

2026 PRE-RETIREMENT GUIDE FOR FEDERAL EMPLOYEES



Helping you plan for
what's ahead.
HERE FOR YOU.

 **BlueCross.
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fepblue.org

Your next chapter starts with a plan

Retirement is an exciting new chapter and planning ahead makes all the difference. With time, thought and the right information, you can feel confident about what comes next. On behalf of the Blue Cross and Blue Shield Federal Employee Program, thank you for your years of service.



Here are some tips for planning:



We recommend you **start thinking about retirement at least 5 years** in advance. We'll explain the five-year rule on **page 10**.



Don't plan in a silo. If you're married or in a committed relationship, **discuss your plans with your significant other**.



Talking to friends is good. However, know that everyone's retirement needs and plans are different. **Know your individual options**.



Take an inventory of your financial assets and needs. If you haven't talked to a financial planner, you may want to.



Evaluate your health needs and **think about possible future needs**. Keep your family's needs in mind, too.

Make a plan that fits your future

You've worked hard to reach this moment and now it's time to look ahead to what's next. Retirement is your chance to do more of what you love and embrace the freedom you've earned. Here are just a few things you can do:



Develop new or existing hobbies and skills



Travel



Enjoy more time with family and friends



Focus on your health and well-being



Volunteer



Continue your education

Start your healthy future today

No matter your age, taking care of your health today can help you enjoy a longer, healthier retirement. Staying on top of preventive care now may make a big difference later in life.



Here are some important steps to take:

- 1 See your primary doctor at least once a year.**
Annual checkups can help catch health issues early.
- 2 Know your numbers.**
Keep your blood pressure, cholesterol, blood sugar and body mass index (BMI) in a healthy range to reduce the risk of heart attack, stroke and other serious conditions.
- 3 Stay up to date with recommended screenings.**
Tests like colonoscopies and mammograms can help detect potential health problems early when they're easier to treat.
- 4 Make healthy habits part of your routine.**
Eat well, stay active and aim for a balanced lifestyle.

Choose what matters most to you

Your health coverage should reflect your unique needs and goals. Thinking about what's most important to your well-being can help you choose coverage that supports your lifestyle and long-term health.



How important is it to have a large network of doctors and hospitals?



Will you need care while traveling out-of-state or overseas?



Do you need strong prescription drug coverage?



Is it important to be covered for medical emergencies?



The other thing to consider is your total cost of care
How much are you willing to spend on your overall healthcare costs, not just your monthly premium?

Understand your retirement benefit options

One of the advantages of being a federal employee is that many of your health insurance benefits don't end when you stop working. If you're eligible, you may be able to carry several important benefits into retirement, giving you more peace of mind and continuity of care.



Insurance programs you can carry into retirement include:

- ✓ **Federal Employees Health Benefits (FEHB) Program**
- ✓ **Federal Employees Dental and Vision Insurance Program (FEDVIP)**
- ✓ **Federal Long Term Care Insurance Program (FLTCIP)**
- ✓ **Federal Employees' Group Life Insurance (FEGLI) Program**



If you're currently enrolled in a flexible spending account, such as FSAFEDS, you will not be able to take it into retirement with you.

Deciding if you should keep your government health coverage



You may be wondering:

- Should I keep my federal health insurance after retirement or explore other options?
- What changes can I expect with my coverage when I retire?
- What is Medicare and how does it fit into my health plan?



We'll give you some tools throughout the rest of this booklet to help you answer these questions. Remember that, ultimately, when it comes to your health and health insurance, the decisions are up to you.

Keeping your FEHB coverage in retirement

If you're considering keeping your federal health coverage after retirement, you'll be glad to know that the Federal Employees Health Benefits (FEHB) Program offers the same great benefits you've enjoyed as an active working employee.

Same coverage, same cost

As a federal employee, you have access to some of the best medical benefits in the U.S. The good news is, those **benefits don't change when you retire**—and your **premiums are the same as actively working employees**.

Ongoing flexibility

You can still review and update your plan each year during **Open Season** (the second Monday of November through the second Monday of December), or after a **qualifying life event** like marriage or divorce.

Coverage that lasts

As long as you meet eligibility requirements and don't cancel your insurance, your **coverage will continue when you retire**.



Suspend your FEHB coverage instead of canceling

If you're considering trying a non-FEHB Medicare Advantage plan or TRICARE, **suspend your FEHB coverage. Don't cancel it.**

Canceling your FEHB coverage in retirement means you can never re-enroll. To suspend your coverage, contact your retirement office for guidance.

Important details to know about keeping your FEHB coverage

Before you retire, there are a few important rules and details to keep in mind about continuing your FEHB coverage.



You must meet the five-year rule.

To keep your medical coverage in retirement, you must be continuously enrolled in the FEHB for **at least five (5) years** before you retire. This rule **only applies to FEHB coverage**—not FEDVIP.



The government still shares the cost.

Just like when you're working, the federal government will continue to pay about **70% of your premium** and you pay the rest.



You pay your premium monthly.

