Thrift Savings Plan
A to Z

PRESENTED BY
Arvella Collins, TSP Agency Liaison Specialist
Federal Retirement Thrift Investment Board

Agenda
• Make Wise Decisions Today: Retire With Dignity Tomorrow
• Your TSP Contributions: Saving for Retirement
• Choosing a Tax Treatment: Traditional vs. Roth
• Your TSP Contributions: What does saving for retirement cost you?
• Investing for the Long Haul: Managing your TSP account
• Accessing your TSP Money While Still Employed:
  • Loans and In-Service Withdrawals
• Turning Savings into Income: TSP Retirement Income Options
• Withdrawal Rules: Other Considerations
• Planning Your Legacy: TSP Death Benefits
• TSP Resources
Components of Retirement Income

- In retirement, the Thrift Savings Plan supplements fixed (formula-based) income sources:
  - Social Security
  - Defined benefit plans, e.g., CSRS/FERS annuity, military pension
What’s different about the TSP?

**Defined Contribution Plans** (Thrift Savings Plan)
- Retirement income based on account balance at retirement
- **Employee** makes investment decisions and bears the risks

**Defined Benefit Plans** (pension or military retirement)
- Retirement income based on a pre-determined formula
- **Employer** makes investment decisions and bears the risks

It’s YOU who has the most input here!

TSP account balance at retirement depends on:

- **You choose** when you begin to contribute
- **You choose** how much you will contribute
- **You choose** an asset allocation strategy
- How long you make contributions
- How much you contribute
- How much your balance grows
- How much returns are reduced by expenses
- …and withdrawals and TSP loans
**TSP Benefits**

- Automatic enrollment for all new/reenrolled participants
- Contributions made by payroll deduction "pay yourself first"
- Choice of: Traditional (pre-tax) and/or Roth (after-tax) elective deferrals
- Choice of broadly diversified investment funds that provide comprehensive coverage of each asset class
- "Do it yourself" C, S, I, F, G Lifecycle Funds
- Extremely low expenses

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**Positive factors that affect TSP balance**

**FERS:** contribute enough to get full agency match
- Contribute five percent to get maximum agency match of four percent
  - Dollar for dollar on first 3%
  - Fifty cents per dollar on next 2%
  - Applies on a per pay date basis - NOT an annual basis

Allocate contributions to investment funds based on appropriate balance of risk to return
- Periodically rebalance and reallocate based on a long-term strategy
- Or choose a Lifecycle fund – rebalancing and reallocations occur automatically
**Negative factors that affect TSP balance**

- Using TSP to access long-term savings to meet short-term needs
  - Loans
  - Temporary Depletion
  - Financial Hardship Withdrawals
  - Permanent Depletion

- Frequent Interfund Transfers
  - Short-term, tactical moves using index funds is generally an unsuccessful long-term investment strategy

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**Your TSP Contributions**

Saving for retirement
TSP Financial Calculator
How Much Will My Savings Grow - FERS

How Much Will My Savings Grow?

1. INTRODUCTION
2. SAVINGS GROWTH INFORMATION
3. SAVINGS GROWTH ESTIMATE

Indicates required fields

Retirement System: FERS

Select Your Type(s) of Growth
This calculator will show you the growth of your current account balance, growth of future contributions from your paycheck, or both. You must select a growth model:

- Existing Account Balance
- Future Contributions
- Both

Existing Account Balance
Enter the amount you already have in your TSP account. $10000.00
Future Contributions

If you are a FERS employee, you may begin contributing to the TSP (through payroll contributions) as soon as you are hired. You are also eligible to receive Agency Automatic (1%) and Matching Contributions. Note: Newly hired or rehired FERS employees are automatically enrolled to contribute 3% of basic pay unless they elect otherwise. For more information on eligibility for agency contributions, see Types of Contributions under Plan Participation.

- Enter the number of years you plan to contribute: 30 years
- Annual Pay: $45,000.00
- Pay Schedule: Biweekly (every 2 weeks, 26 times a year)
- Enter the whole percentage of annual pay that you would like to save: 3%
- Enter the percentage of your expected annual pay increase: 3.00%
- Enter the dollar amount that you plan to contribute each year in catch-up contributions: $0.00

Catch-up contributions are traditional and/or Roth contributions that are made by a participant age 50 or older. You must first exceed the elective deferral limit ($18,500 in 2016) to make catch-up contributions.

Account Growth

- Enter the number of years left until you begin withdrawing from your TSP account: 30 years
- Expected Annual Return: 6.00% View the Summary of Returns. Past performance is not a guarantee or a predictor of future returns.

Projected Account Balance

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your existing account balance</td>
<td>$10,600.09</td>
</tr>
<tr>
<td>Growth of your existing account balance</td>
<td>$47,434.34</td>
</tr>
<tr>
<td>Your future contributions</td>
<td>$149,662.79</td>
</tr>
<tr>
<td>Growth of your future contributions</td>
<td>$268,284.16</td>
</tr>
</tbody>
</table>

Total estimated TSP account balance $415,581.89

- Contributions Growth
- Contributions*
- Account Balance Growth
- Existing Balance

*Includes any agency contributions
Increasing Contribution Rate

Future Contributions
Years to Make Contributions: 30
Annual Pay: $45,000.00
Pay Schedule: Biweekly
Percent Salary to Save: 10%
Expected Percent Salary Increase: 3.00%
Annual Catch-up Contributions: $0.00

Future Contributions
Years to Make Contributions: 30
Annual Pay: $45,000.00
Pay Schedule: Biweekly
Percent Salary to Save: 10%
Expected Percent Salary Increase: 3.00%
Annual Catch-up Contributions: $0.00

Estimated Account Balance $569,074.39

Estimated Account Balance $824,892.57

The Power of Time

Number of Years Until You Start Withdrawing: 40
Expected Annual Return: 6.00%
Estimated Account Balance $1,477,257
Contribution Elections

- You can start, stop, resume, or change contributions at any time
  - Elections must be submitted to your agency - TSP cannot process elections to deduct from pay
  - Elections are in dollars or percentages; traditional and/or Roth
- Electronic submissions are preferred (e.g., myPay, Employee Personal Page, LiteBlue, Best, EBIS, Employee Express, etc.)
  - Form TSP-1/TSP-U-1 may also be used
- Elections are effective the first full pay period after receipt by the agency

