



# BARFIELD

## FINANCIAL

### Couple of New Articles

The "Class of 2022" is put together and out. Please read about your coworkers that just went through what some of you may be on the fence about right now. Trust me, as one who recently "graduated" from the government, it's one of those things that lives up to the hype! Click on the button below. And yes, it includes what their ending TSP balances were.

Also, another article this month for those wanting to further their education....*Does the G Fund beat inflation?* (Spoiler alert--it does. *Wait-what?! No way! I know, I know.*).

Click on that button to expand your investment knowledge.

[Class of 2022](#)

[G Fund vs Inflation](#)

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### Happy New Year!

Welcome back to those that have been reading this for years. But there have also been a few hundred of you sign up in the last month or so. So welcome to you guys.

If you want to follow on Social Media (and thus get updates on news coming out right away), check out the little icon thingies below.

You'll learn stuff before everyone else. And occasionally, I even say something interesting.

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### Big TSP News For SCE's--LIKE **HUGE** NEWS

Please share this with all that you can. I know I get several emails a week about it. It is not every day that a new rule allows some of you to retire **years** earlier than you initially planned!

**Old TSP Rule for SCE's:**

In order to get the 10% early withdrawal penalty waived, you had to work at least 1 day into the year you turned 50.

**New TSP Rule for SCE's:**

If you retire after 25 years of service under the SCE provisions, you can now receive penalty free TSP withdrawals at any age. So, become a DEA agent at 21, retire at 46 and not have to worry about the 10% withdrawal penalty for early tapping of that TSP ever. You're good.

***Basically the TSP rules will now mimic the OPM retirement rules: 20 and 50; or 25 at any age.***

Read more about it [HERE](#).

And please share that! Seriously. If you want to help me help you, spread that word so that I won't get so many emails a week, so that I can spend time producing more content for you.

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**FERS Raise**

Well, the longest, most unsurprising, most anti-climactic raise in history is now finalized. After me mentioning it for like 11 months straight. The 2023 FERS raise is 4.1% plus whatever your particular locality pay increase is.

For example, Indianapolis got a total of 4.38% raise, San Francisco got a 5.13% raise, Houston got a 4.5% raise, etc. You have to look at the top of your particular locality's pay table to see what your raise is.

I'm including a convenient link for you to do just that right [HERE](#).

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## FERS Biweekly Salary Cap

Lots of you rich folk who are working a few (or more) hours a week for free are always interested in the Cap. It has been raised. **The highest cap for 2023 is \$183,500.**

*"What do you mean the **highest** cap, Chris?"*

Many of you do not realize that your bi-weekly cap is also based on your locality. Not everyone has the same bi-weekly cap. For example, the cap in Boston is \$183,500. The cap in Pineville, LA is \$178k. The cap in my hometown of Charlotte is \$180k.

As with the raise, I've taken all of the work out of it for you. Just click [HERE](#) to find the biweekly cap for your locality. *(Yes, I know you USSS agents have an advantage in this area others do not. Personally, having worked many hours in limos, follows, CP's and UNGA's, I feel you deserve it.)*

For those of you good with numbers, you'll see the cap isn't actually the cap. And you'll send me an email asking why. And I'll respond why. And this exercise will be repeated. Over and over and over again. So, to avoid that, I'm just going to put my answer here so you don't have to send me an email why:

OPM takes the annual highest salary from your locality pay table. Let's use \$183,500 as the example. They then take that annual amount and divide it by 2,087 hours, which is what OPM says is the number of work hours in a government year. In this case, that would be an hourly rate of \$87.93 (rounded). If we take that and multiply it by 80, we get the gross pay per pay period.  $\$87.93 \times 80 = \$7,034.40$ . If we then take that number and multiply it

by 26 pay periods, we get an annual amount of \$182,894.40. That's the annual cap amount.

Now, why would we start with an annual amount, then do a bunch of calculations just to get *back* to an annual amount? That, because of rounding, is off a little from the original annual amount? I have no idea. You'll have to ask OPM. I'm sure it makes sense to someone, somewhere. But just like those 7-ft long CVS receipts, and people who drive the speed limit in the left lane, the logic is completely lost on me.

As a gentle reminder to those of you considering applying for supervisory positions that are at or above the cap, please remember you lose out three ways:

1. You work for free a few hours/days a pay period so you are not bringing home the money you are earning
2. You are losing out on your High-3 average which determines your pension for life. The High-3 is based on the cap amount, not what you should actually be earning
3. TSP. You 5% TSP matching is only 5% of your capped amount, not your actual, higher salary.

