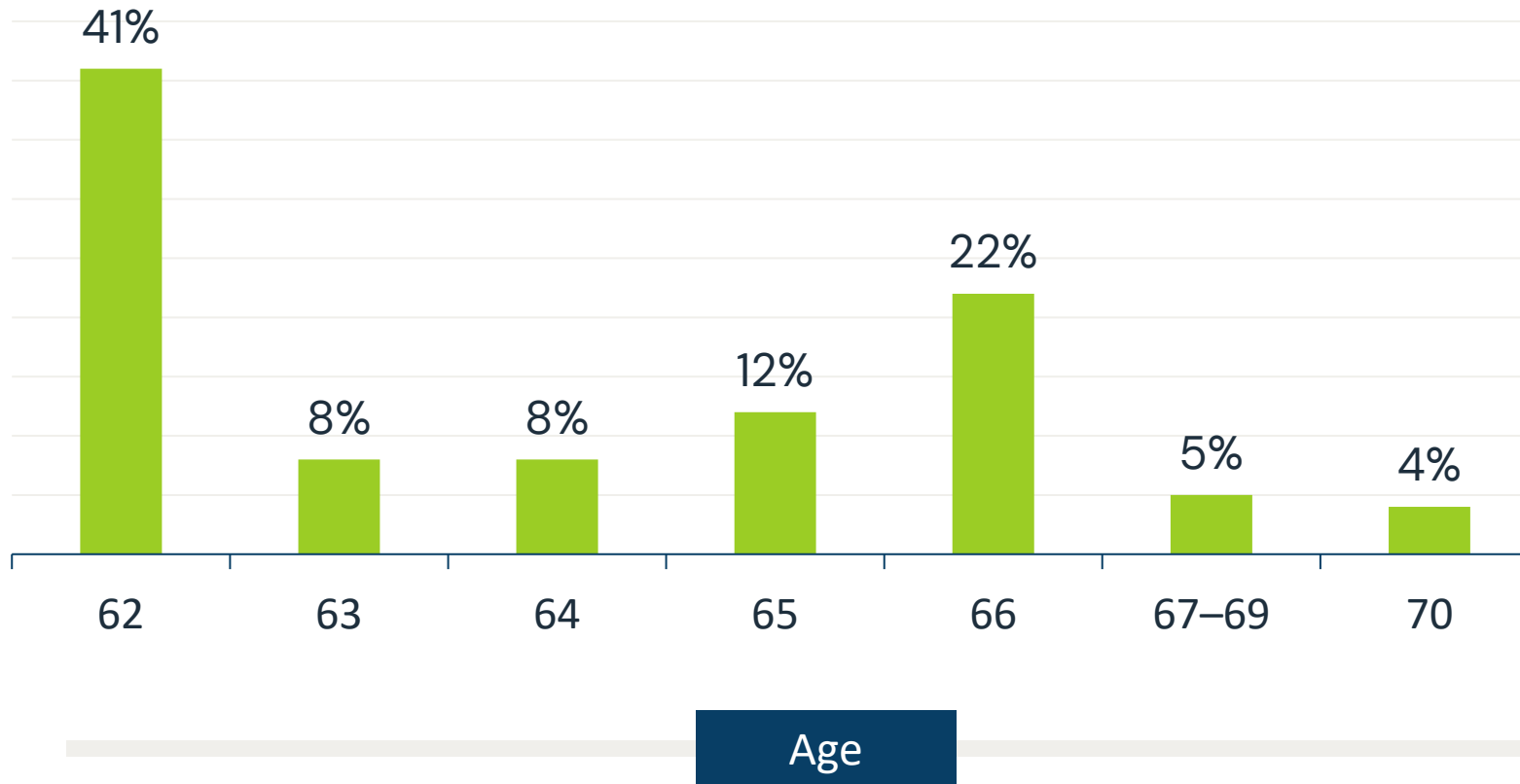
Survivors of deceased workers

9%

13%

78%

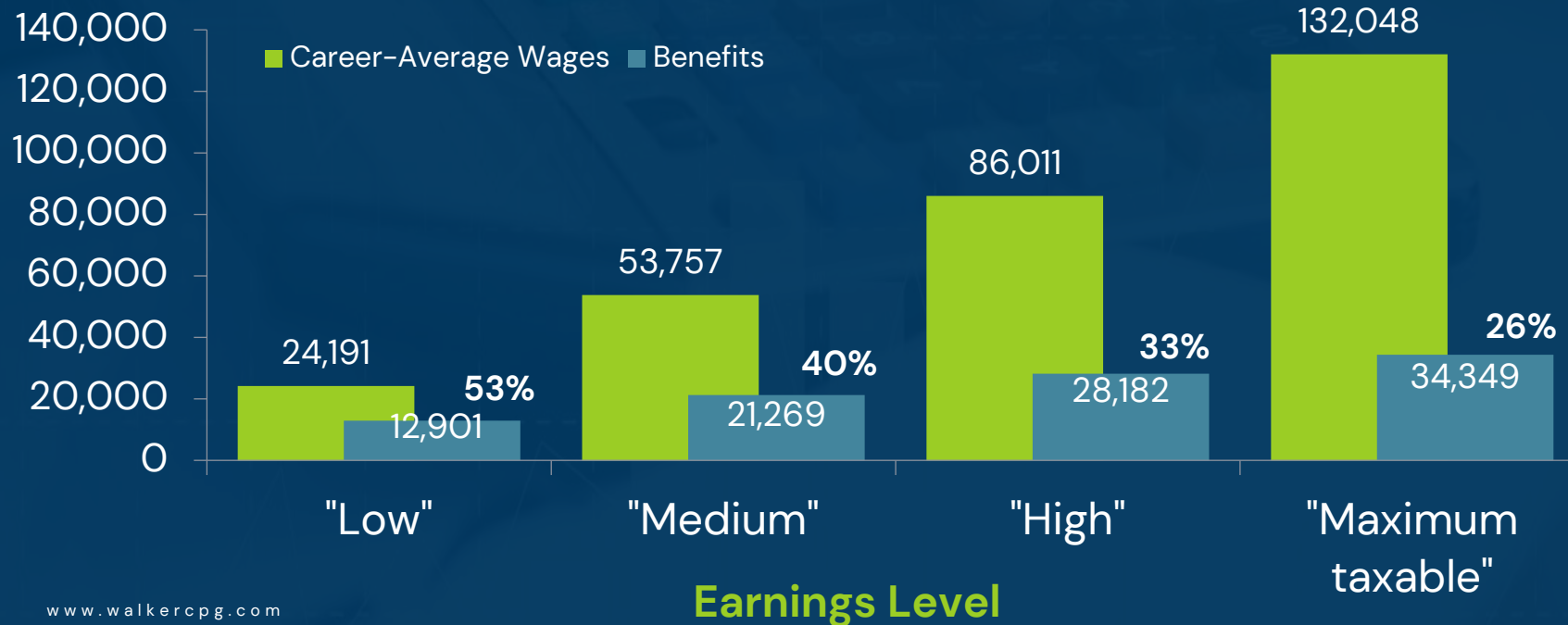
When Do Retirees Claim Social Security



Social Security Administration, 2018.
Excludes those claiming disability.

SS Benefits Replacement Rate for Wages

Replacement Rates for Retired Worker Age 65, 2020



Social Security Administration,
2020.



Determining Your Benefits



\$1,730 earnings = 1 credit



- 40 credits required to draw
- Maximum 4 credits per year
- Take the highest 35 years of earnings, monthly average

Determining Full Retirement Age

Birth Year

1943–1954

1955

1956

1957

1958

1959

1960 and later

Full Retirement

66

66 and 2 months

66 and 4 months

66 and 6 months

66 and 8 months

66 and 10 months

67



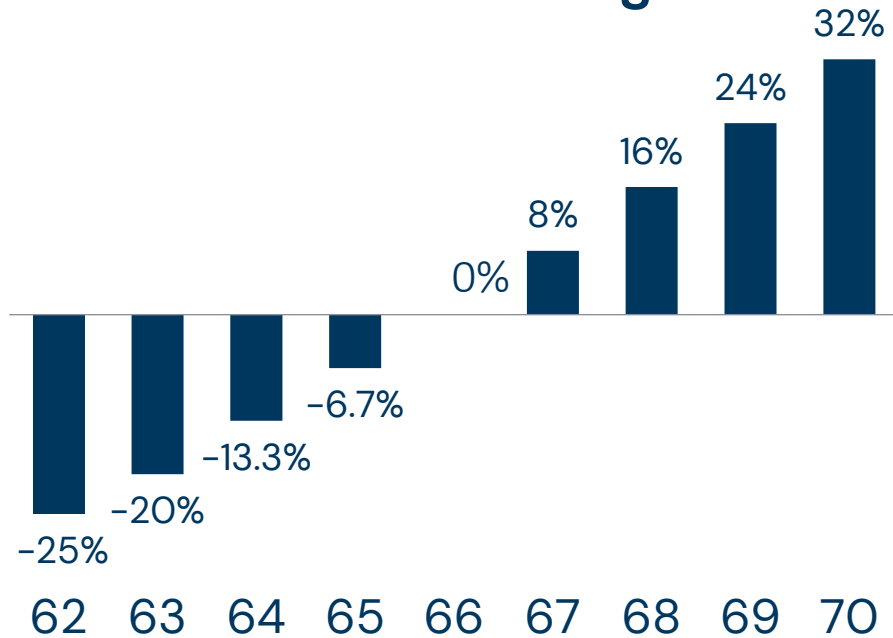
67

Is The New 65
for Baby Boomers

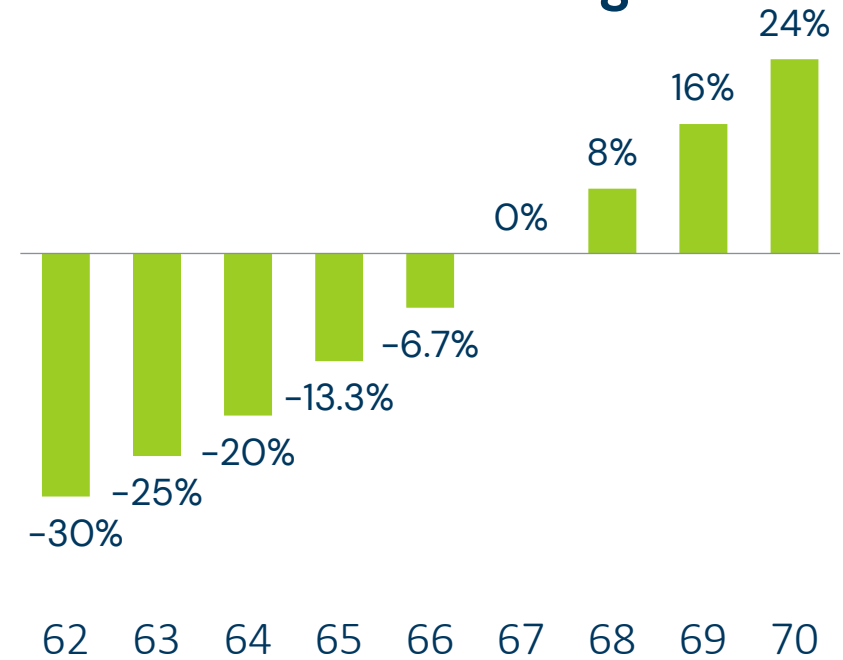


Full Retirement Age

Full Retirement Age 66



Full Retirement Age 67



The information in this presentation about Social Security is for educational purposes only. For more information, please visit the Social Security

Administration website at <https://www.ssa.gov/>

Spousal Benefits

SS Spousal Benefits

THREE TYPES



Basic Spousal Benefits



Widow/Widower Benefits



Divorced Benefits



Basic Spousal Benefits

BASIC SPOUSAL BENEFIT



Your own
work benefit



Up to 50% of a
living spouse's
benefit

*The option to start with the spousal benefit & then switch to own retirement benefit is only available if you were born on or before 1/1/1954.