Contribution Sources & Limits

Participant Contributions
- Regular (2018 limit - $18,500)
  - Traditional and Roth
- Catch-Up (2018 limit - $6,000)
  - Traditional and Roth

Agency Contributions (FERS/BRS only)
- Agency Automatic 1%
  - Traditional (only)
- Agency Matching
  - Traditional (only)
TSP Contribution Rules

**Employee Contributions**
- All new and rehired employees auto-enrolled at 3% (can opt out)
- Any whole dollar amount or percentage up to IRS elective deferral limit
- Always vested

**Agency Contributions (FERS/BRS)**
- Agency Automatic (1%) Contributions
  - Subject to vesting
  - Not based on Employee Contributions
- Agency Matching Contributions*
  - Based on first 5% of employee contributions per pay period, whether traditional or Roth
  - Always vested
  - Uniformed Services members under BRS may not receive matching contributions until 2 years and 1 day after their PEBD.

*CSRS not eligible for Agency Automatic or Agency Matching Contributions

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### Uniformed Services Contribution Rules

- Contribute 1% to 100% of basic pay
  - Plus any percentage from incentive, special, and bonus pay
- Contributions are subject to the Internal Revenue Code annual limitations
  - elective deferral, §402(g), limit ($18,500 for 2018)
  - annual additions, §415(c), limit ($55,000 for 2018)
- Contributions deducted from Combat Zone Tax Exclusion (CZTE) pay are subject to section 415(c) limits but not 402(g)
Annual Additions Limit

• $55,000 for 2018; includes:
  • All elective deferrals (Traditional, Roth and tax-exempt TSP contributions)
  • Agency/service matching contributions
  • Agency automatic (1%) contributions
• Does not include catch-up contributions
• Maximum contribution for officers in a combat zone cannot exceed $8,361 per month (basic pay of the most senior enlisted member) plus $225 hostile fire/imminent danger pay*

*Based on 2018 Military Pay Chart at http://www.dfas.mil

Uniformed Services: Combining TSP Accounts

• If you have both a uniformed services and a civilian TSP account AND are separated from the service associated with one of them, you can transfer your balance out of that account and into the other account*
• You may transfer in either direction if separated from both

*A tax-exempt balance in a uniformed services account cannot be transferred to a civilian TSP
Maximizing Your Match

- Ed earns $3,000 per pay period and contributes 30%
- Susan earns $3,000 per pay period and contributes $712

<table>
<thead>
<tr>
<th></th>
<th>30% EC</th>
<th>4% Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC #1</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #2</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #3</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #4</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #16</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #17</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #18</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #19</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #20</td>
<td>$900</td>
<td>$120</td>
</tr>
<tr>
<td>PC #21</td>
<td>$500</td>
<td>$120</td>
</tr>
<tr>
<td>Total PC #21</td>
<td>$18,500</td>
<td>$2,520</td>
</tr>
</tbody>
</table>

SUSAN

<table>
<thead>
<tr>
<th></th>
<th>$712EC</th>
<th>4% Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC #1</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #2</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #3</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #4</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #16</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #17</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #18</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #19</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #20</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #21</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>Total PC #21</td>
<td>$14,952</td>
<td>$2,520</td>
</tr>
<tr>
<td>PC #25</td>
<td>$712</td>
<td>$120</td>
</tr>
<tr>
<td>PC #26</td>
<td>$700</td>
<td>$120</td>
</tr>
<tr>
<td>Total</td>
<td>$18,500</td>
<td>$3,120</td>
</tr>
</tbody>
</table>

Catch-Up Contributions

Participants can begin making Catch-Up Contributions any time during the calendar year they turn 50

January 1

- In addition to the regular TSP contributions, requiring a separate election
- Dollar amount only
- A new election must be submitted for each calendar year
- Electronic election or TSP-1-C/TSP-U-1-C
- Maximum contribution for 2018 is $6,000
  - Must self-certify intent to make regular contributions up to the elective deferral limit
- No agency matching on Catch-up contributions
Traditional vs. Roth

A choice of tax treatments

A Choice of Tax Treatments

TSP Participant Contributions

Traditional (Pre-tax)  Roth (After-tax)
Traditional TSP Contributions

- Traditional contributions are deducted from gross pay before taxes
  - Lowers current taxable income and gives a tax break today
  - BOTH contributions and earnings grow tax-deferred
- Lowers Adjusted Gross Income (AGI) and may:
  - Create or enhance eligibility for the Saver’s Credit
  - Increase amount of certain itemized deductions
  - Allow high-income taxpayers to make Roth IRA contributions in addition to TSP
- Both contributions and earnings are taxable as ordinary income at tax rates in effect when withdrawn
  - May be taxed at lower rates, if income is lower
  - May be taxed at higher rates, if tax rates increase
- Agency Automatic 1% and Agency Matching contributions will always be traditional
- Account balance is subject to Required Minimum Distribution rules

Roth TSP Contributions

- Roth contributions are deducted from gross pay after taxes
  - Participants must elect to make Roth TSP contributions
  - Contributions will not be taxed again
  - Earnings grow tax-deferred until they become “qualified”
    - Qualified earnings are tax-free
- Does not reduce Adjusted Gross Income (AGI) and may
  - Reduce or eliminate eligibility for the Saver’s Credit
  - Reduce amount of certain itemized deductions (higher AGI results in smaller deductions)
  - Not allow high-income taxpayers to make Roth IRA contributions in addition to TSP
- May provide a “hedge” against higher future tax rates
- No conversions of existing Traditional TSP balance to Roth TSP
Roth TSP – Qualification Rules

• To become qualified:
  • First TSP Roth contribution must meet 5-year rule
    • Prior participation in a Roth 401(k) transferred into TSP counts toward 5-year rule
    • Once 5-year rule is met, participant retains it for the life of their TSP account
  • Age 59 1/2; disabled; or deceased
    • BOTH must be met

