



Thrift Savings Plan

Benefits 101 Presentation



Agenda

This presentation will cover:

- ☐ What is TSP?
- ☐ Why is TSP important?
- ☐ Investing
- ☐ Withdrawing
- ☐ Loans
- ☐ Taxes
- ☐ New TSP Features and Blackout dates



What is Thrift Savings Plan (TSP)?

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees and members of the uniformed services. It was established by Congress in the Federal Employees' Retirement System Act of 1986 and offers the same types of savings and tax benefits that many private corporations offer their employees under 401(k) plans.

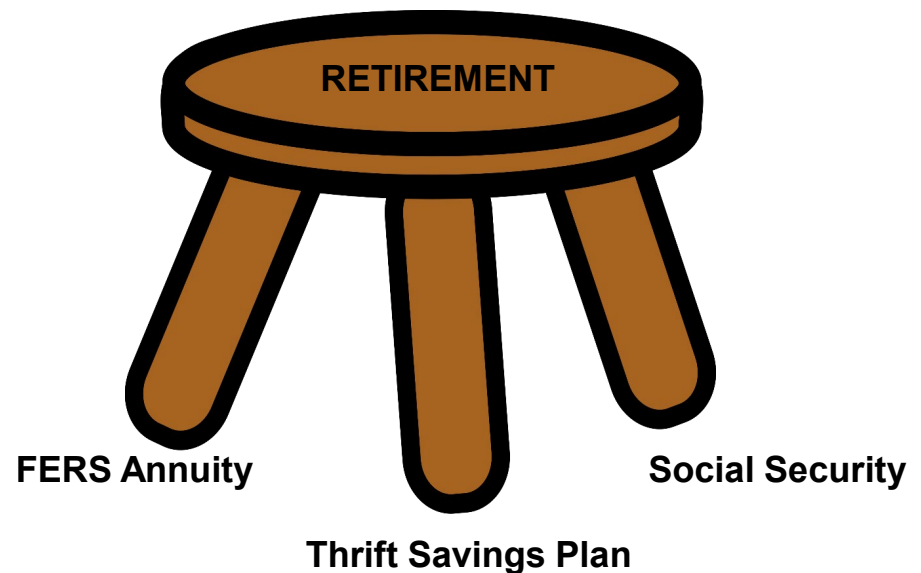
The TSP is a defined contribution plan, meaning that the retirement income you receive from your TSP account will depend on how much you (and your agency, if you are eligible to receive agency contributions) put into your account during your working years and the earnings accumulated over that time.



Why is TSP important?

Thrift Savings Plan (TSP), along with your **FERS** basic annuity and Social Security is an integral part of your Federal Retirement System. The savings in your TSP account will be a determining factor of your quality of life in retirement. It is important to start saving early in your career to ensure that you meet your retirement goals.

A healthy retirement is like a three-legged stool. You do not want an unbalanced stool.



Shouldn't my annuity be enough?



Your annuity alone will not be enough to replace your income while working. Let's take a look at what retirement would look like with just an annuity.

Step 1. Determine your high 3 salary average.

2020 \$69,000
2021 \$70,000
2022 \$71,000



Step 2. Determine your years of creditable service.

Date of Birth: November 2, 1964

Enter on Duty Date: December 5, 1992

Anticipated retirement date: December 31, 2022

**High 3 average salary -
\$70,000.00**

Total years of service: 30 years

Shouldn't my annuity be enough?



Step 3. Multiply your years of service by your high 3 average.

$$1\% \times 70,000 = \$700 \times 30 \text{ years} =$$

\$21,000.00



Step 4. Consider all of your deductions.

\$21,000.00 annually is \$1750.00 per month **BEFORE** deductions.

Be mindful of the following deductions:

- ✓ -Health Insurance
- ✓ -Life Insurance
- ✓ -Applicable Federal Taxes
- ✓ -Applicable State/Local Taxes
- ✓ -Dental/Vision Insurance

Social Security and FERS Supplement?



Calculating your FERS Annuity Supplement

- Designed to take the place of Social Security portion of retirement
- Calculated using the social security benefit earned while employed under FERS
- Paid each month until you reach age 62

$$\begin{array}{ccccc} \text{Years of} & & & & \\ \text{Creditable} & & & & \\ \text{Service} & & & & \\ \hline & 40 & \times & \$ \text{ Age 62} & = & \text{Your FERS} \\ & & & \text{SS Benefit} & & \text{Supplement} \\ & 0.75 & & \$1,800 & & \$1,350 \text{ monthly} \\ & & & & & \$16,200 \text{ yearly} \end{array}$$

Putting things into perspective



For someone making \$70,000/year with 30 years of service

FERS	
Annuity	\$21,000
Social Security	\$11,063
Total	\$32,063
Gap from \$70K	\$37,937