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### **LEO's and SCE's Retirement Benefit Changes After 20 years of Service**

This came up in some of our social media posts where we discuss FERS topics on FB and LinkedIn. Apparently some people did not realize this so it's probably a good idea to go over it.

If you are a Special Category Employee (SCE), you receive 1.7% credit of your High-3 for the first 20 years of your SCE service time. For example, retire after

20 years and you get 34% of your High-3. (1.7% a year x 20 years).

What apparently a lot do NOT know is that after 20 years, you stop this 1.7% accrual rate and you go back down to Regular FERS accrual rate, which is 1% a year. Even in your same SCE job. 1.7% maxes out at 20 years. After that, you are just getting the Regular FERS rate.

Here's the important part some missed and are upset about:

You still continue to pay in the higher, SCE retirement rate each pay period! For your whole career. Just because the benefit goes back down to Regular FERS rate doesn't mean the cost goes down to Regular FERS rate. It stays up there at the SCE levels.

And while we're at it, let's explain what you are paying each pay period toward your retirement:

### **SCE FERS**

Hired before 2013: 1.3% every pay period of your career

Hired during 2013: 3.6% every pay period of your career

Hired after 2013: 4.9% every pay period of your career

You all get the same amount: 1.7% a year for the first 20 years, then 1% every year after. You are all just paying in different amounts.

### **REGULAR FERS**

Hired before 2013: .8% every pay period

Hired during 2013: 3.1% every pay period

Hired after 2013: 4.4% every pay period

You are all getting 1% per year. The exception would be if you retire after age

62 and have 20 years on, you'll get 1.1% applied to all your time. (SCE's you never get the 1.1%)

These amounts can be staggeringly different.

Take two GS 13-5 FBI Agents in Indianapolis. They both make the exact same thing. Let's say one was hired in December of 2012, and the other was hired in January of 2014. Basically 14 months apart.

One pays **\$70.41** per pay period toward his retirement. The other pays **\$265.38** per pay period toward his retirement! (1.3% vs 4.9%)

One pays **\$1,830 a year**, the other pays **\$6,900 a year**. And here's the thing.....*they both get the same annuity when they retire!*

Ugh. (*And yes, I know you are glad you were hired before 2013*).

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## FERS 101

By the way if you didn't know about these different rates, I would encourage you to sign up for my [Facebook page](#) where we do micro-lessons under the [FERS 101 title](#).

These are quick posts that take maybe 20 seconds to read (45 seconds if you're a Deputy Marshal). I'm taking the Vince Lombardi approach here. "*Gentlemen, this is FERS*". I start from the beginning. If you don't know if you are SCE or Regular, what your MRA is, when you can retire, how much money you'll get when you retire, just read these 20 second posts a day and you'll be the office expert in no time.

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## **The 2023 Barbell Book Update**

Yep, that's coming. Give me some time to compile the 2022 results and I'll have a new update. This year for the first time, we'll see how the Barbell strategy works in a down market. It's been all Scrooge-McDuck-swimming-in-a-bathtub-of-gold-coins before 2022. But now let's check in on old Jeff Fersonian and see how his Barbell strategy allows him to continue to make withdrawals without selling his C Fund while it's down. (Worst year for the market since 2008).

Stay tuned.

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## **2023 FERSGUIDE Hard Copies are Out**

One important lesson every one of us should learn as early as possible is that it is never a mistake to invest in yourself.

If you want to invest in your retirement and you are cheap...Like really cheap...Like you won't pay more than \$15 to learn about your retirement, then this is the place where you should spend that \$15.

[Dan Jamison's 2023 FERSGUIDE on AMAZON](#)

Also, I get a shocking amount of emails thanking me for writing this book, or from people telling me that they bought "my" book. Maybe "Dan Jamison" sounds a lot like "Chris Barfield"? I don't know. But I did not write this book. Dan Jamison, a retired FBI agent, a CPA, and long-time FERS Jedi, wrote this. I am mentioned in the book, but this is all Dan's production. So,



while I appreciate the sentiment, it's misdirected. Send Dan your compliments. In fact, I'm only standing on Dan's shoulders. I would not have the education I have on FERS if it were not for the FERSGUIDE that I first started reading in 2013.

Invest in yourself. And buy the book.

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### **OPM Backlog**

Is it possible this is getting better? Maybe. Right before the mass, end of year exodus. Current backlog stands at "only" 23k, the lowest in over a year. The average monthly processing time is up a little though, at 92 days.

I retired 10/31. I received my first interim check on 12/14. Basically 6 weeks. I was pleasantly surprised by that. It was also 93% of my actual amount, which was not only surprising, it was downright shocking. I know some people that have been receiving less than 50%. The average has historically been around 70% or so, in my experience. I read something recently that OPM will start providing higher interim checks. That seems to be holding true. Although I can point to several where it is not true. So as usual...nothing seems to be standard.