• If withdrawn prior to meeting qualification rules:
  • Earnings are tax deferred and subject to IRS 10% early withdrawal penalty unless participant meets an exception*

*Common exception: participant receives distributions after they’ve separated in the calendar year they reach age 55 or older (or in the calendar year they reach age 50 or older for certain public safety employees)

Traditional vs. Roth

<table>
<thead>
<tr>
<th>Traditional TSP (Default)</th>
<th>Roth TSP (By election)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributions</strong></td>
<td></td>
</tr>
<tr>
<td>Pre-tax/ Tax-Deferred*</td>
<td>After-tax*</td>
</tr>
<tr>
<td><strong>Paycheck</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions are deducted from pay before Federal taxes are withheld†</td>
<td>Contributions are deducted from pay after Federal taxes are withheld†</td>
</tr>
<tr>
<td></td>
<td>Contributions do not reduce current year AGI‡</td>
</tr>
<tr>
<td><strong>Distributions</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions and earnings are taxable as ordinary income when withdrawn</td>
<td>Contributions have already been taxed and will not be taxed again</td>
</tr>
<tr>
<td></td>
<td>Earnings are tax free (Qualified Distributions) if:</td>
</tr>
<tr>
<td></td>
<td>1. 5 years have passed since Jan 1st of the year you made your first Roth contribution, AND</td>
</tr>
<tr>
<td></td>
<td>2. Age 59 1/2 or older, permanently disabled, or deceased</td>
</tr>
<tr>
<td></td>
<td>Non-qualified Distributions are subject to ordinary income tax.</td>
</tr>
</tbody>
</table>

* Contributions from Combat Zone Tax Exclusion Pay will be tax-exempt.
† Deferral of state or county taxes is determined by each individual jurisdiction.
‡ Thrift Savings Plan
Tax-Advantaged Savings
Do you need the benefit now . . .?

Mike makes traditional contributions

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$40,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus TSP Contributions</td>
<td>-$2,000</td>
</tr>
<tr>
<td>Adjusted Income</td>
<td>$38,000</td>
</tr>
<tr>
<td>Minus Estimated Federal Income Tax</td>
<td>-$5,300</td>
</tr>
<tr>
<td>Spendable Income</td>
<td>$32,700</td>
</tr>
</tbody>
</table>

Ike makes Roth contributions

<table>
<thead>
<tr>
<th>Gross Income</th>
<th>$40,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus Estimated Federal Income Tax</td>
<td>-$5,800</td>
</tr>
<tr>
<td>After-tax Income</td>
<td>$34,200</td>
</tr>
<tr>
<td>Minus TSP Contributions</td>
<td>-$2,000</td>
</tr>
<tr>
<td>Spendable Income</td>
<td>$32,200</td>
</tr>
</tbody>
</table>

By contributing traditional (before-tax) money to the TSP, Mike reduces his taxes and has $500 more to cover everyday expenses.

IRS Instructions 1040 (2017); filing as single

... or later?

When Mike and Ike withdraw their balance:

Mike’s traditional contributions and earnings will be subject to income tax

<table>
<thead>
<tr>
<th>Future Value of $2,000*</th>
<th>$8,077</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus Estimated Federal Income Tax</td>
<td>-$808</td>
</tr>
<tr>
<td>Spendable Income</td>
<td>$7,269</td>
</tr>
</tbody>
</table>

Ike’s Roth contributions and earnings may be withdrawn tax-free

<table>
<thead>
<tr>
<th>Future Value of $2,000*</th>
<th>$8,077</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minus Estimated Federal Income Tax</td>
<td>-$0</td>
</tr>
<tr>
<td>Spendable Income</td>
<td>$8,077</td>
</tr>
</tbody>
</table>

In exchange for paying taxes up front and adhering to the Roth qualified distribution rules, Ike has more money to spend in retirement.

*Assumes 20 years of compound growth and 7% annual rate of return.
| Assumes same tax rate as previous slide
Roth TSP vs Roth IRA

<table>
<thead>
<tr>
<th></th>
<th>Roth Employer Plans (e.g., Roth TSP)</th>
<th>Roth IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2018 Income Limits</strong></td>
<td>Available to all participants regardless of income</td>
<td>Not available to taxpayers with income above certain limits: MFJ - $189,000 to $199,000; MFS - $0 to $10,000; All others - $120,000 to $135,000</td>
</tr>
<tr>
<td><strong>2018 Contribution Limits</strong></td>
<td>$18,500 (plus an additional $6,000 if turning age 50 or older)</td>
<td>$5,500 ($6,500 if turning age 50 or older)</td>
</tr>
<tr>
<td>Required Minimum Distributions</td>
<td>RMDs apply</td>
<td>Not subject to RMDs until the IRA owner dies</td>
</tr>
<tr>
<td>Rollover Rules</td>
<td>Can be rolled into another Roth employer plan OR a Roth IRA</td>
<td>May NOT be rolled into Roth TSP or a Roth employer plan; a Roth IRA can only be rolled into another Roth IRA</td>
</tr>
</tbody>
</table>

Retirement Savings Contributions Credit (The Savers’ Credit)

- Depending on your AGI and filing status, you may be able to take a tax credit for your TSP contributions

<table>
<thead>
<tr>
<th>Adjusted Gross Income (AGI) limits for 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married Filing Joint</td>
</tr>
<tr>
<td>$1 - $38,000</td>
</tr>
<tr>
<td>$38,001 - $41,000</td>
</tr>
<tr>
<td>$41,001 - $63,000</td>
</tr>
<tr>
<td>Over $63,000</td>
</tr>
</tbody>
</table>

- For more information, see a tax advisor or refer to IRS Form 8880, Credit for Qualified Retirement Savings Contributions
### Saver’s Credit Example

**Filing Status:** Married Filing Joint  
**Gross Income:** $40,000.00  
**10% (Traditional):** - $4,000.00

<table>
<thead>
<tr>
<th>Taxable Income:</th>
<th>$36,000.00</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Married Filing Joint</strong></td>
<td><strong>Credit Max Per Person</strong></td>
</tr>
<tr>
<td>$1 - $38,000</td>
<td>50% of contributions ($1,000)</td>
</tr>
<tr>
<td>$38,001 - $41,000</td>
<td>20% of contributions ($400)</td>
</tr>
<tr>
<td>$41,001 - $63,000</td>
<td>10% of contributions ($200)</td>
</tr>
<tr>
<td>Over $63,000</td>
<td>No Credit</td>
</tr>
</tbody>
</table>