Your share is typically **deducted monthly from your annuity**.



Your payroll office changes.

Once you retire, your **payroll office shifts to the U.S. Office of Personnel Management (OPM) Retirement Services Branch**.

They'll handle your premium payments, enrollment changes and any related questions.



Your family may be eligible for continued coverage.

If you pass away, **your eligible surviving family members can continue your FEHB coverage**—as long as:

- You're **enrolled in Self + One or Self & Family** at the time of death
- Your family members are **listed on your annuity**



If you're covered on a spouse's or other non-FEHB group plan, remember the five-year rule. To carry FEHB coverage into retirement, **you must enroll during Open Season at least five years before you retire.**

Medicare 101

Medicare is a health insurance program from the U.S. government for people who are:

- Age 65 or older
- Living with certain disabilities
- Diagnosed with End-Stage Renal Disease
- Diagnosed with ALS (Lou Gehrig's disease)



Who can enroll

You're eligible for Medicare starting three months before you turn 65. If you retire before 65, your FEHB plan remains your primary coverage (meaning it pays first) until you enroll in Medicare. Once you enroll in Medicare, it typically becomes your primary coverage, meaning it pays for your benefits first, if you're retired. Your FEHB plan will work as secondary coverage, meaning it pays after Medicare pays their portion of your care.

Need help figuring it out?

If you don't know who provides your primary coverage, call the customer service number on the back of your member ID card.

Medicare has four parts

Part A: Hospital Insurance (Original Medicare)

Medicare Part A covers inpatient, skilled nursing facility, home health and hospice care.

Most people don't pay a premium for Part A.

Part B: Medical insurance (Original Medicare)

Medicare Part B covers doctor's visits, outpatient services, X-rays and lab tests, durable medical equipment, preventive services, physical and occupational therapy and other services not covered by Part A.

The standard premium in 2026 for Part B is \$202.90 per month. You may pay more depending on your income.

Part C: Medicare Advantage

Medicare Part C is private health insurance that helps to cover some of the things that Part A and Part B don't cover.

Premiums for Part C plans vary by carrier.

Part D: Rx drug coverage

Medicare Part D is prescription drug coverage. Prescription drug coverage is not included in Medicare Part A or Part B.

Some FEHB plans offer Part D as a benefit of your health plan at no additional premium cost. If you choose a different Part D plan, you would pay a separate premium depending on the carrier you choose.

What to know about Medicare enrollment at 65

You must wait until you're eligible for Medicare to enroll.

Your initial enrollment period:

- Starts **three months before** your 65th birthday
- Ends **three months after** your birthday month

If you're already receiving Social Security

If you're receiving Social Security benefits **at least 4 months before turning 65**:



You'll be **automatically enrolled in Medicare Part A and Part B**. You'll receive your Medicare card 3 months before you turn 65.



Your **coverage will start the first day of your birthday month**.



If your birthday is on the first of the month, your coverage will start the month prior to your birthday.

If you don't get your Medicare card and aren't automatically enrolled, **contact your local Social Security office**. Learn more at [ssa.gov](https://www.ssa.gov).

Looking to decline Part B?



You don't have to sign up for Medicare. **But before you decide, think about:**

- Your future health needs
- Any penalties for signing up late

Even if you're healthy now, your needs could change. Having the right coverage can help you be ready.

If you choose to opt out, you'll need to follow the directions provided with your Medicare member ID card.

Can I sign up for Medicare later if I don't enroll when I'm first eligible?

Yes, but there are a few important things to keep in mind:

- ① **You may face a late enrollment penalty.**
If you don't sign up for **Medicare Part B** when you're first eligible, you may pay a **10% increase in your monthly premium for each year you delay enrollment.**

- ② **You may have to wait to enroll.**
If you delay, you'll typically need to wait until the **Medicare General Enrollment Period** (January–March) to sign up. Your coverage would then begin the month after you enroll.

- ③ **There is one important exception if you're still working.**
You won't face a late enrollment penalty as long as you complete **both** steps:
 1. **Stay enrolled in your employer-sponsored group health coverage (or your spouse's) while you're still working.****Sign up for Medicare within the 8-month special enrollment window after you retire.**

You can also enroll in Medicare at any time while you're still working.



How combining Medicare Part A and Part B with FEHB helps

Both Medicare and FEHB offer great benefits and using them together can give you even greater benefits.



Closing Medicare gaps

While Original Medicare (Medicare Parts A and B) provides benefits, it doesn't cover everything. These are called "gaps."

Some of the gaps include:



Prescriptions



Dental care



Hearing aids



Overseas care

Your FEHB plan may help cover these services.

Reducing out-of-pocket costs

When Medicare is your primary coverage, many FEHB plans waive or reduce deductibles and copays.

For example, in 2026, Medicare Part A has a \$1,736 deductible for inpatient hospital care. If you combine your coverage, your FEHB plan may cover this deductible, lowering your out-of-pocket expenses.

Considering a Part C (Medicare Advantage) plan

Medicare Part C (also known as Medicare Advantage) is private insurance offered by companies that contract with Medicare. It is an alternative to Original Medicare.