Source: Social Security Administration



SPOUSAL BENEFIT



Availability

Available even if you did not work



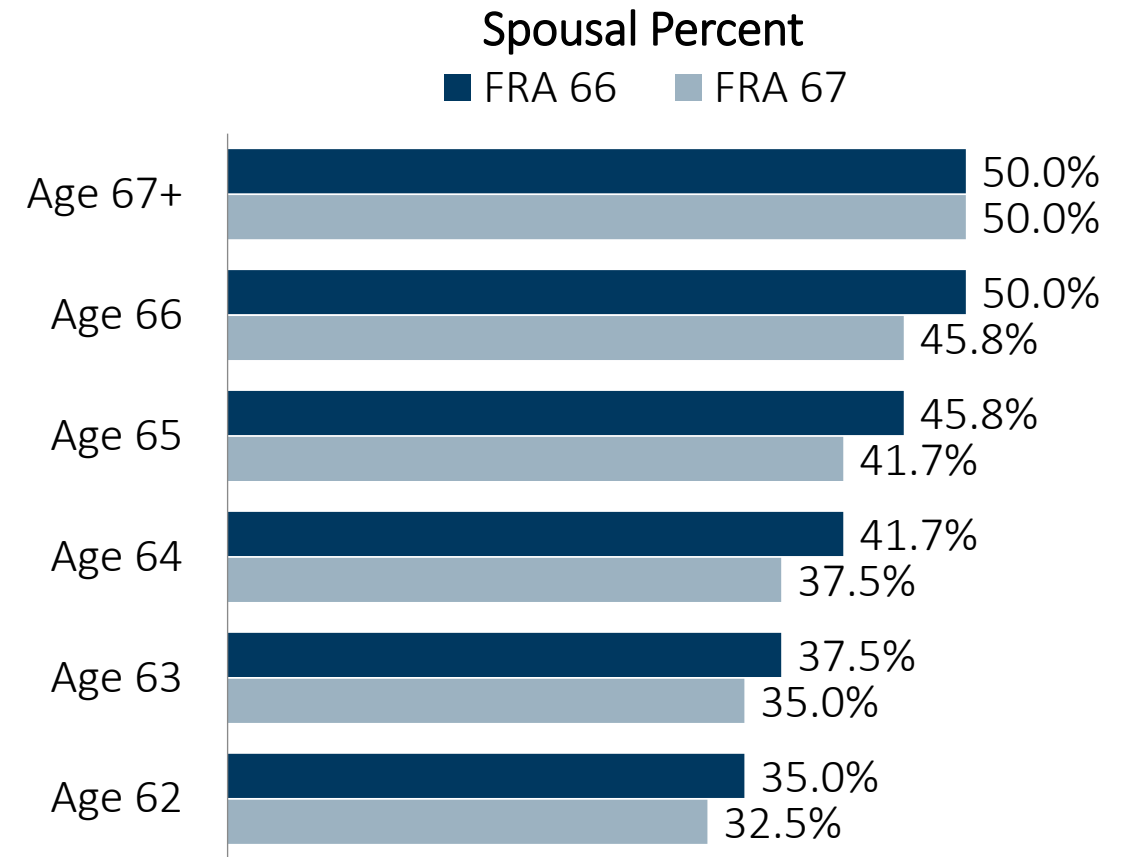
Requirements

- You must be married to current spouse for at least one year.
- Your spouse must be receiving his or her retirement benefit.



If both spouses worked

- Generally receive greater of your retirement or spousal benefit.*
- Only one spouse at a time can receive a spousal benefit.



Earnings test applies to spousal benefits until Full Retirement Age

*Exception: The option to start with the spousal benefit and then switch to your own retirement benefit is only available if you were born on or before 1/1/1954.
Source: Social Security Administration

BASIC SPOUSAL BENEFIT

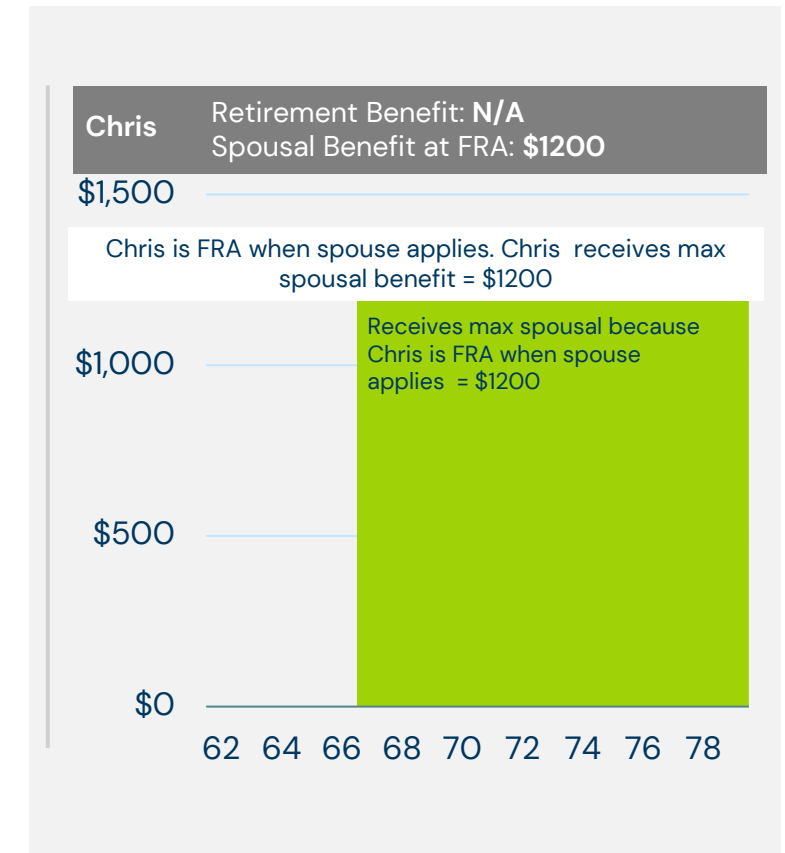
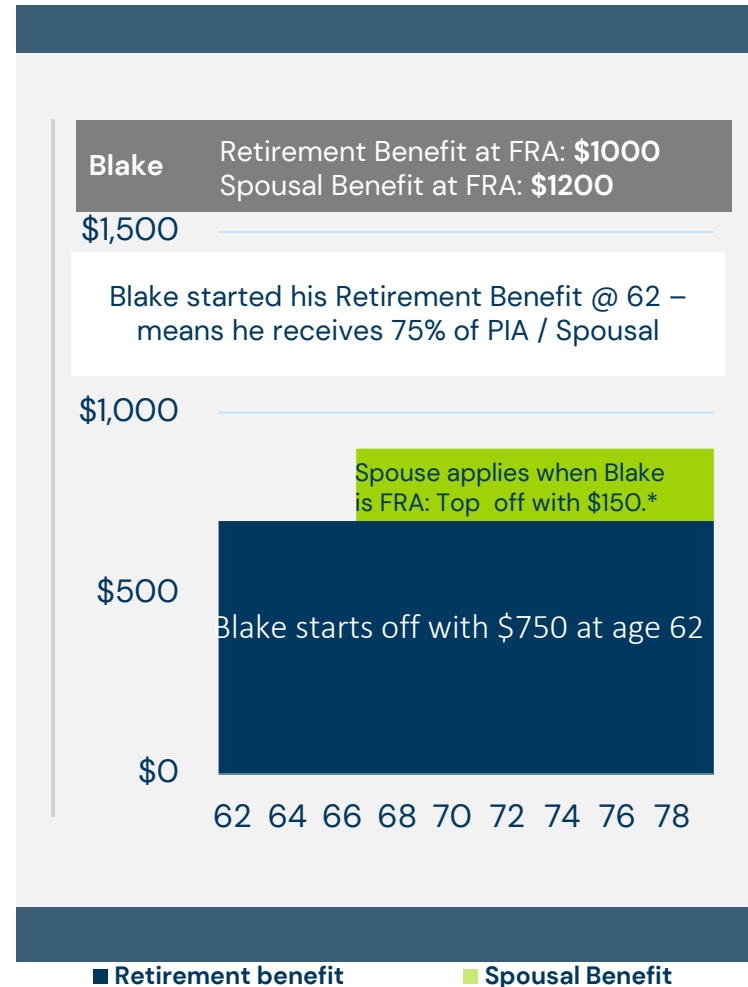
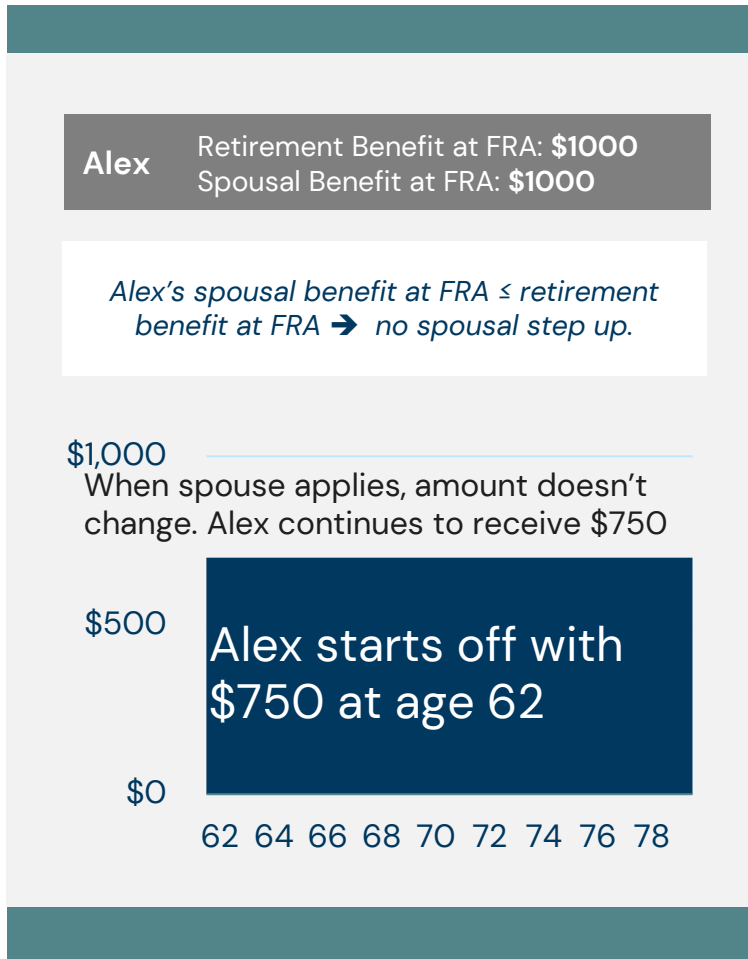


- Three best friends who are all age 62 (born in 1959)
- They are all married, retired and want to take Social Security.
- Alex and Blake apply at 62 for their retirement benefits
- Alex, Blake and Chris are age 66 when their spouses apply.

	 Alex	 Blake	 Chris
Retirement benefit at 67	\$1000	\$1000	\$0 Cared for family
Spousal benefit at 67	\$1000	\$1200	\$1200

SPOUSAL BENEFIT

Spousal Benefit Available if: Spousal at FRA > Retirement Benefit at FRA





WIDOW/WIDOWER BENEFITS

Widow/Widower receives full benefit at their Full Retirement Age (FRA)

Widow/Widower can begin collecting deceased spouse's benefits at age 60

- If taken at 60, benefit is reduced by 28.5%

Widow/Widower can begin collecting Survivor Benefit at 50 if disabled

- Or at any age if caring for a child under 16 or disabled

Widow/Widower can collect Survivor Benefit while letting their own benefit defer

- Can elect to switch benefits



WIDOW/WIDOWER BENEFIT



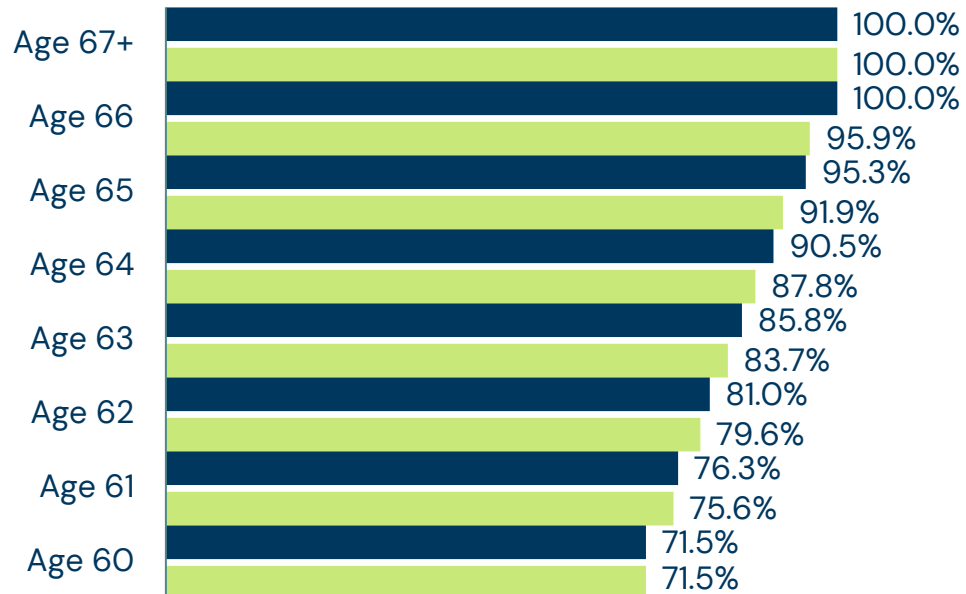
Widow/Widower Benefits



Survivors Percent

Widow(er)s' age when widow(er) claims survivors benefit

■ FRA 66 ■ FRA 67



The information in this presentation about Social Security is for educational purposes only. For more information, please visit the Social Security Administration website at <https://www.ssa.gov/>