I did see in the recent budget, OPM was getting an increase of like 16% or something to assist with their mission and modernize their systems. I think we all agree if we're going to spend any money in the government, OPM is a really good place to start. I wouldn't be opposed to taking 1% from every other agency's budget and giving it to OPM! It's literally the one agency that will ultimately be paying us forever. Let's not skimp on THAT!

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## Annual Tax and Investment Guide Cheat Sheet

*(Seems weird to say "cheat" and "tax" in the same sentence. Hopefully this won't trigger any keyword algorithms for you IRS agents reading this.)*

What's the Roth IRA limit? What is the Supplement earnings limit? FERS COLA? Tax brackets? Gift tax? FSA contribution? And on and on and on?

Click [here](#) for the **2023 Barfield Financial one-page annual reference guide.**

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### Eclat Transitions LLC

I've mentioned [this company](#) and the owner, [Al Malinchak](#), before. Al is a retired FBI agent with a long list of experience and accolades in the private sector, particularly around speaking, and advising senior business executives. He runs a company now that helps government employees transition to the private sector. His services are quite comprehensive. Those that I know that have used him have been extremely satisfied with the outcome....aka good jobs!

He offers resume services, LinkedIn guidance, and general career counseling/coaching. But he also offers a very comprehensive Guidebook, designed to assist a federal employee with transitioning into the private sector. It is more than a book, though. It is essentially an in-depth class for those moving out of government service. It discusses the psychology involved in changing a job after many years, determining your value, self-assessment guides, explanation of private industry contracts, networking, resumes, interviews and on and on. Basically, all the things you guys tell me you haven't

done in 25 years and you're apprehensive about. It's a PDF so no shipping involved. It also has links to other resources. This is not some pamphlet; it's a full 100 pages of information.

This book normally sells on his site for \$100. He is offering it to my subscribers for \$75. Just email him [AI@eclat-t.com](mailto:AI@eclat-t.com) and mention Barfield25 for the discount.

As always, I get absolutely zero commission, referral fee, or anything else for this. You guys should know by now I'm fanatical about my independence. But I have seen one of these books and I think it's a valuable resource for those that are nearing retirement and need a plan. So I'm passing it along, with a discount.

If you've been in any of my seminars, you know I talk about how everyone focuses on the monetary part of retirement, when that's the easy part. The hard part that is less focused on is the non-monetary part--the "*What am I gonna do now?*" part. This book will help provide some guidance if you're in that boat.

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### **Estate Planning for LEO's**

Here's another resource passed along to me recently by an FBI agent. It is a company that devotes its resources to estate planning for first responders: [www.florianfoundation.net](http://www.florianfoundation.net)

I know very little of the company and can't give any firsthand verification of the quality of service. But I can pass it along and encourage you to check it out. If anyone uses/used their services, I'd appreciate if you could pass along some feedback if you are so inclined.

My understanding is that you contact them, and they have a network of pro bono attorneys that will assist you in your area. Don't quote me on that. I was just recently sent this information by some FBI people familiar with them.

I will say this: Having received a good number of calls from widows, I can tell you that there is a world of difference between a survivor for whom a plan was created, and a survivor who is left in the middle of confusion during one of the worst times of their lives. Just the simple act of not being able to locate a beneficiary form is almost overwhelming to them, given the weight of everything else going on.

A comprehensive plan is best. A simple plan is way better than nothing. I don't know if this company is a great resource for this or not, but again, I'm passing it along in an effort to help some of you. You guys let me know.

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## **Secure Act 2.0**

The Secure Act 2.0 is set to change a LOT of things with regards to your TSP and your other investments. It will take a few months to dig into this. But just a few highlights:

- Required Minimum Distributions (RMD's) age will move up to age 75 for those born in 1960 or after
- No RMD's on Roth TSP (big change)
- Penalty free withdrawals from retirement plans in case of terminal illnesses
- Increased catch up contributions moving forward--indexed to inflation--finally!!!

Stay tuned as we dig more into this in the coming months.

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## **Barfield Financial LLC**

### **RETIREMENT ESTIMATES**

I have this posted on my website, but I still get daily emails about my services. My primary work right now is the creation of a comprehensive retirement estimate and the follow up consultation with the employee and their spouse. I have an information sheet if you are interested in more details. But you can think of it as a one-on-one retirement seminar. Estimating your annuity, your supplement, your TSP growth, future income and expenses, etc.