#### Your TSP Contributions

What does saving for retirement cost you?
TSP’s Net Administrative Expenses Compared with the Average

<table>
<thead>
<tr>
<th>TSP</th>
<th>Average 401(k) Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.33 per $1,000&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$4.30 per $1,000&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>1</sup> Net administrative expenses charged to the TSP participant across all funds, 2016

<sup>2</sup> Median estimated 401(k) plan fees. Source: 11th Annual NEPC Defined Contribution Plan & Fee Survey Webinar, Sep 2016

Transfers and Rollovers

Note: Cannot transfer/rollover Roth, Education and Inherited IRA into the TSP
Transfers vs. Rollovers

- **Transfer (direct rollover)**
  - Money moves directly from one account or retirement plan to the other
  - Participant does not have use of the money

- **Rollover (60-day or indirect rollover)**
  - Participant has use of the money for 60-days
  - May result in taxes, withholdings, and/or penalties if not properly executed

Investing for the Long Haul

Managing Your TSP Account
Diversification

- Diversification means spreading money among different investments to reduce risk.
- Can be summed up as “Don’t put all your eggs in one basket.”
- One way to diversify is to allocate your investments among different kinds of assets.
- Historically, stocks, bonds, and cash have not moved up and down at the same time.
- Factors that may cause one asset class to perform poorly may improve returns for another asset class.

Index Investing

- Reduces trading costs and investment management fees by simply buying and holding the stocks or bonds in a particular segment of the market
- Eliminates the anxiety and expense of trying to predict which individual stocks or bonds will beat the market
- Follows a passive management approach by mirroring an index
- Actively managed funds often have higher expense ratios to account for designing and managing a portfolio that attempts to outperform the relevant benchmark
Growth of $100 TSP-Related Indices, 1987-2017

- **G Fund**
- **F Fund Eq.**
- **C Fund Eq.**
- **S Fund Eq.**
- **I Fund Eq.**
- **Inflation**
L Funds Investment Allocation

As of January 2018
L Funds Investment Allocation

As of January 2018

L Funds and the Efficient Frontier

- Rebalanced to their target allocations each business day
- Adjusted quarterly to more conservative investments as the fund time horizon shortens
- Objective is to provide the highest expected rate of return for the amount of risk expected

Investment in the L Funds does not protect from investment losses
Find more information in the TSP “Fund Information” booklet
# TSP Summary of Returns

## Average Annual Returns (As of December 2017)

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>L Income</th>
<th>L 2020</th>
<th>L 2030</th>
<th>L 2040</th>
<th>L 2050</th>
<th>G Fund</th>
<th>F Fund</th>
<th>C Fund</th>
<th>S Fund</th>
<th>I Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-year</td>
<td>6.1%</td>
<td>5.9%</td>
<td>4.5%</td>
<td>3.4%</td>
<td>2.5%</td>
<td>0.8%</td>
<td>0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>3-year</td>
<td>3.8%</td>
<td>5.5%</td>
<td>4.1%</td>
<td>3.0%</td>
<td>2.1%</td>
<td>0.7%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>5-year</td>
<td>4.4%</td>
<td>4.4%</td>
<td>9.0%</td>
<td>10.4%</td>
<td>11.0%</td>
<td>2.6%</td>
<td>2.1%</td>
<td>4.0%</td>
<td>5.0%</td>
<td>7.0%</td>
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<tr>
<td>10-year</td>
<td>3.8%</td>
<td>4.5%</td>
<td>5.0%</td>
<td>6.0%</td>
<td>6.5%</td>
<td>2.3%</td>
<td>4.2%</td>
<td>5.0%</td>
<td>9.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Since inception</td>
<td>6.1%</td>
<td>5.8%</td>
<td>4.2%</td>
<td>3.1%</td>
<td>2.5%</td>
<td>0.8%</td>
<td>0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

## Calendar Year Returns

<table>
<thead>
<tr>
<th>Year</th>
<th>L Income</th>
<th>L 2020</th>
<th>L 2030</th>
<th>L 2040</th>
<th>L 2050</th>
<th>G Fund</th>
<th>F Fund</th>
<th>C Fund</th>
<th>S Fund</th>
<th>I Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>6.9%</td>
<td>10.0%</td>
<td>20.1%</td>
<td>23.2%</td>
<td>26.20%</td>
<td>1.8%</td>
<td>(1.60%)</td>
<td>32.4%</td>
<td>36.3%</td>
<td>22.1%</td>
</tr>
<tr>
<td>2014</td>
<td>3.7%</td>
<td>5.0%</td>
<td>5.7%</td>
<td>6.2%</td>
<td>6.3%</td>
<td>5.1%</td>
<td>0.3%</td>
<td>13.1%</td>
<td>7.0%</td>
<td>0.27%</td>
</tr>
<tr>
<td>2015</td>
<td>1.8%</td>
<td>1.0%</td>
<td>5.7%</td>
<td>4.5%</td>
<td>2.0%</td>
<td>0.9%</td>
<td>1.6%</td>
<td>1.20%</td>
<td>16.3%</td>
<td>2.10%</td>
</tr>
<tr>
<td>2016</td>
<td>3.5%</td>
<td>5.4%</td>
<td>7.0%</td>
<td>7.6%</td>
<td>6.6%</td>
<td>1.6%</td>
<td>2.0%</td>
<td>12.0%</td>
<td>16.3%</td>
<td>2.10%</td>
</tr>
<tr>
<td>2017</td>
<td>6.2%</td>
<td>9.9%</td>
<td>14.3%</td>
<td>16.7%</td>
<td>16.1%</td>
<td>2.3%</td>
<td>3.6%</td>
<td>21.0%</td>
<td>15.8%</td>
<td>26.4%</td>
</tr>
</tbody>
</table>

## YTD

<table>
<thead>
<tr>
<th>Year</th>
<th>L Income</th>
<th>L 2020</th>
<th>L 2030</th>
<th>L 2040</th>
<th>L 2050</th>
<th>G Fund</th>
<th>F Fund</th>
<th>C Fund</th>
<th>S Fund</th>
<th>I Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.0%</td>
<td>4.7%</td>
<td>0.8%</td>
<td>5.7%</td>
<td>1.4%</td>
<td>0.4%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

The returns for the TSP funds represent net earnings after the deduction of administrative expenses, trading costs, and investment management fees. See the TSP Fund Information sheets or “Fund Performance” at tsp.gov.