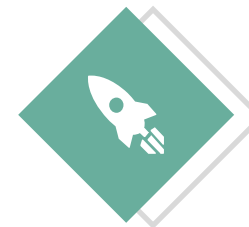
Calculation

- Amount based on when deceased claimed their retirement benefit
- Percent based on when you apply for survivors benefit



Surviving spouse worked

- Receive greater of your benefit or the survivors benefit1
- Subject to earnings test until FRA



Claim own or spousal before FRA

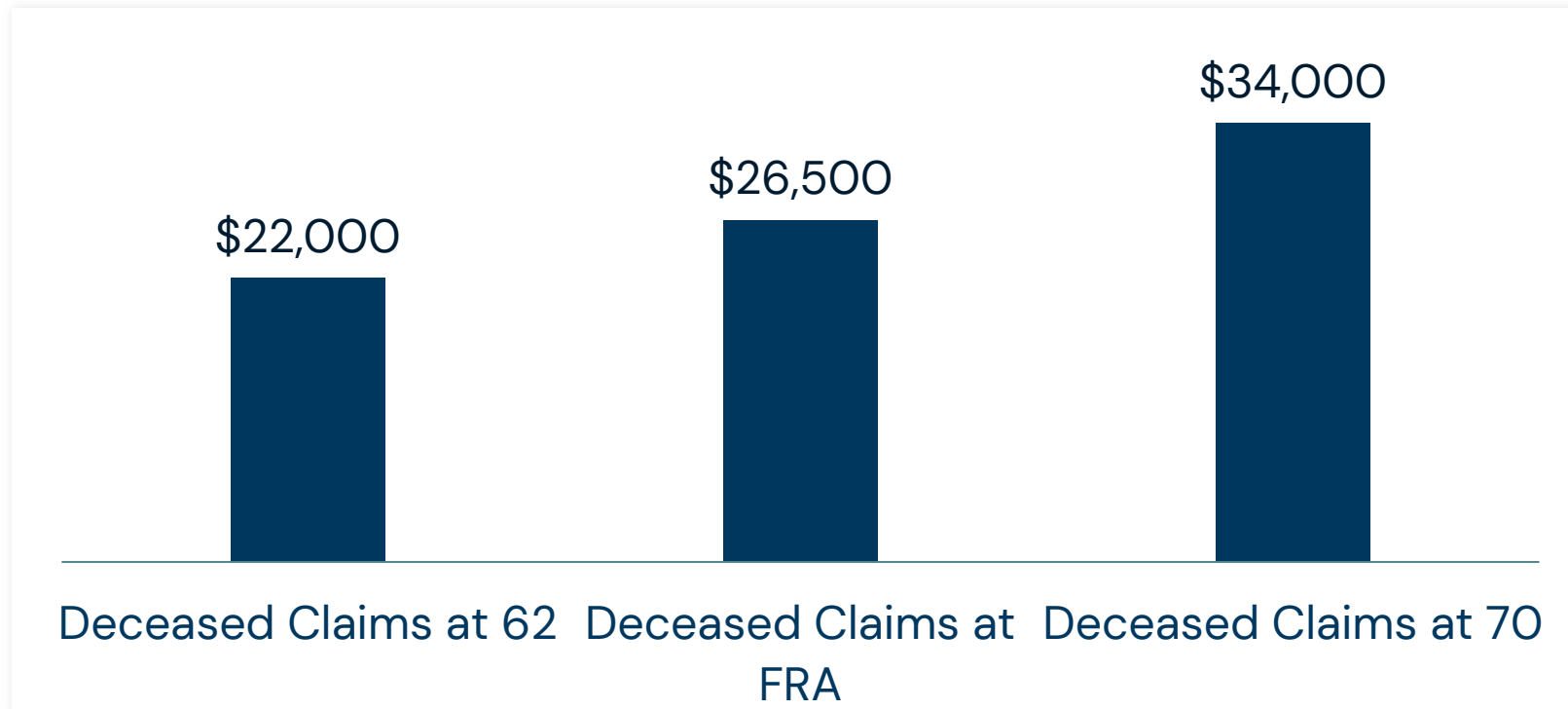
- Surviving spouse still eligible for max survivor2

DECEASED'S CLAIMING DECISION AFFECTS SURVIVOR



Widow/Widower Benefits

Example of survivors benefit amounts



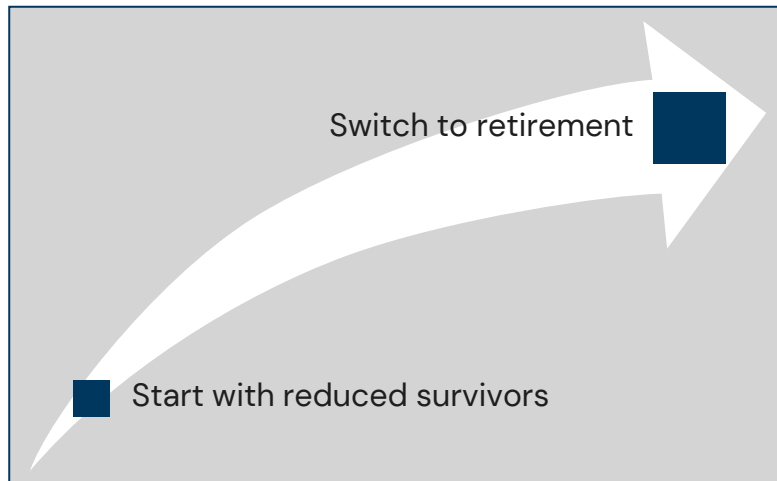
OPTIONS FOR WIDOW(ER)S



Widow/Widower Benefits

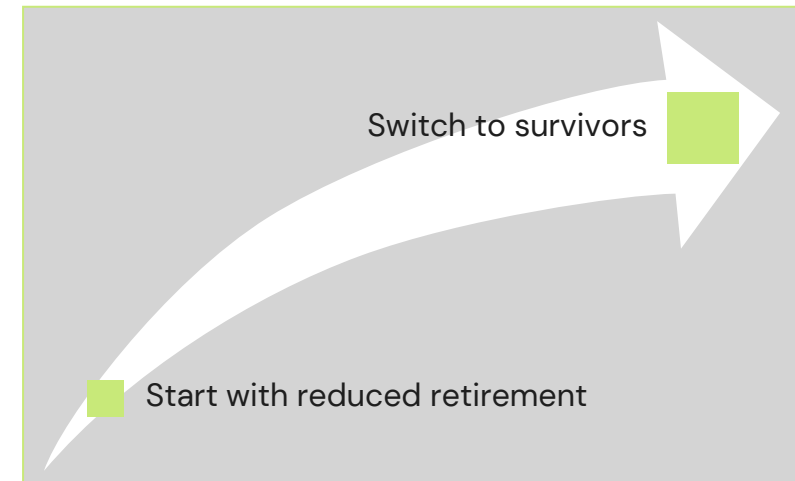
Option 1

Start with reduced survivors benefit



Option 2

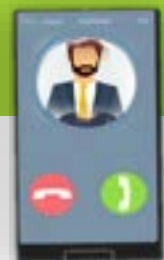
Start with reduced retirement benefit



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Fred + Sally

FRED SS @62 Passes @80 vs FRED SS@70 Passes @80



Remarriage & Social Security (for Divorcees & Surviving Spouses)



Divorced Benefits

If your former spouse remarries, it does not affect your benefits

Former Spouse Remarries



Does not dilute your
benefits off former spouse

You Remarry Before Age 60



Forfeit spousal benefit off ex
Forfeit survivors benefit off ex

You Remarry After Age 60



Forfeit spousal benefit off ex
Keep survivors benefit off ex*

If your second marriage ends (either through divorce, annulment or death), you may become re-entitled to benefits off of the first marriage regardless of your age when you remarry

*If you remarry at or after age 60, you may receive greater of 1) spousal/survivor benefit of current spouse, 2) your retirement benefit, or 3) survivor benefit of former spouse

Source: Social Security Administration

FERS Supp, WEP + GPO

FERS SUPPLEMENT

Social Security Age 62 Benefit
Multiplied by Years of Service
Divided the product by 40

$(\text{Benefit@62} \times \text{Years Service}) / 40$

FERS Supplement ends at 62 regardless of SS election



FERS SUPPLEMENT

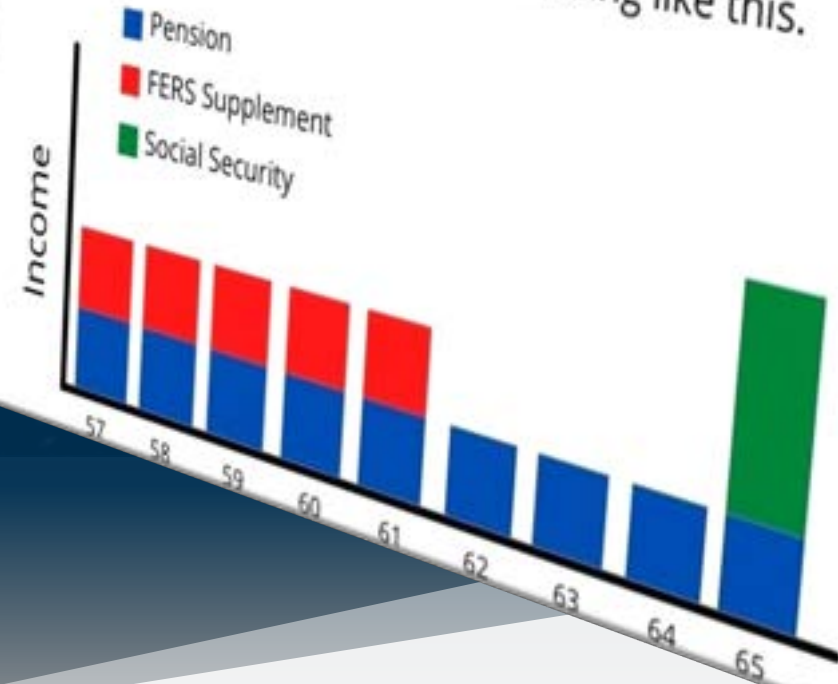
Supplement Payments End @ 62 Regardless of SS Filing Status & is subject to Wage Earnings Test

The FERS Supplement The Bridge to Your FERS Retirement

If you retired at age 57 and started Social Security at 62, your retirement may look something like this.



If you retired at age 57 and started Social Security at 65, your retirement may look something like this.



Social Security: Possible Reductions



Windfall Elim. Prov. (WEP)

- Impacts those eligible for SS but who are receiving a pension for service not covered by SS
- Reduction based on a calculation from the Social Security Administration
- Social Security benefits can be reduced but not totally eliminated (Max Rdctn = \$512/mo).



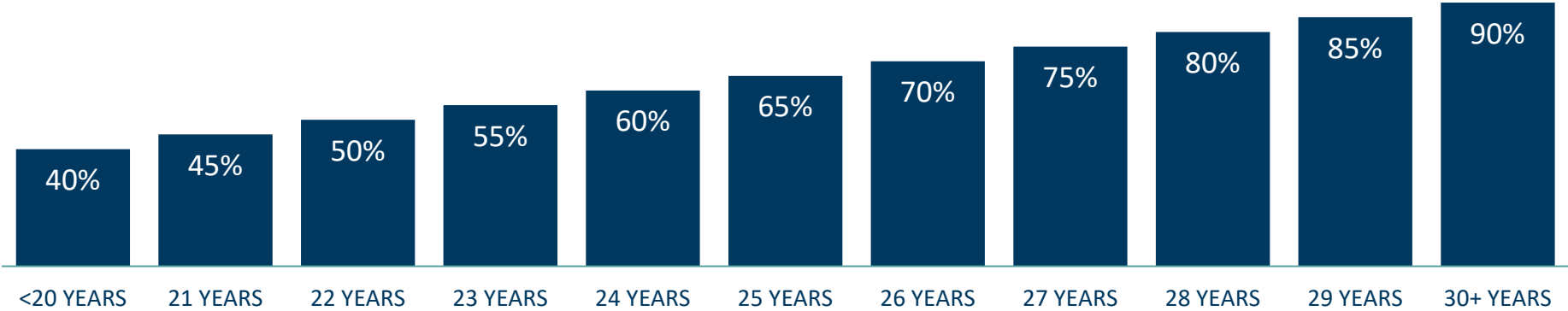
GOV'T PENSION OFFSET (GPO)

- Impacts workers applying for Spousal or Survivor Benefits who are receiving a pension for service not covered by SS
- Benefits are reduced by 2/3 of the pension income amount
- Social Security benefits can be reduced OR totally eliminated.