Probably most importantly, we go through a detailed comparison of your income now vs your income in retirement. Did you know that if you are planning on continuing to work past a given age, it is almost always substantially more money to retire and work somewhere else? For those of you that absolutely need to continue to work somewhere due to financial obligations (college, mortgage, etc.), many of you are costing yourself money by staying in the government. I will sometimes hear "*I can't afford to retire.*" When we go through the numbers, that changes and people will say, "*I can't afford to stay!*"

Remember the general rule--somewhere around 35% of your current gross pay is what you need to break even in retirement. Sometimes more, sometimes a lot less.

Email me if you are interested in this service.

### **RETIREMENT SEMINARS**

These are filling up quickly for 2023. I get a lot of requests for these. I cannot honor most of them. I am in discussions with one large agency to do retirement seminars for their employees in 2023. That alone knocks a lot of dates out.

If you are interested in having me do one for your organization, let me know. Perhaps we can work something out. No promises though.

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### **TSP/Markets**

Well, congratulations to all of you young investors. You've lived through your first decent bear market. This is the worst year for the stock market since 2008, and the fourth worst year in the modern age (post WWII). Some of you retirees and near retirees may have lost hundreds of thousands of dollars over the last 12 months, if you are still all in C, S, and I.

So what are the final TSP returns for 2022????

- G Fund Up 2.98%
- F Fund Down 12.83%
- C Fund Down 18.13%
- S Fund Down 26.26%
- I Fund Down 13.94%

I'll have to give it to the I Fund that I always bash on. Unbelievably, it came in 2nd among the 5 funds. Highly unusual. Still not interested in putting my money there as long term, it still stinks. But interesting that it didn't drop as much as C and S. This is the worst year ever for the F Fund, which is understandable. When you have such a sharp rise in interest rates, you're going to have huge drops in bond prices. We've been addressing that in this

newsletter since pre-COVID, so that should come as no shock to anyone.

If you read the article above, you'll see the G Fund lost to inflation this year. But not nearly as bad as everything else.

The C Fund did better than the S Fund, just like last year. And just like over the long term. I get a lot of questions regarding why I personally don't invest in the S. First of all, I think it waters down my overall return since the C has done better than the S over the long term. Also, I really like simplicity. And, all else being equal, I prefer less volatility. So two funds are more than enough for me and my game plan. Your plan may look totally different, and I support you. As long as it's based on solid decision making and not feelings.

What Will 2023 Bring?

That's easy. It will bring what every year brings: Uncertainty and Opportunity. Uncertainty because not one of us knows what the markets are going to do. Please accept that--don't fight it. Opportunity because we all have a chance to do better with our investments. And by "better" I mean, more sensible and strategic. Not guessing what or when to buy.

Be honest and objective and you'll be a better investor.

*"Yeah, Chris. But what about the "real professionals". They get it right more often than not. They have advanced degrees. And certifications. And charts. And teams of people. And access to info we don't have. I don't invest based on how I feel, I invest based on what they say and their research."*

Fair enough. Let's see how their predictions did. [Let's check out an article from Jan 6, 2022.](#)

Here are what the guys that get paid 6 and 7 figures to do nothing but guess

the markets and go on CNBC and tell everyone what how they are supposed to invest because of what the market is going to do (and manage billions of dollars of client money by the way) predicted for the SP500 for 2022:

- **Wells Fargo: Up 9.1%**
- **Goldman Sachs: Up 7%**
- **Credit Suisse: Up 9.1%**
- **JP Morgan: Up 5.7%**
- **BMO Capital: Up 10.97%**
- **RBC Capital Markets: Up 5.7%**
- **UBS: Up 1.7%**
- **Bank of America: Down 3.48%**
- **Morgan Stanley: Down 7.7%**

The closest (Morgan Stanley) was still off by over 10 points.

Remember, these guys get paid millions to do this. It's their fulltime job. It's an entire *industry*. And each one of them could spout endless numbers and reasons and charts and fancy terms to back up their positions. And people gave them billions to invest based on this information.

And every one of them was very, very wrong.

And 2022 wasn't unique, people. Even great investors cannot guess the market. I've mentioned this before, but I think anyone interested in investing should read [The Psychology of Money by Morgan Housel](#).

And remember the words of one of the greatest investors of all-time,

"*Good investing is boring*"--John Bogle. Once you try to start doing exciting



things in your TSP, you might want to stop and think.

If you're worried about your investments in 2023, something is wrong. Get a professional plan. You should be no more worried about your investments at 55 than you were at 35. If you are, I think there is opportunity there for you to do better.

Enough of me ranting.

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## Timelines

I'm still working on putting these all on my website. But in the meantime, here are a few.