---

## TSP Summary of Returns

### Monthly Returns (Past 12 Months)

<table>
<thead>
<tr>
<th>Year</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.19%</td>
<td>0.19%</td>
<td>0.19%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>2010</td>
<td>1.19%</td>
<td>1.94%</td>
<td>3.12%</td>
<td>1.96%</td>
<td>0.41%</td>
<td>0.21%</td>
<td>0.21%</td>
<td>0.21%</td>
<td>0.21%</td>
<td>0.21%</td>
<td>0.21%</td>
<td>0.21%</td>
</tr>
</tbody>
</table>

Last 12 mo: 5.15% 7.77% 11.31% 12.93% 14.41% 2.35% 0.70% 17.08% 12.31% 19.77%
### Interfund Transfer Limits

- For each calendar month, the first two interfund transfers are unrestricted moves.
- After first two moves, money can only be moved into the G Fund.

**Example:**

<table>
<thead>
<tr>
<th>1st IFT of the Month</th>
<th>2nd IFT of the Month</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>G</strong> 20%</td>
<td><strong>G</strong> 100%</td>
</tr>
<tr>
<td><strong>F</strong></td>
<td><strong>F</strong></td>
</tr>
<tr>
<td><strong>C</strong> 40%</td>
<td><strong>C</strong> 20%</td>
</tr>
<tr>
<td><strong>S</strong> 35%</td>
<td><strong>S</strong> 5%</td>
</tr>
<tr>
<td><strong>I</strong> 15%</td>
<td><strong>I</strong> 15%</td>
</tr>
<tr>
<td><strong>L</strong> 80%</td>
<td><strong>L</strong></td>
</tr>
</tbody>
</table>

### Participant-Directed Account Transactions

**Contribution Allocation**
- Participant tells TSP how they want new money to be invested
- Includes:
  - Employee contributions
  - Agency contributions
  - Loan payments, and
  - Any transferred funds

**Interfund Transfer**
- Redistributes fund balances among existing TSP fund options
- Does not affect the investment of future contributions deposits

- Done via TSP ThriftLine (877) 968-3778 or website TSP.gov
- Generally effective as of close of business each day (based on 12 noon ET)
- Participant will receive confirmation via website, email or mail
Here's how the value of your TSP account has changed:

**Value on October 31, 2013:** $77,776.96
**Value on December 31, 2013:** $85,371.68

**Your account balance distribution:**
- G Fund: 40%
- I Fund: 5%
- C Fund: 20%
- F Fund: 30%

**Your investment allocation for future contributions:**
- G Fund: 50%
- I Fund: 5%
- C Fund: 5%
- F Fund: 40%

A Message for You:
Great news! You can now access your TSP account through your mobile phone or desktop computer by visiting th\(\ldots\)

Your Personal Rate of Return:
Last 12 Months: 10.26%

Questions? Contact:
- TSPinfo@TSP.gov
- 1-844-436-8777 (within the U.S. and Canada)
- 1-647-436-8777 (outside the U.S. and Canada)

To update personal or contributing information, contact your agency.
Loans & In-Service Withdrawals

Types of Loans

**General Purpose**
No documentation required (1-5 years)

**Residential**
For purchase or construction of a primary residence only (1-15 years)

- May have a maximum of two loans outstanding at one time
  - One residential and one general purpose loan only
- 60-day waiting period between loans
**Costs of a Loan**

- $50.00 processing fee – deducted when loan is disbursed

- Loan interest
  - Based on G fund rate at time application is processed
  - Fixed for life of the loan
  - Not tax deductible

- The invisible (and may be the largest) cost – foregone investment earnings and reduced compounding of retirement savings

**Available Loan Amount**

- Minimum Amount: $1,000

- Maximum Amount cannot exceed the smallest of the following:
  - Never more than your contributions and earnings, **OR**
  - 50% of the total vested account balance*, or $10,000, which ever is greater, **AND**
  - It will never be more than $50,000 minus the highest outstanding loan balance over the past 12 months

- The ThriftLine and website can provide the maximum amount available for a loan, loan interest rate, application and status of a loan application

---

*The total vested account balance includes agency matching contributions, if vested, agency automatic contributions, account balances from civilian and uniformed services account, and any outstanding loans from both TSP accounts.*
Repaying the Loan

• Payroll deduction based on the schedule of loan payments

• Participants may send additional payments in any amount
  • Personal checks, money orders or cashier’s checks must be accompanied by loan coupon

• Multiple voluntary reamortizations
  • Participant may reamortize on TSP website or by calling the TSP to raise or lower payments only

• No post-service withdrawal options can be processed until the outstanding loan is settled

Other Loan Rules

• May have a maximum of two loans outstanding at one time
  • Participants may have one residential and one general purpose loan outstanding

• When a loan is paid in full there will be a 60-day waiting period before another like loan application is accepted

• Valid or pending court order prevents loan disbursement

➢ See tsp.gov/planparticipation or the TSP booklet, Loans, for more information
Loan Considerations When Nearing Retirement

- TSP loans can be settled before or within 90 days after separation

- Options
  - Reamortize or make additional payments before separation
  - Report a taxable distribution of the unpaid balance
    - TSP declares taxable distribution upon expiration of the 90-day grace period and reports to IRS
    - Participant can accelerate the distribution by signing "intent not to repay"

See tsp.gov/planparticipation or the TSP booklet, Loans, for more information.

