Running Low On Money During Your Federal Retirement

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With your TSP, Social Security and Pension, you would think that this is virtually impossible, however…

According to Forbes: Almost half of American households will run short of money in retirement. That includes federal employees.

According to the Social Security Trustees: The Social Security Fund will run out of money in 2032 (more likely 2030). This should cause a 28% decrease in your payments. I wrote an article concerning this inevitable event that is a must read https://federalemployeeadvocates.com/wp-content/uploads/2026/05/The-Death-of-Social-Security.pdf

According to Harvard: 66% of all Americans who reach age 65 will at some point need long-term care for up to three years and with an average nursing home stay being $6700 a month, this could have significant consequences for a federal employee.

According to Investment News: 63% of retired Americans Worry More About Running Out of Money than Death.

According to EBRI: Over 60% of Americans who are now retired, or who will be retiring within the next 15 years, will at some point run low on money during their retirement.

Inflation: The cost of goods and services in many instances, has increased by over 20% since 2022, mainly because of the National Debt ballooning to $39 Trillion Dollars, which means our buying power has been greatly diminished.

TSP Funds & "Managed Money": A lot of federal employees keep their money in their TSP after they retire or give it to a financial institution to manage. Contrary to what you may think, the TSP Funds are not managed to maximize gains or minimize losses; they are administered. This leaves your retirement at risk unless you are in the G Fund, which earns quite a bit less than the real inflation rate. If you are within 12 years of retirement or during your retirement, keeping your money in a place that can lose money like the TSP Funds and/or "Managed Money" for that matter, is not a prudent thing to do.

Health Issues: The older we get the more likely we are to have health issues, and as we all know, Medicare and conventional health insurance have very limited coverage for Nursing Home and In-Home Care.

On average, the cost of a private room in a nursing home is $116,000 per year. If you retire with a $400,000 nest egg, it could wipe out that nest egg and put you in debt as well.

Can this happen to you? If you believe what is on www.LongTermCare.gov, someone turning age 65 today has almost a 70% chance of needing some type of long-term care.

The FERs Supplement: For those of you planning on retiring at your MRA, the FERs Supplemental retirement benefit is up for renewal/cancellation every year and it has survived quite a few close calls since its inception.

With $39 Trillion in National Debt and climbing, the FERs Supplement is in constant danger of being reduced or eliminated and probably will be in 2030 or 2032 when the Social Security Armageddon occurs.

Life expectancy is a very important element in planning for your retirement, if you want to retire and stay retired. At age 65, a male is expected to live 16 years and a female 19 years; that is a very long time for your savings to last!

There is no one-size-fits-all system when it comes to the complexity of properly preparing for your federal retirement. A good plan for one federal employee may not be good for another, which is why we encourage all federal employees to be proactive.

Please send me an email bono@federalemployeeadvocates.com if you have any questions about maximizing your benefits, or planning for your federal retirement.