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FOCUS

Financial planners contacted by Federal Times staff writer Ed Winsten say \$25,000 is not enough to change retirement plans. Here are comments and suggestions from experts in the Washington, D.C., area.

'It's not as glorious as it might be. You'll need another job.'

As Dixie Butler notes, a buyout is "a taxable event," meaning you don't get \$25,000, but more like \$16,000 to \$18,000 after taxes.

"So it's not as glorious as it might be. You'll need another job, and jobs are hard to come by," said Butler, of Butler Financial Inc. She added a warning sounded by several planners:

"Federal employees have limited experience. They do X-Y-Z for one employer for 20 years, and they don't have the skills they think they have.

"People need to think long and hard before changing plans and taking the buyout."

She said too many federal employees do not have financial security and are living from paycheck to paycheck. "In that case, \$16,000 can go immediately."

Butler acknowledged there are some reasons you would take the buyout: You were planning on going anyway. You



Dixie Butler: Employees need to think long and hard.

want to relocate with a working spouse.

If you want to get out of the government or get out of your job, make sure you have at least six months of living expenses saved, she suggested.

Some people may need a full year of expenses. "Many people have been looking for a job for more than a year."