Financial Hardship Withdrawals

- Qualifying circumstances
  - Negative monthly cash flow
  - Medical expenses
  - Personal casualty losses
  - Legal expenses for separation or divorce

- Restrictions
  - Minimum withdrawal $1,000
  - May only withdraw your own contributions and earnings
  - Six month non-contribution/waiting period
Costs of a Financial Hardship Withdrawal

- Withdrawal can’t be repaid – permanently reduces retirement savings
- Contributions suspended for 6 months
  - No contributions means no matching (FERS)
- Withholding rate is 10%, actual tax is likely to be higher
- Additional 10% penalty tax on distributions prior to age 59½

See tsp.gov/plan participation or the TSP booklet, *In-Service Withdrawals*, for more information

Age-Based Withdrawals

- Participants age 59½ or older may take a lump sum withdrawal (one-time only) while still in service
- Minimum withdrawal is $1,000; maximum is entire vested account balance
- All or any portion may be transferred to an IRA or an eligible employer plan
- Can continue to make contributions to your TSP
The TSP Retirement Income Options

Turning Savings to Income

Your TSP Savings Goal

Expected need
– Expected fixed income

TSP Savings Goal
TSP Withdrawal Options Bill Becomes Law — (November 20, 2017)

• On November 17, 2017, President Trump signed into law the TSP Modernization Act of 2017, which will provide TSP participants with more flexible withdrawal options.

• The Executive Director of the FRTIB has the authority to establish parameters regarding this new ability to take multiple withdrawals, and the law gives the FRTIB up to two years to make the regulatory and operational changes necessary to enact these changes.
  • Eliminates the statutory prohibition on multiple post-separation withdrawals and multiple age-based withdrawals while a participant is still working.
  • Removes the restriction that participants cannot take partial post-separation withdrawals if they’ve already taken an age-based in-service withdrawal.
  • Though it has no effect on required minimum distributions mandated by the Internal Revenue Code, the law also allows separated participants who are over age 70½ to remain in the TSP, eliminating the requirement to make a withdrawal election on an entire account balance.
  • Participants will also be able to stop monthly payments, change payment frequency, or elect to purchase an annuity while receiving monthly payments.


Post-Service Withdrawals

• Partial Withdrawal

• Full Withdrawal Options
  • Flexible Income: Monthly payments
  • Lifetime Income: TSP life annuity
  • Lump Sum: Single payment

• Custom: Mixed Withdrawal Options

➢ See tsp.gov/plan participation or the TSP booklet, Withdrawing Your TSP Account, for more information
Partial Withdrawal
- Must be separated from service
- Available under the following circumstances:
  - One time only request; minimum $1000
  - Have not previously requested a partial or full withdrawal
  - Have not taken an Age-based in-service withdrawal

Delayed Withdrawal (Leave It In – Let It Grow)
Your TSP account doesn’t expire:
- Make the most of your account. Leave your savings in the plan and do nothing
  - Income taxes are deferred until you begin receiving income distributions
  - Minimum account balance is $200
- Transfer IRAs and retirement plans into the TSP
- Separated participants can continue to make active investing decisions, including two unrestricted interfund transfers per month
  - Account will continue to get market returns depending on investment mix
- Keep more of what you save because of the TSP’s low administrative costs
Full Withdrawal: TSP-70

a. Single Payment

b. Life Annuity

c. TSP Monthly Payments

• Also referred to as a **Lump Sum** payment
  - You can withdraw your entire TSP account balance in a single payment
    - Any tax-deferred amount withdrawn but not transferred or rolled over will be subject to ordinary income tax in the year of withdrawal
  - You can transfer or roll over all or part of your TSP account to an IRA or another eligible retirement account
b. **Life Annuity**

- TSP life annuity
  - Income is assured for the life of the annuitant(s)
  - Funds are transferred from TSP to the annuity provider, and benefits are “locked in” when the request is processed

<table>
<thead>
<tr>
<th>Survivor benefit (50% or 100%)</th>
<th>Single Life</th>
<th>Joint Life with Spouse</th>
<th>Joint Life with Other Survivor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level payments</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Increasing payments</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cash refund</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>10-year certain</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Single Life Annuity Example

#### Cost Comparison of Features

<table>
<thead>
<tr>
<th>Age</th>
<th>Basic Features</th>
<th>w/ Cash Refund</th>
<th>w/ 10 Year Certain</th>
<th>Basic Features</th>
<th>w/ Cash Refund</th>
<th>w/ 10 Year Certain</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,174.00</td>
<td>$1,048.00</td>
<td>$1,144.00</td>
</tr>
<tr>
<td>66</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,210.00</td>
<td>$1,078.00</td>
<td>$1,178.00</td>
</tr>
<tr>
<td>67</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,246.00</td>
<td>$1,110.00</td>
<td>$1,214.00</td>
</tr>
<tr>
<td>68</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,283.00</td>
<td>$1,143.00</td>
<td>$1,260.00</td>
</tr>
<tr>
<td>69</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,322.00</td>
<td>$1,177.00</td>
<td>$1,288.00</td>
</tr>
<tr>
<td>70</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,362.00</td>
<td>$1,213.00</td>
<td>$1,326.00</td>
</tr>
<tr>
<td>71</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,402.00</td>
<td>$1,249.00</td>
<td>$1,366.00</td>
</tr>
<tr>
<td>72</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,444.00</td>
<td>$1,287.00</td>
<td>$1,407.00</td>
</tr>
<tr>
<td>73</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,489.00</td>
<td>$1,326.00</td>
<td>$1,449.00</td>
</tr>
<tr>
<td>74</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,532.00</td>
<td>$1,365.00</td>
<td>$1,483.00</td>
</tr>
<tr>
<td>75</td>
<td>$1,500.00</td>
<td>$1,527.00</td>
<td>$1,536.00</td>
<td>$1,579.00</td>
<td>$1,400.00</td>
<td>$1,530.00</td>
</tr>
</tbody>
</table>
c. TSP Monthly Payments*

**Fixed Dollar Amount**
- Amount specified by participant
- Minimum payment $25
- May change dollar amount annually

**Based on Life Expectancy**
- Payments are computed by TSP
- Amount automatically adjusts annually
- Avoids the 10% penalty, but may not satisfy your need

*Any taxable amount not transferred will be **taxed as income** for the year of withdrawal

---

**Modeling Monthly Payments**

Roll over the graph below to view your monthly income amounts by age in retirement.