WEP Adjustment Based on Years of Substantial Earnings*

Percent of first
bend point of PIA
received**



*Substantial earnings for selected years are \$27,300 (2022), \$26,550 (2021), \$25,575 (2020), \$22,050 (2015), \$19,800 (2010), \$16,725 (2005), \$14,175 (2000), \$11,325 (1995), \$9,525 (1990) \$7,425 (1985), \$5,100 (1980). See Social Security Publication “Windfall Elimination Provision” for more details.

**PIA (Primary Insurance Amount) is the Social Security retirement benefit at Full Retirement Age. It is computed by dividing the Averaged Indexed Monthly Earnings (AIME) into three bend points. In 2022, the three bend points are 90% of the first \$1,024 of AIME, 32% of AIME over \$1,024 through \$6,172, and 15% of AIME over \$6,172.

Maximum	2022	\$512.00	\$460.80	\$409.60	\$358.40	\$307.20	\$256.00	\$204.80	\$153.60	\$102.40	\$51.20	\$0.00
monthly	2021	\$498.00	\$448.20	\$398.40	\$348.60	\$298.80	\$249.00	\$199.20	\$149.40	\$99.60	\$49.80	\$0.00
benefit	2020	\$480.00	\$432.00	\$384.00	\$336.00	\$288.00	\$240.00	\$192.00	\$144.00	\$96.00	\$48.00	\$0.00
reductions	2019	\$463.00	\$416.70	\$370.40	\$324.10	\$277.80	\$231.50	\$185.20	\$138.90	\$92.60	\$46.30	\$0.00
by year you	2018	\$447.50	\$402.80	\$358.00	\$313.30	\$268.50	\$223.80	\$179.00	\$134.30	\$89.50	\$44.80	\$0.00
turn 62	2017	\$442.50	\$398.30	\$354.00	\$309.80	\$265.50	\$221.30	\$177.00	\$132.80	\$88.50	\$44.30	\$0.00

Soc. Sec. Taxation & Wage Earnings Test

SS OPTIONS WHILE WORKING

Earnings limit affects all Social Security benefits (retirement, spousal, survivor, divorce)



	Through year before turning Full Retirement Age	In the year of turning Full Retirement Age	Month you turn Full Retirement Age and older
Earnings Limit (2023)	\$22,320 (\$1,860 per month)	\$59,520 (\$4,960 per month)	No restrictions
Amount of Withholding	\$1 of benefits withheld for every \$2 of earnings above limit	\$1 of benefits withheld for every \$3 of earnings above limit	No restrictions

- Earnings limit looks at wages only. Unearned income (pensions, IRAs, rental income, etc.) does not cause Social Security benefits to be withheld
- Earnings limit only affects wages received after you start Social Security
- If married, Social Security only considers the wages of the spouse receiving Social Security

The information in this presentation about Social Security is for educational purposes only. For more information, please visit the Social Security Administration website at <https://www.ssa.gov/>

Wage Earnings Test Hypothetical Example

Tamera

Born 1960

Eligible for max benefits

Retired in 2024 on 62nd
birthday and returned to
work less than one year later



My Social Security

Social Security Benefit @ FRA	\$22,044
Actual SS Benefit (70% of FRA benefits)	\$15,431
2024 Earned Wages	\$40,000
Social Security 2024 earnings limit	\$22,320
Excess earnings	\$17,680
Working reduction in benefits	\$ -8,840
Net Social Security benefits	\$ 6,591

This hypothetical example is for illustrative purposes only and does not represent an actual client.

TAXATION OF SOC SEC BENEFITS

Federal Employees are unique in the level of PROVISIONAL income they anticipate in retirement...

Higher Provisional Income = More of SS Benefit taxed as Income

More Taxable Income + Higher Future Taxes = Potential Problem



“

DETERMINING PROVISIONAL INCOME



100%

FERS PENSION



100%

EARNED WAGES

TRAD TSP/IRA DISTRIBUTIONS

100%

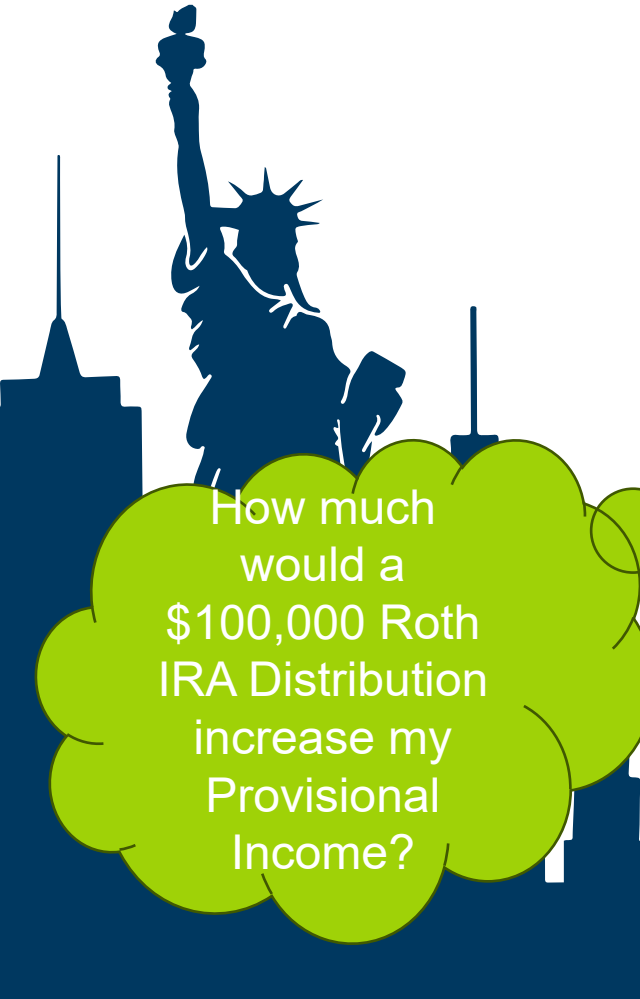


SOCIAL SECURITY BENEFITS

50%



TAXATION OF SOC SEC BENEFITS



How much
would a
\$100,000 Roth
IRA Distribution
increase my
Provisional
Income?

Provisional Income level*

Single: \$1 - \$24,999
Couples: \$1 - \$31,999

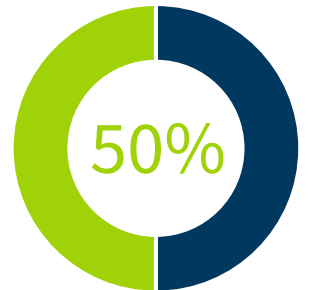
Taxation of SocSec Benefit

0% of benefits reported as
taxable income



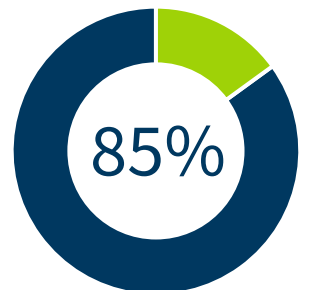
Single: \$25,000 - \$34,000
Couples: \$32,000 - \$44,000

Up to 50% of benefits
reported as taxable income



Single: \$34,000 +
Couple: \$44,000 +

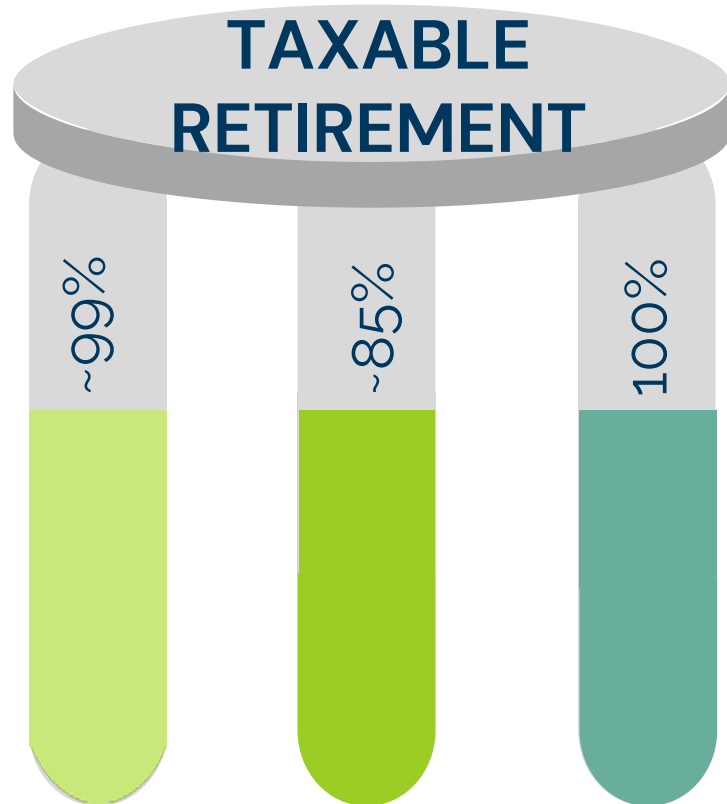
Up to 85% of benefits
reported as taxable income



Visit [IRS.gov](https://www.irs.gov) and search for Publication 554, *Tax Guide for Seniors*, and Publication 915, *Social Security And Equivalent Railroad Retirement Benefits*

Future Tax Rates IMPACT FERS Retirees

If tax rates increase in the future, the “3-Legged Stool” may leave you overly exposed to the IRS's outstretched hands



01 FERS Pension

02 Social Security

03 TSP Distributions



FERS Pension

~99% Reported as TAXABLE INCOME



Social Security

~85% Reported as TAXABLE INCOME*

**due to Prov Income Level*



TRAD. TSP Distributions

100% Reported as TAXABLE INCOME

Taxes Are “on Sale”

Current Rates Vs Scheduled Rates



Potential Roth IRA conversion
opportunity?

TCJA (2024+2025)

\$731,200	37%
\$487,450	35%
\$383,900	32%
\$201,050	24%
\$94,300	22%
\$23,200	12%
	10%

Reverted Rates (2026)*

39.6%	\$553,600
35%	\$490,000
33%	\$274,400
28%	\$180,000
25%	\$89,450
15%	\$22,000
10%	



*Brackets will be adjusted for inflation

Based on 2024 tax brackets for married couples filing a joint tax return. Projected example is based on tax brackets in place prior to the Tax Cuts and Jobs Act (TCJA) adjusted for inflation through 2024. Current tax brackets are scheduled to expire at the end of 2025 with pre-TCJA tax brackets applying, adjusted for inflation. Note that other tax items are scheduled to change after sunset provision in 2025 including (for example) personal exemptions returning, lower standard deduction, less restrictions on itemized deductions, and lower exemptions applying for Alternative Minimum (AMT) tax purposes.

