Income Comparison TAB Instructions

This update adds additional functionality so you can do an income comparison between your current working gross/net income and the gross/net income estimated in retirement. This is important to know because in retirement, the only thing that matters is cash flow.

I added this additional functionality because several people I talked to concerning retirement were having difficulty visualizing the gross/net income differences between working income and retirement income. The biggest difference is the difference in the amount of deductions taken out of a work paycheck vs a retirement paycheck.

As an example, in my current working pay deposits, I take home (net) 54.06% of my gross income each month after all deductions. In retirement, I will take home (net) 73.67% of my retirement gross monthly income after all deductions. This means that I will have almost 20% less taken out of my checks each month for standard deductions. This assumes you are being taxed at the same Federal and State rate in retirement as you are while working.

In dollar terms, my monthly retirement take home (net) income will be $1,072 less than my current monthly working take home (net) income. This assumes I am not taking anything out of my TSP and I don’t have any retirement job income. This is only counting the FERS Basic Annuity monthly income and the FERS Retiree Annuity Supplement (RAS) monthly income. If I add in any TSP withdrawals or a retirement job, it shouldn’t take much to make up the $1,072 per month and get me to the same take home (net) amount I am currently bringing home while working.

To use this functionality, you still need to fill out all the info on the BASIC CALCULATOR tab. There is info on this tab that is used in automatic calculations on the new INCOME COMPARISON tab. This info includes the following:

1. Estimated Monthly Annuity Income
2. Estimated Monthly FERS RAS Income
3. Estimated Monthly TSP Income
4. Estimated Monthly Retirement Job Income
5. Estimated Federal Tax Rate
6. Estimated State Tax Rate

To start, it is recommended that you enter a zero ($0) in the following fields on the BASIC CALCULATOR tab:

2. “Amount You Want to Withdrawal Each Year (Equal Amounts) – Line 46 on the BASIC CALCULATOR tab.

This will allow you to see the gross/net differences with just your FERS Basic annuity monthly income and the FERS Retiree Annuity Supplement (RAS) monthly income. Once you see this difference, you can do different “What-If” scenarios by entering different TSP withdrawals amounts and/or retirement job incomes on the BASIC CALCULATOR tab.
Once you have entered all required information on the **BASIC CALCULATOR** tab, please go to the new **INCOME COMPARISON** tab. Once there, you will see two (2) sides of the sheet. The left side is for your current monthly working income and deductions and the right side is for estimating your post-retirement monthly income and deductions.

As on the **BASIC CALCULATOR** tab, any cells that require input are highlighted in **YELLOW**. If a **YELLOW** cell doesn’t apply to you, please enter a zero (0).

Using a recent base pay stub (no SOT/bonuses), please enter your gross pay for the pay period then enter all your deductions for the pay period. I have included some of the most common deductions including:

a) Retirement Deduction  
b) TSP Regular Deduction  
c) TSP Catch-Up Deduction  
d) Social Security Tax Deduction  
e) Federal Tax Deduction  
f) State Tax Deduction  
g) Life Insurance Deduction  
h) Health Insurance Deduction  
i) Dental Insurance Deduction  
j) FSA – Health Care Deduction  
k) Medicare Tax Deduction

In the event you have additional deductions not covered above, there are six (6) lines that say “OTHER DEDUCTIONS”. Please replace the “OTHER DEDUCTION” cell with a new deduction description and enter the pay period deduction amount. The sheet will automatically calculate the monthly deduction amount.

Once you enter all your current working gross pay and deductions, you will have an idea of the differences in your current working gross/net income and the estimated retirement gross/net income. Now you can go back to the **BASIC CALCULATOR** tab and change the retirement job income and/or any TSP income (**lines 26 & 46**) on the **BASIC CALCULATOR** tab as described above.

Please remember that this calculator is **NOT** to be considered legal or financial advice. It is intended for entertainment value only and you should seek out this information on your own and verify it is correct. It is merely meant to provide a "ballpark" estimate of your potential benefits. You should contact your personnel office for official agency estimates of your FERS retirement benefits.