These plans “bundle” services typically covered under:

- **Part A** (Hospital insurance)
- **Part B** (Medical insurance) and sometimes
- **Part D** (Prescription drug coverage).

They may also offer additional benefits.

Keep in mind, plans vary based on where you live. With Medicare Advantage, it’s important to check carrier limitations, overseas coverage and additional costs for out-of-network care because benefits and coverage vary between plans.

What about Medicare Supplement plans?

Medicare Supplement (or Medigap) plans are different from Medicare Advantage. These independent plans are intended to supplement the cost of your Original Medicare coverage.

Your FEHB plan is not Medigap coverage. However, similar to Medigap, your FEHB plan will cover gaps and coordinate with your Medicare plan. If you’re trying to decide between FEHB, Medigap and/or Medicare Advantage, you should look at the costs and benefits of each to see which is right for you. **Remember, if you cancel your FEHB coverage in retirement, you can never re-enroll in the Program.**

Adding Medicare Part D for prescription drug coverage

Medicare Part D is private prescription drug coverage that may require a separate premium depending on your plan.

Some FEHB plans offer Medicare Part D coverage as part of their benefits packages. This coverage may help you get more out of your prescription drug benefits than your plan's traditional pharmacy coverage.

Medicare Part A and Part B don't cover prescription drugs. If you have those plans alone, you'll pay the full cost of your prescriptions when you go to the pharmacy.

All FEHB plans offer prescription drug coverage that is at least comparable to Medicare Part D plans. This is known as "**creditable coverage.**"



If you decide to drop your FEHB plan, you have to enroll in a Medicare Part D plan or a plan that provides creditable coverage. If you don't sign up for Part D when you're first eligible and decide you want it later, you may pay a penalty. The penalty is one (1) percent for each month you don't have coverage.

This penalty doesn't apply if you're covered in another plan that offers equivalent coverage, such as your FEHB plan. If you ever lose your equivalent coverage, you'll have 63 days to enroll in a Part D plan before the penalty kicks in.

Adding FEDVIP for vision and dental benefits

Here's what you should know:

- Medicare Part A and Part B do not cover vision or dental care, though your FEHB plan may provide some coverage.
- FEDVIP (Federal Employees Dental and Vision Insurance Program) offers more comprehensive dental and vision coverage for services like specialized dental treatments, routine fillings, contact coverage and lens treatments.
- FEDVIP benefits stay the same in retirement, just like FEHB benefits.
- You pay your premiums monthly. BENEFEDS will automatically set up annuity deductions with your pay provider to pay for your FEDVIP premiums post-tax.
- There is no five-year rule for FEDVIP, so you may enroll during any Open Season in retirement or change who is covered if you have a qualifying life event (QLE).

Premiums

- Medicare Part A: Free for most people; most federal employees and retirees enroll as soon as they become eligible.
- Medicare Part B: Requires a monthly premium. For 2026, the standard premium is **\$202.90**, though higher-income earners may pay more via IRMAA (Income Related Monthly Adjustment Amount).
- FEHB: If you choose to combine your coverage, you will pay both the Medicare Part B premium and your FEHB plan premium.
- FEDVIP: You will pay FEDVIP premiums if you decide to enroll in dental and/or vision coverage.

While you pay separate premiums for FEHB, Medicare Part B and possibly FEDVIP, you get a high long-term value. The total you pay out of pocket for your care is often lower than your total premium, especially as health needs increase over time. Your FEHB plan may also offer specific benefits and programs designed for members with Medicare that can help you offset the cost of your premiums.

Final thoughts on choosing coverage

The best way to decide whether or not to combine is to think about your current health needs and what they may look like in the future. Then, decide on your coverage based on those needs. You want to make sure your choice gives you peace of mind.

If you're not sure how your FEHB plan works with Medicare, reach out to your plan directly:



Blue Cross and Blue Shield Service Benefit Plan members

Visit fepblue.org/medicare or call the number on the back of your member ID card.



Members of other FEHB plans

Visit your plan's website or call their customer service.



If you're comparing plans, be sure to ask or research:

- Does the plan help cover Medicare "gaps"?
- Will they waive or reduce out-of-pocket costs if you combine coverage?
- Are there special benefits or incentives for Medicare members?
- What are the prescription drug benefits with Medicare?

Helpful Resources



Medicare

Visit [medicare.gov](https://www.medicare.gov)

Call **1-800-MEDICARE**
(TTY: 1-877-486-2048)

Social Security

Visit [ssa.gov](https://www.ssa.gov)

Call **1-800-772-1213**
(TTY: 1-800-325-0778)

NARFE

(National Active and Retired Federal Employees Association)

Visit [narfe.org](https://www.narfe.org)

Call **1-800-456-8410**

BENEFEDS

Visit [BENEFEDS.gov](https://www.benefeds.gov)

Call **1-877-888-FEDS (3337)**
(TTY: 711, International: 1-571-730-5942)

OPM

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