Government's Largest Budget Items



\$1,749,000,000,000

Medicare & Medicaid



\$1,414,000,000,000



Social Security

Defense Spending



\$870,000,000,000

Interest on Debt



2020	\$329,000,000,000
2023	\$536,000,000,000
2024	\$791,000,000,000

6TH Largest Expense = Federal Pensions \$392,000,000,000 

Pace of US National Debt Accumulation

Time Required to Reach Total U.S. Debt Levels	
<u>Of:</u>	
\$10 Trillion	232 Years
\$20 Trillion	9 Years
\$30 Trillion	5 Years
Last Trillion \$	100 Days
Latest Level	\$34.4 + Trillion

In 2024, Uncle Sam's interest-only
payments on National Debt cost \$2.4B
EVERY SINGLE DAY

Soc Sec Case Study Single Filer

Case Study: The Serbus Twins



Milton Serbus

DOB = 9.1.1960

Life Expectancy = 95

HI-3 = \$135,000

SCD = 9.1.1985 - FERS

Uncovered Pension = \$0



Sybill Serbus

DOB = 9.1.1960

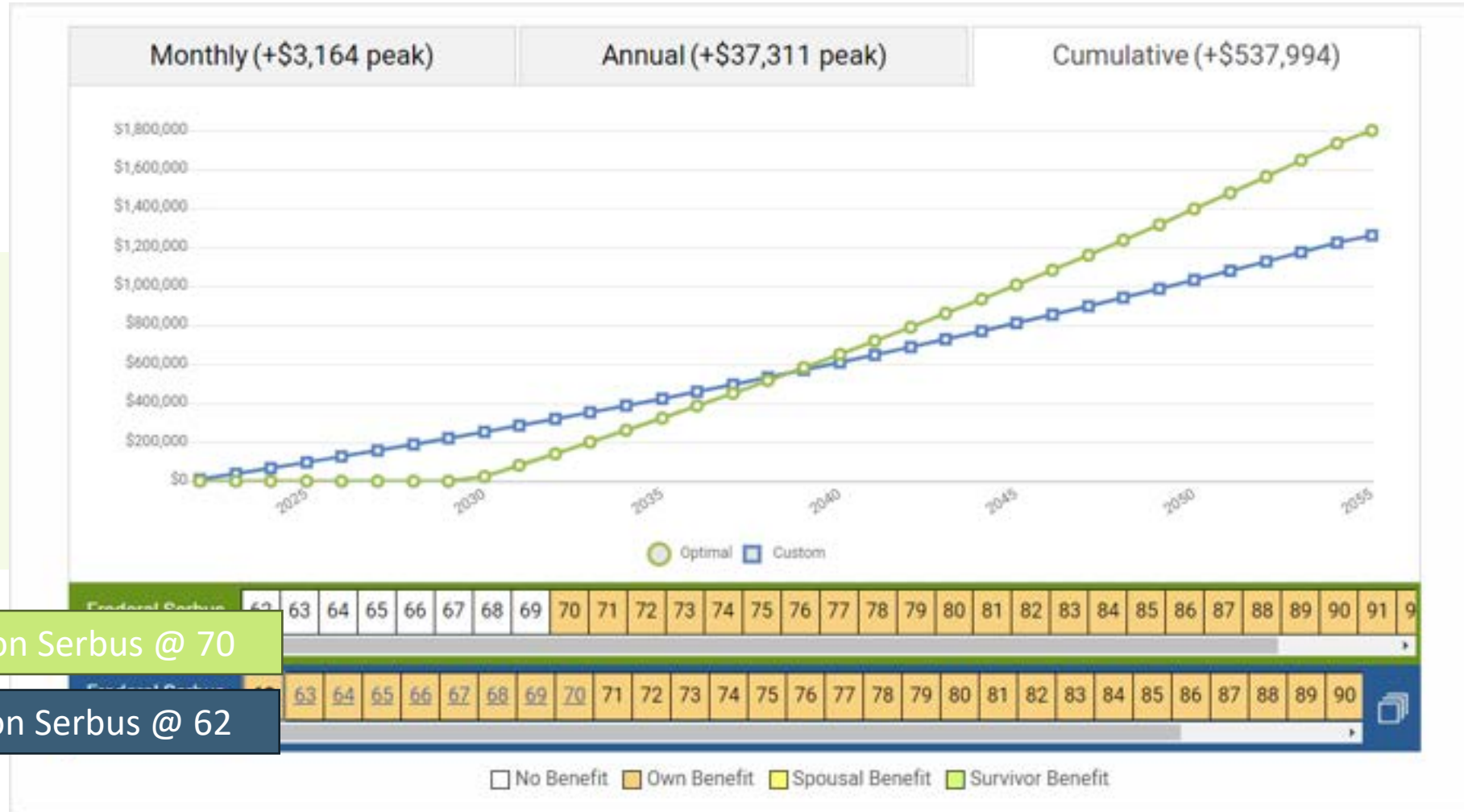
Life Expectancy = 95

HI-3 = \$135,000

SCD = 9.1.1983 - CSRS

Uncovered Pension = \$100,000

Milton Serbus – FERS Single



Milton Serbus @ 70

Milton Serbus @ 62

Sybill Serbus – CSRS Single



Sybill Serbus @ 70

Sybill Serbus @ 62

Soc Sec Case Study

Couples Strategies

Strategies for Married Couples



Both Claim At 62

Both spouses elect to take reduced benefits at age 62

Sometimes require as much income as early as possible

Biggest benefit up front, smallest cumulative benefit if long life



Split Strategy Before FRA

Even if filing on the same date – if spouses are different ages it is considered a “split strategy”

If electing for one spouse to wait longer than other, bigger \$\$ increase when higher earner delays filing



Both Claim At FRA

Both spouses elect to take their full Primary Insurance Amount (PIA)

Each receive 100% of the PIA based on their own earnings history



Split Strategy After FRA

Higher earner waits til 70 & spouse files spousal benefit (if higher than own benefit)

Starts benefits earlier while also minimizing the reductions taken

Survivor receives larger of own benefit or 100% of spousal benefit



Both Claim At 70

Both spouses delay benefits to receive maximum income

Largest cumulative income if long life (largest survivor benefit as well)

Living on assets or earned wages or reduced income until 70?

Case Study: The Serbus Household



Fred Serbus

DOB = 9.1.1961

Life Expectancy = 95

HI-3 = \$135,000

SCD = 9.1.1985 - FERS

Uncovered Pension = \$0



Sally Serbus

DOB = 9.1.1963

FRA Benefit = \$975

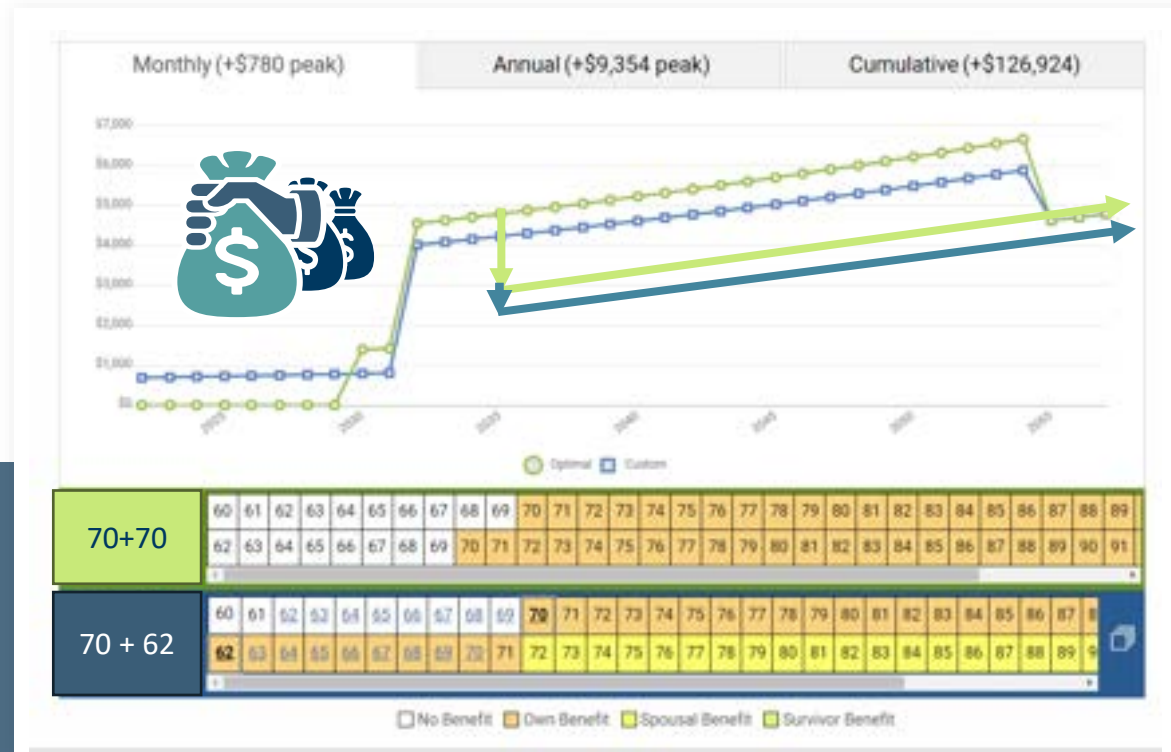
Non Federal Earnings Record

Interested in Spousal Benefits

Fred + Sally

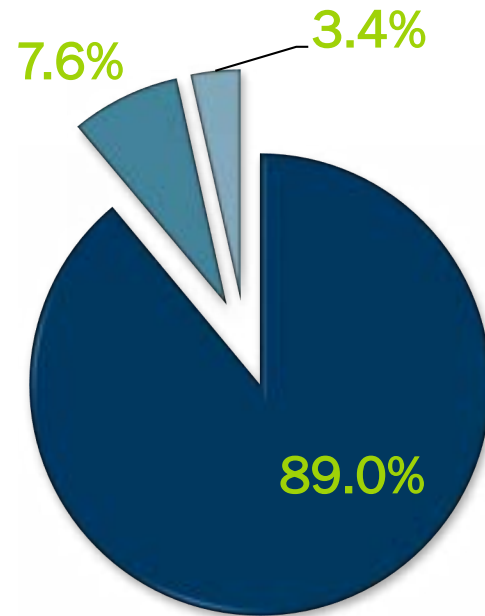


Fred + Sally



Social Security Solvency

SS TRUST FUND FUNDING



- Workers' and employers' Social Security contributions
- Interest on reserves
- Income taxes on benefits

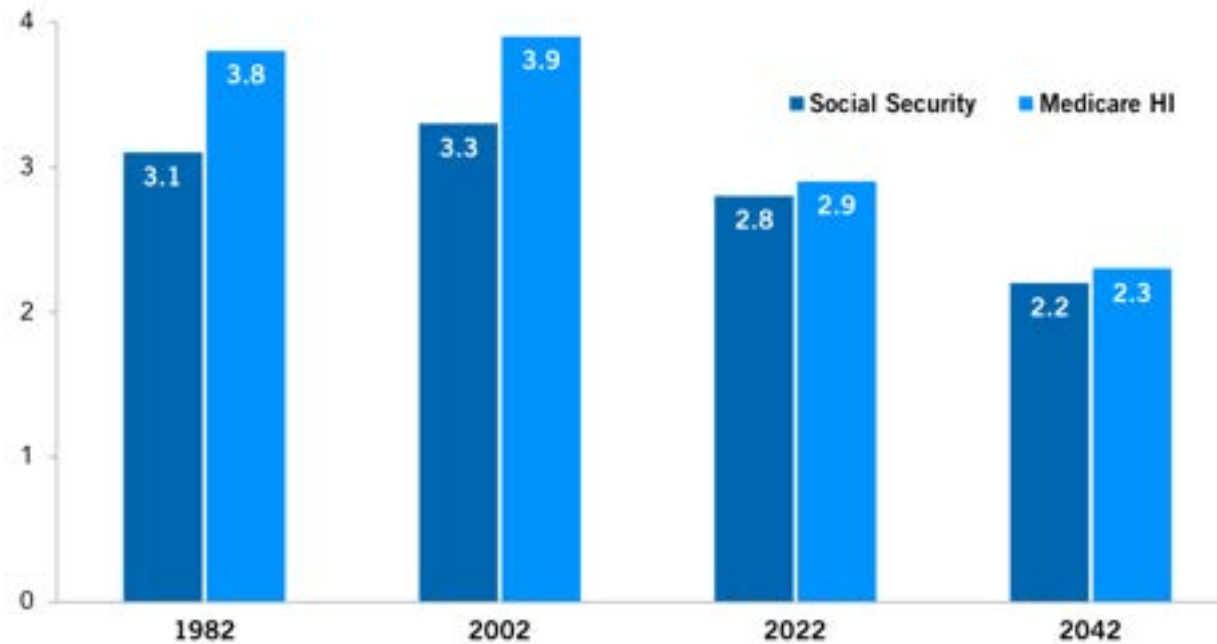
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WORKERS TO SS RECIPIENTS



As the population ages, fewer workers will be paying into Social Security and Medicare's Hospital Insurance program

WORKERS PER BENEFICIARY RATIO



SOURCES: Social Security Administration, The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, May 2022; and Centers for Medicare and Medicaid Services, 2022 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, May 2022.