Click on the items below to view or hide them on the graph.
c. **TSP Monthly Payments**

Changes to TSP Monthly Payments as follows:

- **TSP-73**
  - Amount of fixed dollar amount
  - From Life Expectancy to Fixed Dollar Amount
  - One time only, October 1st – December 15th

- **TSP-78**
  - The way your monthly payments are handled
    - Direct Deposit, Transfers, Tax Withholdings
  - Submit anytime

- **TSP-79**
  - From Monthly Payments to a **Final Single Payment**
  - Submit anytime

---

**Custom: Mixed Withdrawal**

**Form TSP-70**

IV. **WITHDRAWAL ELECTION** — This section is required. Choose one or more methods. Indicate percentages in whole numbers. If choosing monthly payments, include the dollar amount of each payment or choose to have the TSP compute your payments based on your life expectancy.

23. I would like to withdraw my entire account balance as follows:

<table>
<thead>
<tr>
<th>Method</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a.</td>
<td>10.0%</td>
</tr>
<tr>
<td>b.</td>
<td>20.0%</td>
</tr>
<tr>
<td>c.</td>
<td>70.0%</td>
</tr>
</tbody>
</table>

\[100\% \text{ (Total a, b, and c)}\]

- **Single Payment**
- **Life Annuity** (Must equal $3,500 or more. Also complete Page 6.)
- **TSP Monthly Payments** → Tell us how to pay your monthly payments:
  - $ \_\_\_\_\_\_\_\_\_.00 per month ($25.00 or more)
  - \(\times\) Compute my payments based on my life expectancy.
Withdrawal Wizard

Request for Full Withdrawal: Uniformed Services

You may withdraw your entire account balance as a Single Payment, a Life Annuity, an TSP Identity Payments, or any combination of these three options.

Note: The minimum threshold to purchase an annuity is $3,500. You may choose to purchase an annuity as long as you have at least $1,500 in your traditional (non-Roth) balance.

Indicate the percentage of your account that you would like for each withdrawal option. Be certain that your percentages total to 100.

- Single payment: [ ]
- Life annuity: [ ]
- TSP Identity payments: [ ]

Total: [ ]

Next
**Required Minimum Distributions (RMD)**

- Participants age 70½ AND separated must receive (and pay taxes on) income from the TSP every year
- The minimum amount of income (RMD) is recalculated annually
- First year RMD must be received by April 1 of the year following the year you turn 70½
  - Subsequent RMDs must be received by December 31 every year

> See TSP tax notice: Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions for more information
Uniform Lifetime Table

Uniform Lifetime Table for Calculating Minimum Distributions

<table>
<thead>
<tr>
<th>Age</th>
<th>Distribution Period</th>
<th>Age</th>
<th>Distribution Period</th>
<th>Age</th>
<th>Distribution Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>27.4</td>
<td>90</td>
<td>11.4</td>
<td>110</td>
<td>3.1</td>
</tr>
<tr>
<td>71</td>
<td>26.5</td>
<td>91</td>
<td>10.8</td>
<td>111</td>
<td>2.9</td>
</tr>
<tr>
<td>72</td>
<td>25.6</td>
<td>92</td>
<td>10.2</td>
<td>112</td>
<td>2.6</td>
</tr>
<tr>
<td>73</td>
<td>24.7</td>
<td>93</td>
<td>9.6</td>
<td>113</td>
<td>2.4</td>
</tr>
<tr>
<td>74</td>
<td>23.8</td>
<td>94</td>
<td>9.1</td>
<td>114</td>
<td>2.1</td>
</tr>
<tr>
<td>75</td>
<td>22.9</td>
<td>95</td>
<td>8.6</td>
<td>115+</td>
<td>1.9</td>
</tr>
<tr>
<td>76</td>
<td>22.0</td>
<td>96</td>
<td>8.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>77</td>
<td>21.2</td>
<td>97</td>
<td>7.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>78</td>
<td>20.3</td>
<td>98</td>
<td>7.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>79</td>
<td>19.5</td>
<td>99</td>
<td>6.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>80</td>
<td>18.7</td>
<td>100</td>
<td>6.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>81</td>
<td>17.9</td>
<td>101</td>
<td>5.9</td>
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<td></td>
</tr>
<tr>
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<td>102</td>
<td>5.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>83</td>
<td>16.3</td>
<td>103</td>
<td>5.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>84</td>
<td>15.5</td>
<td>104</td>
<td>4.9</td>
<td></td>
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</tr>
<tr>
<td>85</td>
<td>14.8</td>
<td>105</td>
<td>4.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>86</td>
<td>14.1</td>
<td>106</td>
<td>4.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>87</td>
<td>13.4</td>
<td>107</td>
<td>3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>88</td>
<td>12.7</td>
<td>108</td>
<td>3.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>89</td>
<td>12.0</td>
<td>109</td>
<td>3.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: TSP-775, Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions

Other Considerations

Withdrawal Rules
Submitting Withdrawal Forms

• Separated participants should not submit withdrawal forms until officially separated and the separation code is received by the TSP

• Married participants must print their withdrawal form from the TSP website
  – Provide notarized participant signature
  – Return the withdrawal request to the TSP for processing

Spouses’ Rights

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>Requirement*</th>
<th>Exceptions†</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERS or Uniformed Services</td>
<td>Notarized spouse signature required**</td>
<td>Whereabouts unknown or exceptional circumstances - TSP-16 or TSP-U-16 required</td>
</tr>
<tr>
<td>CSRS</td>
<td>Spouse is entitled to notification of the participant’s withdrawal election</td>
<td>Whereabouts unknown - TSP-16 required</td>
</tr>
</tbody>
</table>

* If account balance is less than $3,500, spouse’s signature/notice is not required
**If married but no spouse signature: Spouse is entitled to a Joint Life Annuity with 50% Survivor Benefits, Level Payments, and no cash refund feature
† Waiver of spouse’s signature/notice valid for 90 days from approval
Pro-Rata Distribution Rule