### **U.S. Marshal Inspector (1811)**

I feared getting stuck in the December slam so I contacted my Congressman's office 12/1. OPM gave them the "we need 60 more days" canned reply and lo and behold -- it's finally finalized. I thought I would share this if you're curious:

4/29/22 HR confirmed receipt of retirement package

5/31/22. Retired

6/18/22 TSP available for rollover

6/25/22 Benefeds acknowledged retirement and advised they would bill for dental until OPM finalizes retirement

7/5/22 A/L Lump Sum payment finally received (later than expected due to someone in HR being on vacation)

7/13/22 OPM notified of retirement

7/18/22 CSA number received

8/5/22 Still no password for OPM's online services. Called OPM and they advised the password will be sent 5-7 days after the first interim payment  
8/10/22 Received lump payment for June and July  
8/15/22 OPM online services pin number received  
8/31/22 Monthly interim payments began  
9/26/22 Case assigned to OPM specialist  
12/1/22 Contacted Congressman's Office for assistance with adjudication  
12/21/22 Retirement finalized - "Your retirement case has been finalized and you will receive your personalized benefits booklet within 2-3 weeks. You can expect to receive a statement that details account transactions that occurred during interim pay and an annuity adjustment payment in the mail. This one-time payment will not, however, be available in Services Online.

## **FBI S/A**

Timeline was pretty much just like the counselor said it would be and the figures/amounts were within \$10-20 of the estimate you provided me last year.

07/16/22 Last Day in FBI  
07/22/22 Final Paycheck  
08/05/22 Received Retirement SF-50 from FBI HR  
08/08/22 Received AL Payment  
08/15/22 Received OPM Retirement Card  
08/24/22 Retirement packet sent from NFC to OPM  
09/01/22 1<sup>st</sup> Interim Retirement Check Received  
09/27/22 Retirement packet assigned to OPM specialist  
10/03/22 2<sup>nd</sup> Interim Check  
11/01/22 3<sup>rd</sup> Interim Check  
12/01/22 4<sup>th</sup> Interim Check  
12/05/22 Email from OPM saying case has been finalized  
12/07/22 Deposit containing the difference between Interim and Final check x 4

12/15/22 OPM Book with details on calculations for retirement pay  
12/29/22 1<sup>st</sup> Full Retirement Check

### **CBP Special Agent**

Nov 20th 2021 - Retired CBP FERS Special Agent 22 years of service, 7 years Military Buy Back

Jan 19th 2022 - Email from OPM they received my Retirement Paperwork

Feb 14th 2022 - First Partial Payment

Feb 22nd 2022 - Make FEDVIP payments monthly online

Oct 14th, 2022 - Email from OPM of Final Adjudication Notice

Oct 2022 - Last FEDVIP payment online. Now withheld from my monthly annuity

Oct 18th 2022 - Lump Sum Back Pay Direct Deposit

Oct 25th 2022 - Received OPM Retirement information Booklet

Nov 1st 2022 - First Full Retirement annuity amount

### **DOD Employee**

Here's my experience regarding the processing time. I was a federal employee working for the Navy. I sent my "triple checked" retirement package to HR Portsmouth VA about 6 months prior to my 8/31/22 departure.

I retired 8/31 well prepared for 6-9 months of frustration. Thankfully that was not the case.

8/31 Retired

9/30 OPM received package

10/1 first interim pay recieved

11/3 assigned to Opm Specialist

11/16 case finalized!

12/1 Recieved full annuity and supplements!

3 months and right the first time!

I credit you for helping me go into the process educated and confident. I think having a mistake free package was a game changer.

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### **Giveaways**

I sent 5 of the World Famous Barfield Financial Mugs out from last month's giveaway.

Stay tuned for more in the future.

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### **Closing**

That's it for this month, folks. They'll be a lot more coming soon. The Barbell Update, an analysis of the TSP allocation services, more in-depth discussions on the Secure Act 2.0, and I guess while we're at it, we might as well start

guessing the 2024 raise.

I know everyone says this but I really mean it when I say that I hope 2023 is the best year ever for you guys. Try something new. Think bigger. Get in shape. Build your net worth. Start planning for life after the government, and remember this: Whatever you do for the government, no matter how noble or important, it is NOT the last thing you will do in your life that has meaning. It's merely a stepping stone to get you to the next chapter.

Maybe I'll see a few of you at retirement seminars somewhere down the road.....

Chris

***Disclaimer: Nothing in this newsletter is to be considered investment advice for any of you. Please talk to a financial professional. Never blindly follow something you read on the internet, whether it's a weirdo running a Facebook page, or a weirdo running a Barfield Financial newsletter.***