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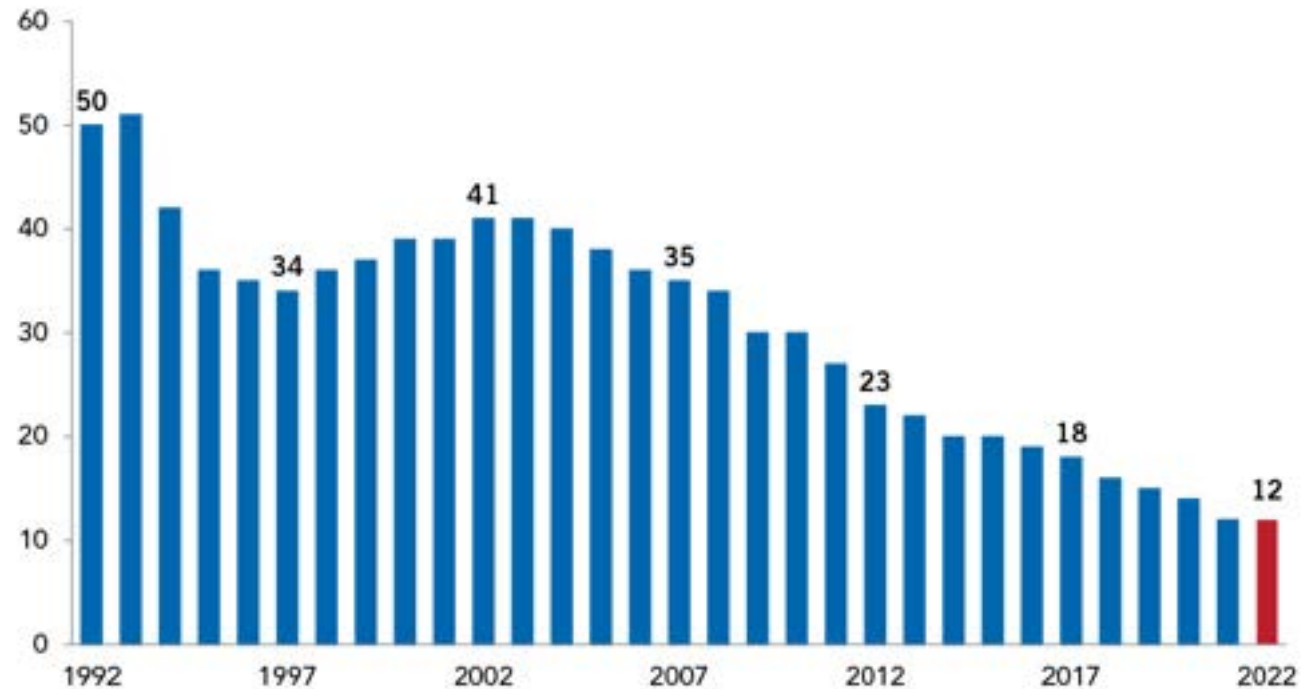
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“ SS YEARS BEFORE TRUST DEPLETION



The Social Security trustees have warned about the forthcoming depletion of the OASI Trust Fund for some time

PROJECTED NUMBER OF YEARS BEFORE OASI TRUST FUND BECOMES DEPLETED, BY YEAR OF REPORT



SOURCES: Social Security Administration, The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, June 2022, and 30 prior editions.

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[PGPF.ORG](https://pgpf.org)

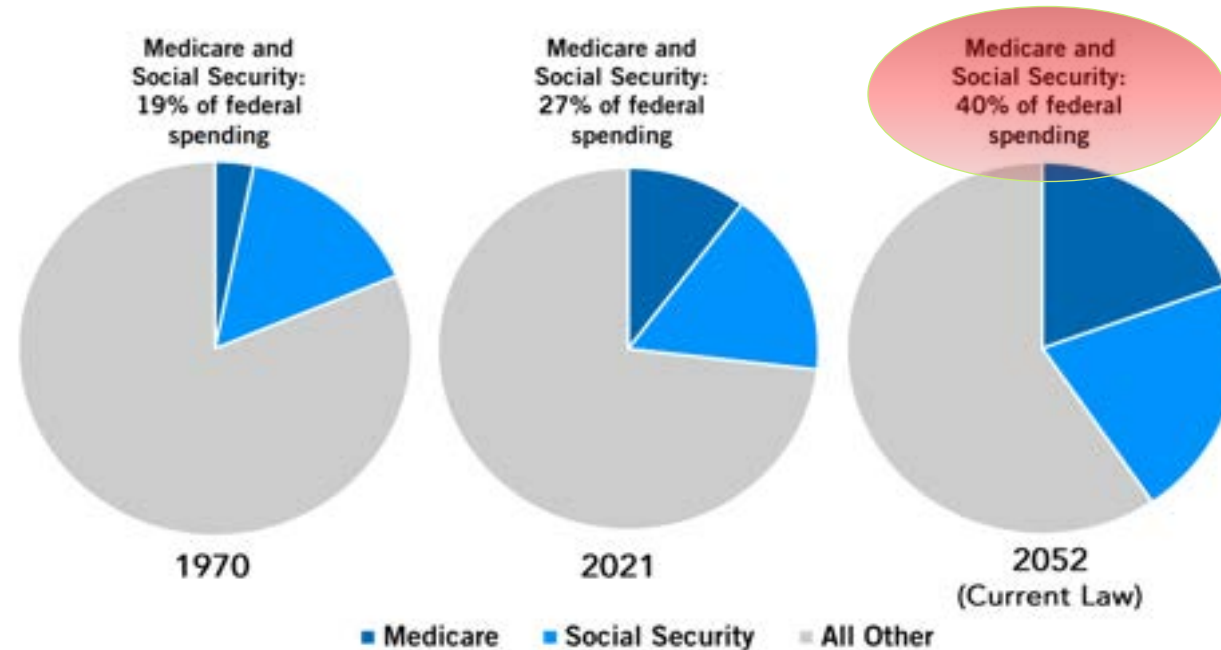
“

CURRENT LAW

If scheduled benefits were paid beyond 2035 with current SS revenues



Medicare and Social Security represent a growing share of the federal budget



SOURCES: Congressional Budget Office, The Budget and Economic Outlook: 2022 to 2032, May 2022; and Office of Management and Budget, Historical Tables, Budget of the United States Government, Fiscal Year 2023, March 2022.
NOTE: Pies represent total spending.

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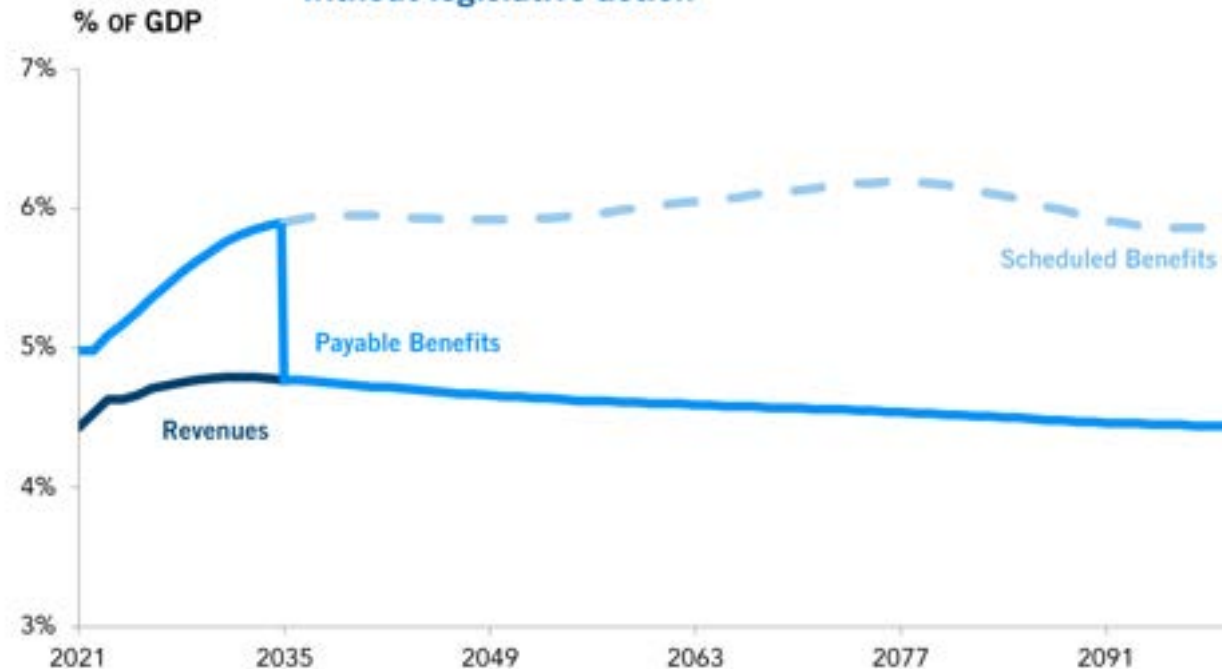
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SCHEDULED VS PAYABLE BENEFITS



Based on the Trustees' projections, combined Social Security benefits could be cut by 20 percent in 2035 without legislative action



SOURCE: Social Security Administration, The 2022 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, June 2022.

NOTE: The Old-Age & Survivors Insurance trust fund is projected to be depleted in 2034 and lead to a 23 percent cut in benefits that year; the Disability Insurance trust fund is not projected to become depleted during the 75-year period ending in 2096.

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POLL QUESTION



SocSec solvency has been a political “Third Rail” but the proverbial can cannot be kicked much further down the road, so which of the proposed solutions do YOU feel most comfortable with?

FEDucated Case Study

The Question At Hand

- What is the impact to a FERS Retiree if SS is reduced 25% in 2034?
- How could one position their assets to guarantee a replacement for the lost Social Security income?

Consider:

- When SS reduction is slated to occur
- Different approaches to replacement may have differing levels of risk





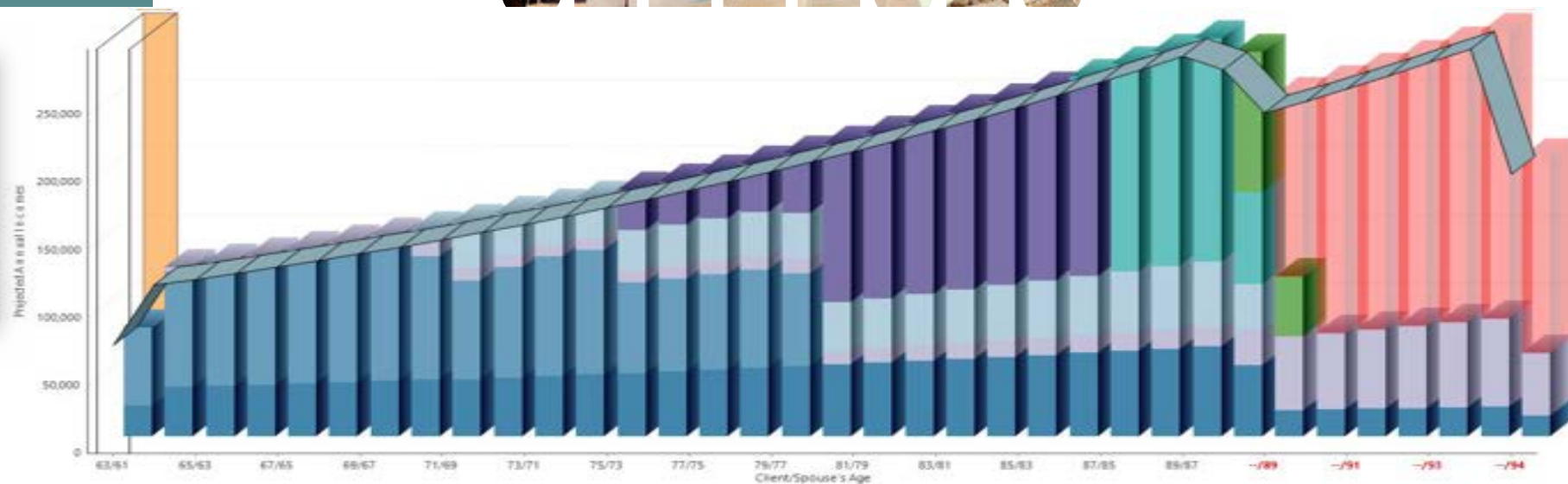
FRED & WANDA SERBUS

2034 SocSec Benefit Reduction 22%
2026 Tax Cuts & Jobs Act Exp (Tax Sale Ends)

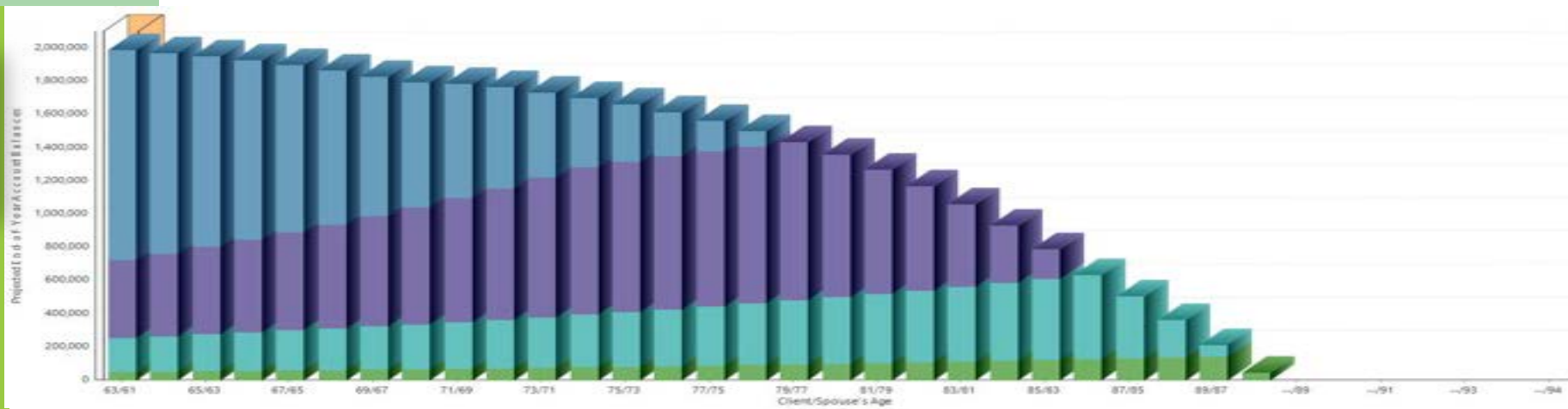


SocSec Reduction =
more work for TSP

- FERS (Fred)
- TSP Pre-Tax (Fred)
- Social Security (Wanda)
- Social Security (Fred)
- Wanda Trad IRA
- TSP Roth (Fred)
- Shortfall
- Income Needed