- All withdrawal options will be paid proportionally from each balance
- This rule currently applies to Roth and Traditional balances

Tax Withholdings & Portability

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Eligible for transfer or rollover?</th>
<th>Federal income tax withholding rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump sum distributions:</td>
<td>Yes</td>
<td>20% (mandatory) unless transferred</td>
</tr>
<tr>
<td>Single payments, age-based and partial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>withdrawals, final withdrawal following</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a series of monthly payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly payments for less than 10 years</td>
<td>Yes</td>
<td>20% (mandatory) unless transferred</td>
</tr>
<tr>
<td>Monthly payments for 10 years or more</td>
<td>No</td>
<td>As if Married w/3 (may be decreased or waived)</td>
</tr>
<tr>
<td>Monthly Payments based on life expectancy</td>
<td>No</td>
<td>As if Married w/3 (may be decreased or waived)</td>
</tr>
</tbody>
</table>
Changing Payment Scenario

Before (2017)
• Opening balance - $105k
• Monthly payment - $800
• Estimated number of payments - 132
• Payment type - periodic payments
• Withholding - As if married with 3 dependents
• Net monthly payment - $800

After (2017)
• Opening balance - $100k
• Monthly payment - $850
• Estimated number of payments - 117.6
• Payment type - eligible rollover distribution
• Withholding (20%) - $170
• Net monthly payment - $680

Eligible Rollover Distributions

Traditional Balance
Roth Balance

Transfer (any whole % from 0-100%)

Transfer (any whole % from 0-100%)

eligible employer plan, or Roth IRA

Traditional IRA, eligible employer plan, or Roth IRA

Roth IRA or eligible Roth employer plan

Distribution to Participant
Whatever isn't transferred will be distributed and the Traditional balance is eligible to be rolled over within 60 days
Exceptions to the IRS Early Withdrawal Penalty

The 10% IRS Early Withdrawal Penalty does not apply to payments that are:

- Received at age 59½ or later
- Received after you separate/retire during or after the year you reach age 55 (or the year you reach age 50 if you are a public safety employee as defined in section 72(t)(10)(B)(ii) of the Internal Revenue Code)
- TSP monthly payments based on life expectancy
- Annuity payments
- Ordered by a domestic relations court
- Made because of death
- Made from a beneficiary participant account
- Received in a year you have deductible medical expenses that exceed 10% of your adjusted gross income (7.5% if you or your spouse is 65 or over)
- Received as a result of total and permanent disability*
  - * Participant must provide the justification to IRS when they file their taxes

IRS Publications 575, Pension and Annuity Income
IRS Publication 721, Tax Guide to U.S. Civil Service Benefits

TSP Death Benefits

Planning Your Legacy
Death Benefits

To Whom?
- Based on Form TSP-3, Designation of Beneficiary
  - Participant responsible for mailing or faxing form directly to TSP
  - Do not submit forms to agency/service
  - If there is no TSP-3 on file at the TSP, then statutory order of precedence:
    - Spouse, natural and adopted children, parents, estate, next of kin

The Process?
- Death reported on Form TSP-17, Information Relating to Deceased Participant
- The beneficiary will receive IRS Form 1099-R reporting the distribution

See tsp.gov/lifeevents or the TSP booklet, Death Benefits, for more information

Death Benefits: Update at tsp.gov

Beneficiaries: Civilian

You do not have a valid Form TSP-3, Designation of Beneficiary, on file. Your account will be distributed according to the statutory order of precedence required by law. ONLY complete Form TSP-3, Designation of Beneficiary, if you want distribution to be made to your other surviving beneficiary or order of precedence.

1. To your spouse
2. If none, to your children in equal shares, or, if there is no surviving spouse, to your children in equal shares
3. If none, to your parents in equal shares
4. If none, to the appointee, executor or administrator of your estate
5. If none, to the next of kin who would be entitled to your estate under the laws of the state in which you resided at the time of your death

As used here, "child" means either a biological child or a child adopted by the participant. It does not include your stepchild unless you have adopted the child. Nor does it include your biological child if that child has been adopted by someone other than your spouse.

The term "parents" does not include stepparents who have not adopted you.

Designates New Beneficiary
Payments to Spouse Beneficiaries

- Spouse beneficiaries automatically have a beneficiary participant account (BPA) established upon notification of death of TSP participant
- Balance is automatically invested in the beneficiary’s age appropriate L Fund
- Beneficiary participants have same investment and withdrawal options as separated TSP participants
  - Exception: TSP cannot accept transfers or rollovers from other equivalent employer plans or IRAs (traditional or Roth) into BPAs
  - Interfund transfers to any TSP investment funds are permitted

Payments to Spouse Beneficiaries

- Spouse may designate beneficiaries using Form TSP-3
- Death benefit payments from a BPA are single payments to the designated beneficiaries; cannot be transferred or rolled over to an IRA (to include inherited IRA) or eligible employer plan
- Required Minimum Distribution from BPA is based on the age of the TSP participant
Payments to Non-Spouse Beneficiaries

• Paid as a single payment
  • Taxable portion of payments to beneficiary subject to 20% tax withholding
  • Payments transferred to an inherited IRA account not subject to withholding

• Inherited IRAs
  • Allows non-spouse beneficiaries to take the IRC Required Minimum Distribution amount based on their age
    • Must start by December 31 the year following the TSP participant’s death
  • The remaining balance continues to grow
  • Each year the IRC minimum required distribution increases slightly providing a lifetime benefit
  • Inherited IRAs are complicated and a tax professional or IRA provider should be contacted to discuss this option

TSP Resources
Access Your TSP Account

- View account balance
- View Annual & Quarterly Statements
- Change contribution allocation
- Request interfund transfers
- Request loans and withdrawals
- Create (or change a user ID)
- Change or request a Web password
Contacting the TSP

Facebook
facebook.com/tsp4gov

tsp.gov

TSP Publications

Thrifty Savings Plan

Fund Information

Managing Your Account

In Service Withdrawals

Summary of the Thrift Savings Plan

Court Orders and Powers of Attorney

Loans

Withdrawing Your TSP Account

Your TSP Account

Death Benefits
Questions?