- Fred Roth IRA
- TSP Roth (Fred)
- Wanda Trad IRA
- TSP Pre-Tax (Fred)



The Bucket System

Apply “Chronology of Distributions” to help determine distinct goals for each “Bucket” of money



Emergency Funds

Goal is to be easily available in an emergency (regardless of market condition)

Cash or cash-equivalent reserves (Money Mkt, CDs) that are both safe and reasonably liquid



Lifestyle Funds

INCOME is the OUTCOME that matters most for this segment of the retirement plan

Lower risk & income-generating assets like bonds or annuities that offer regular distributions or guaranteed income



Long-Term Funds

Growth focus to outpace inflation in order to preserve purchasing power through ret.

Moderate risk assets like stocks and index funds that offer greater appreciation opportunity



Later/Legacy Funds (Tax Advantaged)

Tax-Advantaged or Tax-Free funds to supplement retirement income or leave as legacy (sans the IRS)

Roth IRA + Roth TSP
Permanent Life Insurance
Muni Bonds
Real Estate

Asset Classes & Buckets



01

Emergency

Time Horizon:

Immediate

Liquidity Needs:

High

Growth Expectation:

Minimal

Risk Tolerance:

Principal Protected



02

Lifestyle

Time Horizon:

Start of Distribution Phase

Liquidity Needs:

Medium

Growth Expectation:

Keep up with Inflation

Risk Tolerance:

Minimal Principal Exposure



03

Long-Term

Time Horizon:

Distrib Phase + 10 or so years

Liquidity Needs:

High

Growth Expectation:

Outpace Inflation

Risk Tolerance:

Medium - High



04

Later/Legacy

Time Horizon:

Latter Years (15+ If needed)

Liquidity Needs:

Low

Growth Expectation:

Outpace Inflation

Risk Tolerance:

Balanced



TSP Annuity



The TSP only offers 1 type of annuity: **SPIA** – Single Premium Immediate Annuity

SPIAs require you to trade ALL liquidity (Access) for Guaranteed Income at the risk of dis inheriting loved ones



Pros:

- Immediate income stream guaranteed for:
 - Life (Joint Life)
 - Period certain
 - Cash refund
- No responsibility to manage money through different markets & interest rate environments



Cons:

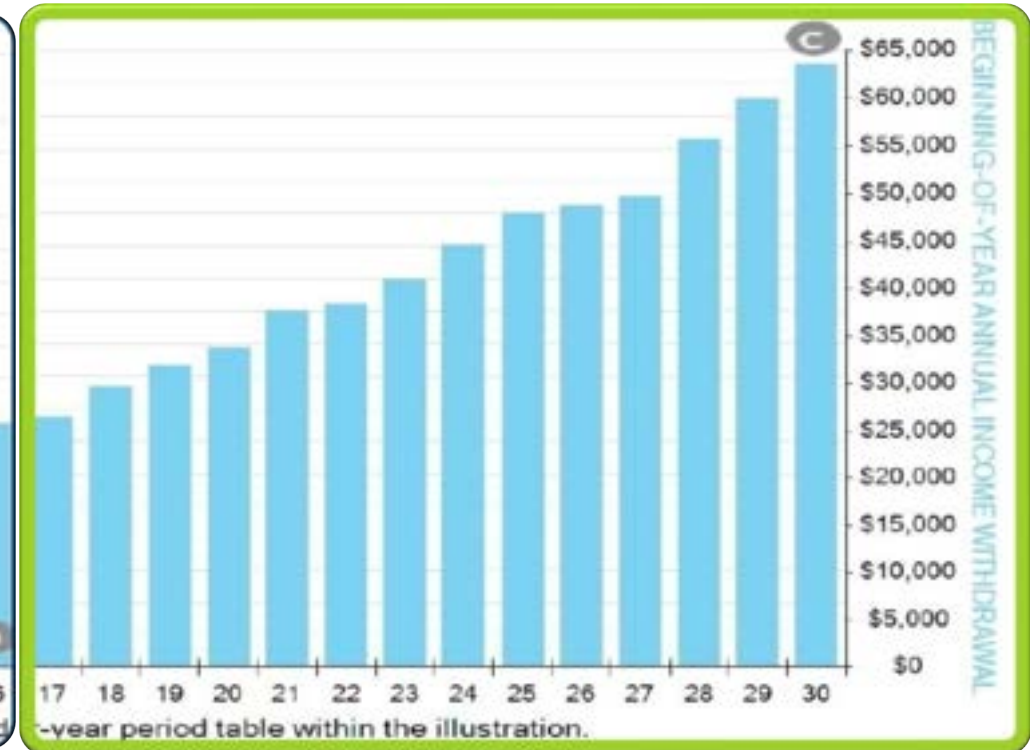
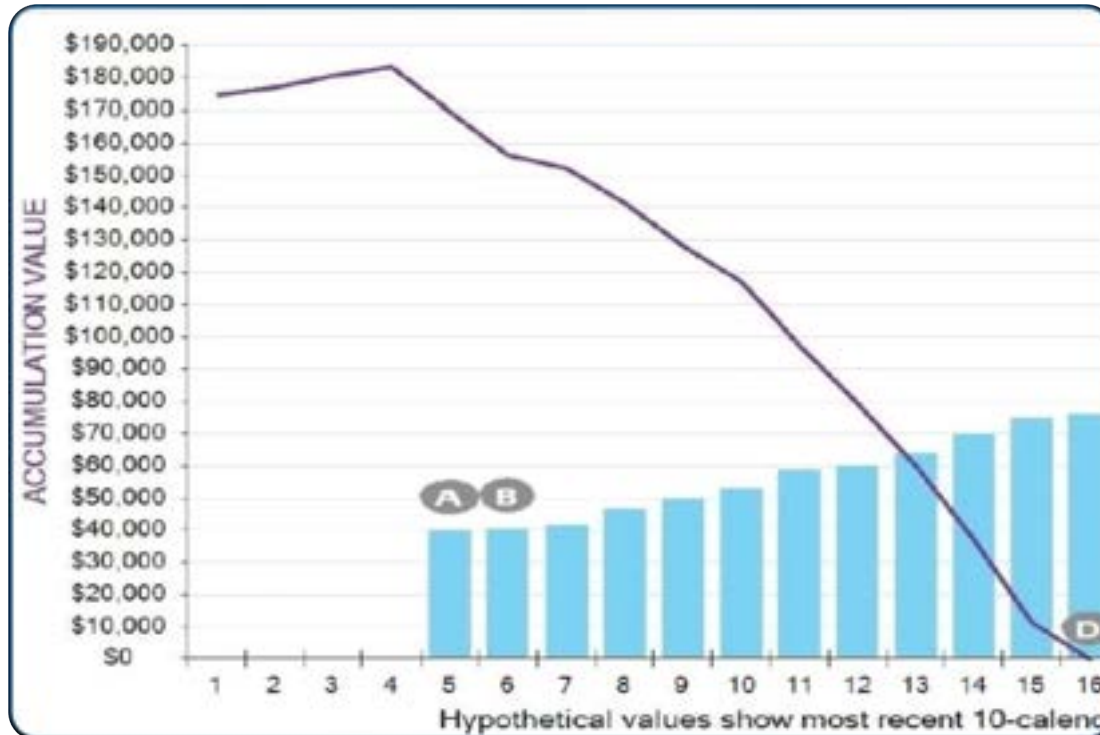
- IRREVOCABLE
- Disinheritance Risk
- No lump sum access
- Inflation adjustment capped @ 3%
- 17-23 year “break even” pd
- **Annuitizing a Traditional TSP creates another forever-taxable “pension” – no tax planning**



Private Pensions:

Guaranteed Income + Accessibility

»»»»»



~TSP Annuity does not offer ability to leverage tax sale~

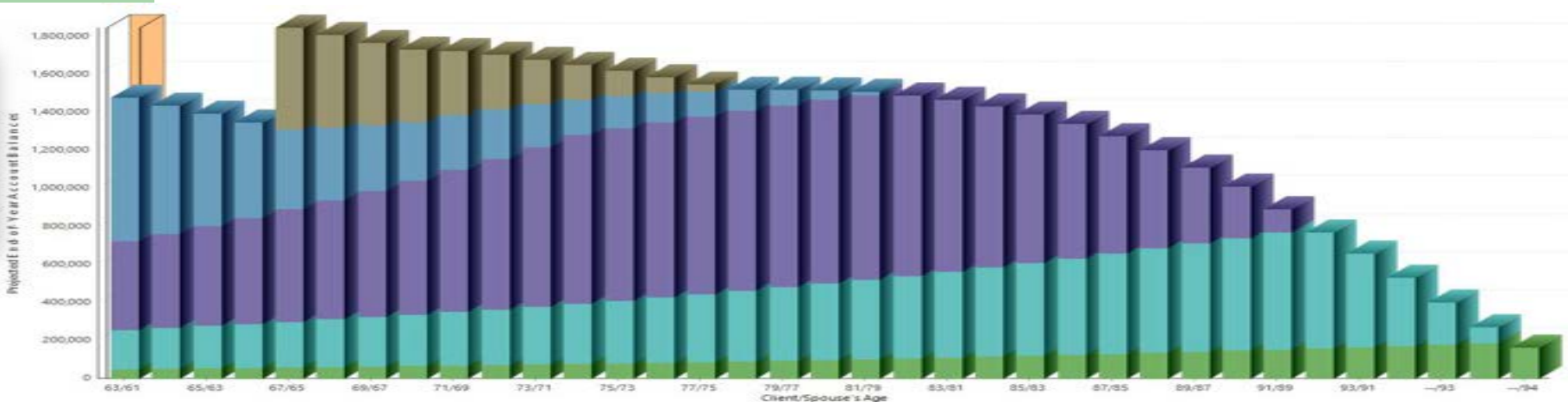
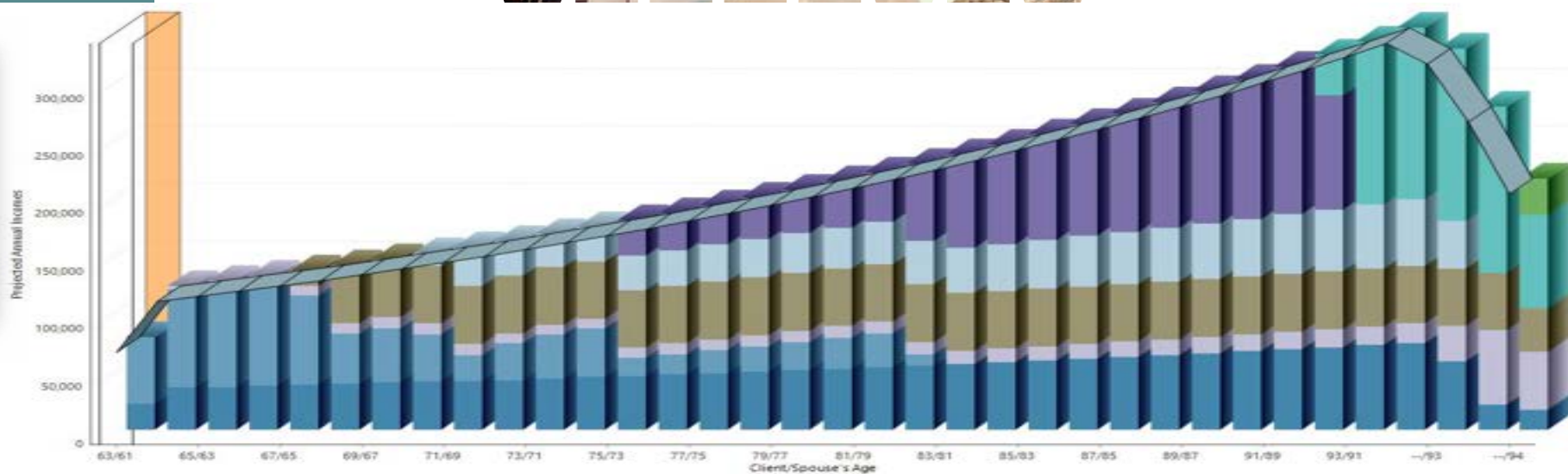


FRED & WANDA SERBUS

2034 SocSec Benefit Reduction 22%
2026 Tax Cuts & Jobs Act Exp (Tax Sale Ends)



SocSec Reduction =
more work for TSP



FEDucated Food for Thought



Benefit Projection & Work History

Confirm that SSA has all of the CORRECT information to compute your proper SS monthly benefit payments



Explore Life Expectancy & Budget

Are you in good health & banking on outliving the “break-even” age for SS? Does your retirement budget allow you to delay your decision to claim SS?



Discuss Planning Options w/ Spouse

Coordinate retirement dates, part-time work, and the desired retirement lifestyle with your household’s wage earnings history, life expectancy, and retirement budget



Integrate with a Fed Focused Planner

Should you live on the TSP in order to receive a bigger SS benefit or protect your Nest Egg with possible SS reductions 12 years away? What tax planning steps could help protect SS?



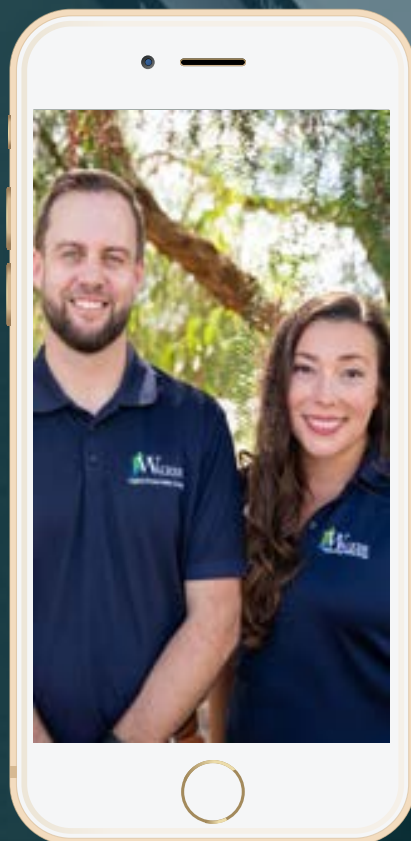
Exclusive Offer



FEDucated Attendees Only

Step 1: Schedule a Call to Discuss Your Retirement with Walker Capital

Step 2: Get a FREE COPY of WELL-FED the best-selling retirement 'cookbook'



Your
Questions



Your
Retirement



WCPG's
Services



Retirement
Forecasting

Contact Our Team

LEARN MORE @ WALKERCPG.com

Learn more using the WCPG Toolbox on our website – articles, videos, calculators, event replays, and easy scheduling!



SCHEDULE AN INTRODUCTON

Brief phone call with a WCPG Strategist to chat & gather data for a personalized Retirement Benefits Forecast - reviewed with you during Strategy Session



RETIREMENT BENEFITS FORECAST

Review a powerful analysis that offers a 100% personalized model of your current retirement trajectory including Pensions, SS, & Nest Egg with ability to Stress Test in real time



WCPG STRATEGY RECOMMENDATIONS

Identify Strengths & Weaknesses of current retirement trajectory. Identify WCPG Services that align with your concerns & can help fuel your retirement



WHAT IF INFLATION CONTINUED TO RUN HOT THROUGH THE EARLIEST YEARS OF RETIREMENT?

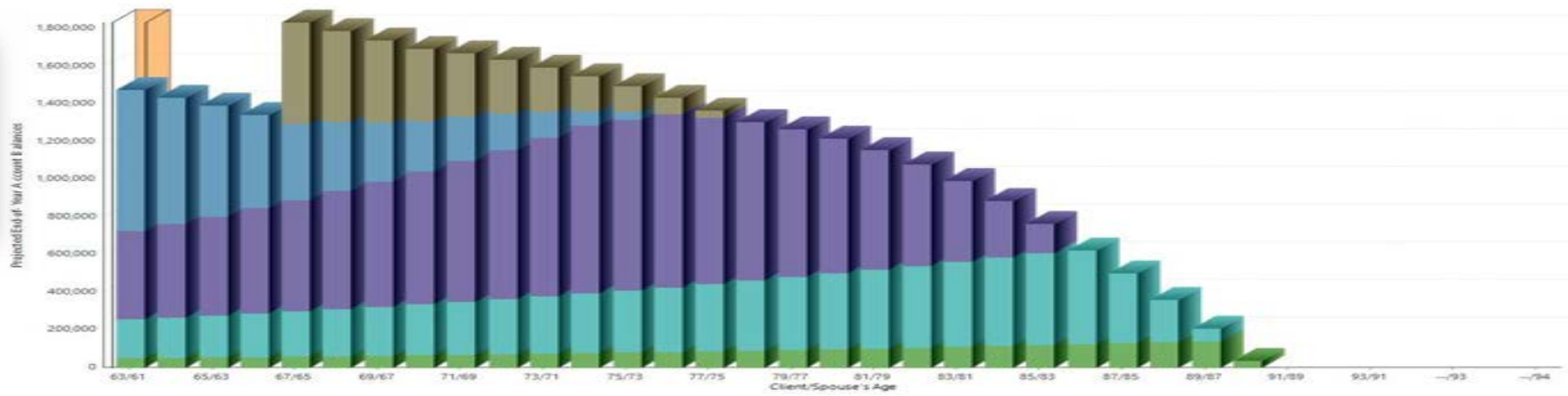
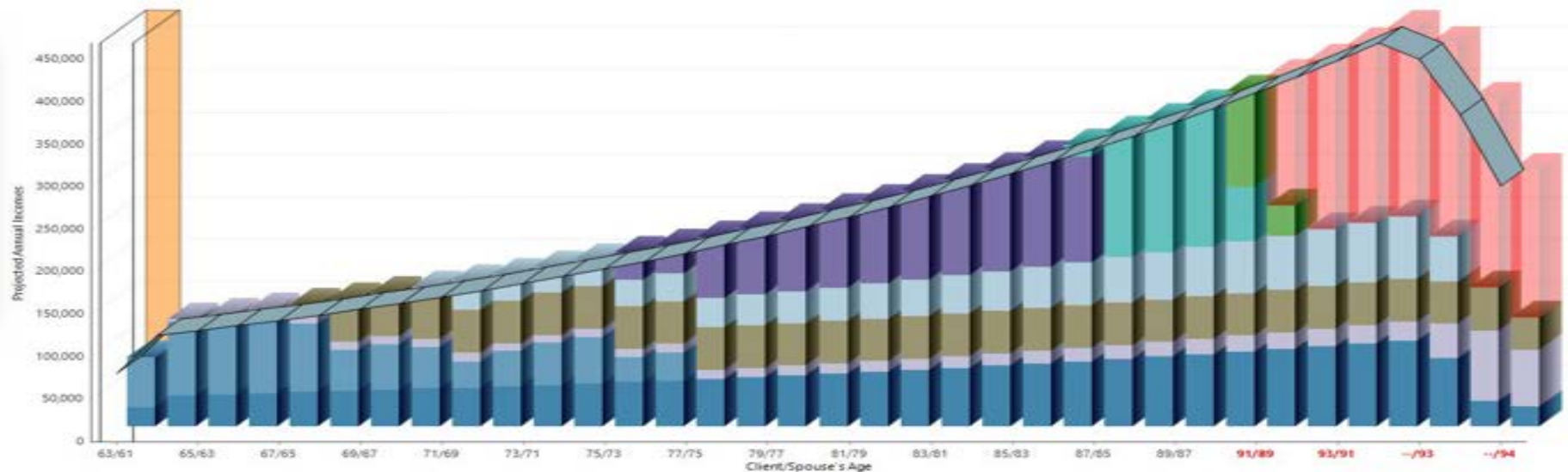


FRED & WANDA SERBUS



Inflation Assumption – 4.5% thru age 95

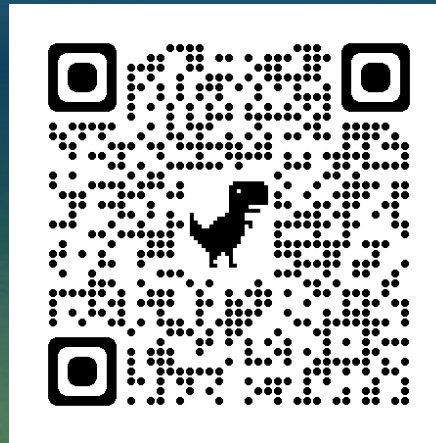
What if **US INFLATION** continued for the next 3-4 decades at 4.5%, how might a Federal retirement be impacted?



THE END!

The Federal Benefits
Blueprint: Building
Blocks of Prosperity

SCHEDULE HERE



CONTACT INFORMATION

Ready to get started? Great!

- ▶ Schedule your very own Introduction Call below!

📅 Schedule an Introduction with WCPG Here!

🏠 227 W 4th St. #233, Charlotte, NC 28202

📞 (704) 879 3137

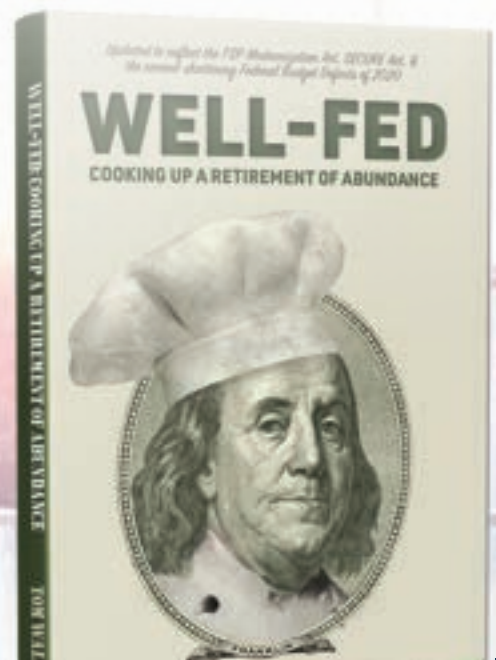
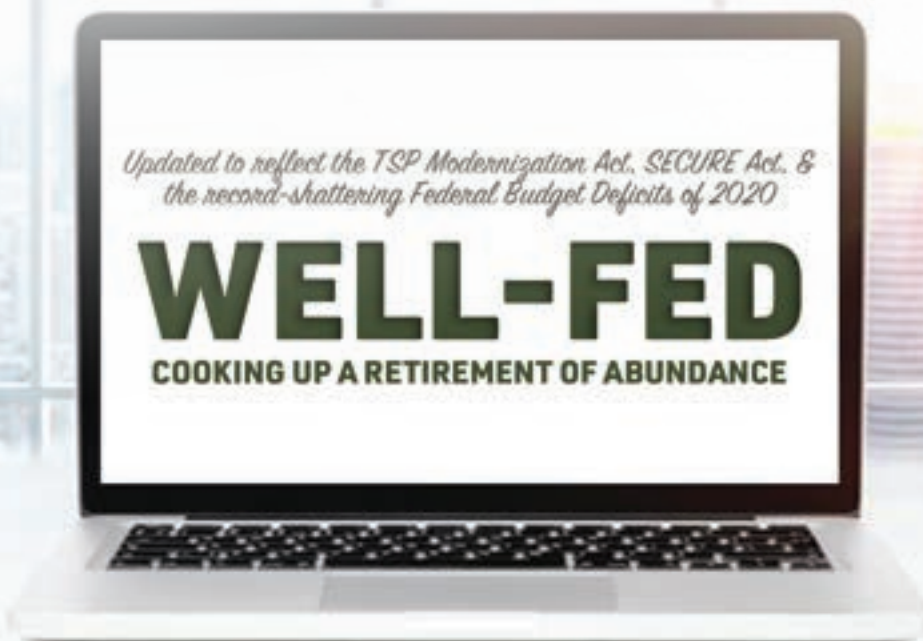
✉ Info@walkercpg.com

- ▶ **Well-Fed: Cooking Up a Retirement of Abundance by Tom Walker**

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Help You Navigate**