TSP Contributions

You can contribute up to

\$20,500
for 2022



**If you are at least age 50, you can contribute
additional \$6,500**

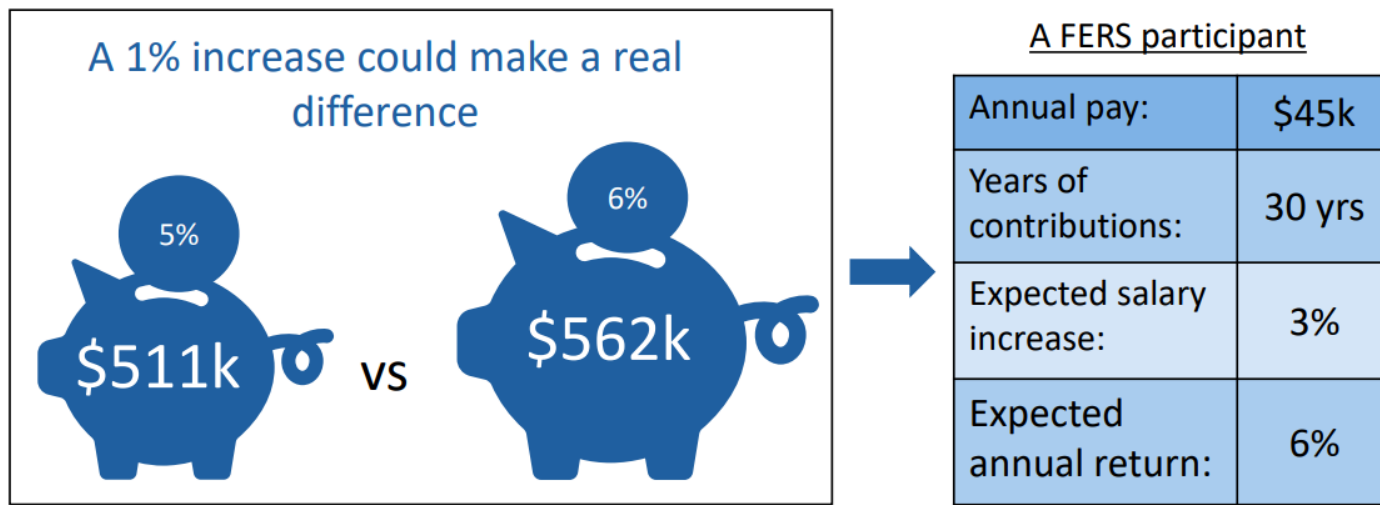
You are saving for the future



For FERS employees, while 5% will get you matching USPS contributions, 5% alone will not be enough to replace 100% of your income. If your personal financial goal is to live on the same salary you had while you were working, you must save and invest aggressively in your TSP.

Tips:

- **Start saving early in your career.**
- **Each time you get a raise increase your TSP contribution.**
- **Understand the power of saving and the impacts of compounding interest.**
- **Use the calculators on TSP's website to create a financial game plan.**



Go to tsp.gov/calculators to see what impact a change could have on your account!



Contribute
5%
get
10%
in your TSP

Employees age 50+ can contribute an additional \$6,500 above the IRS limit

TSP Employer Match (FERS Employees)			
Your Contribution (% of Salary)	Your Employer Contributes		Total Contribution (% of Salary)
	Automatic (1%)	Match	
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%
More than 5%	1%	4%	Your Contribution + 5%

Contribute
5%
 get
10%
 in your TSP

How do I invest?



If you are not sure how much you are contributing to your TSP or would like to change the amount of what you are investing, you can visit LiteBlue and access PostalEase. Once you have entered your EIN and PIN select the link for TSP.

You can use this same link to:

- Change your contribution amount/percentage.
- Verify how much you are contributing
- Start or stop contributions
- Start or stop Roth Contributions

PostalEASE Employee Web Main Menu

Note: Do not use the browser's Back or Forward button for navigating within PostalEASE. Use only the buttons included on the PostalEASE Web pages.

Payroll	Benefits
Allotments / Payroll Net To Bank	Federal Employees Health Benefits
Federal W-4	Thrift Savings Plan
eTravel Net To Bank	Flexible Spending Accounts
W-2	Annual Leave Exchange
1095-C	Annuity Estimate
State Income Tax	eOPF Fulfillment
State Other Tax	

You can elect to make Roth or Traditional TSP contributions in *PostalEASE*.

Do you need the tax benefit *now* or *later*?

Traditional Contributions

...are made before taxes are taken out, which means you'll pay taxes when you withdraw your money.

Roth Contributions

...are when you pay taxes up front, so during retirement, you'll receive qualified Roth distributions tax-free.



All postal contributions are traditional.

Investing...Now what?



Congratulations! You have taken a huge step in planning for your future by investing in TSP. You visited PostalEase and set up your contribution amounts. It does not stop there. You must visit www.tsp.gov to make sure your money is invested into a fund that will be of the most benefit for you and your financial needs.

TSP offers six different funds. You can opt to put your money in one fund or a mixture of all of the funds.



Qualified Roth Earnings

Roth earnings become qualified (tax-free) if:

5 years 📅 have passed since January 1 of the year you made your first Roth contribution,

And

You have reached age 59½, have a permanent disability, or are deceased.

Qualified Roth Earnings Cont.

- Prior participation in a Roth 401(k) transferred into TSP counts toward the 5 years.
- Nonqualified earnings are tax deferred and subject to IRS 10% early withdrawal tax unless participant meets an exception.
- The Roth TSP is not a Roth IRA.



Comparison of Funds



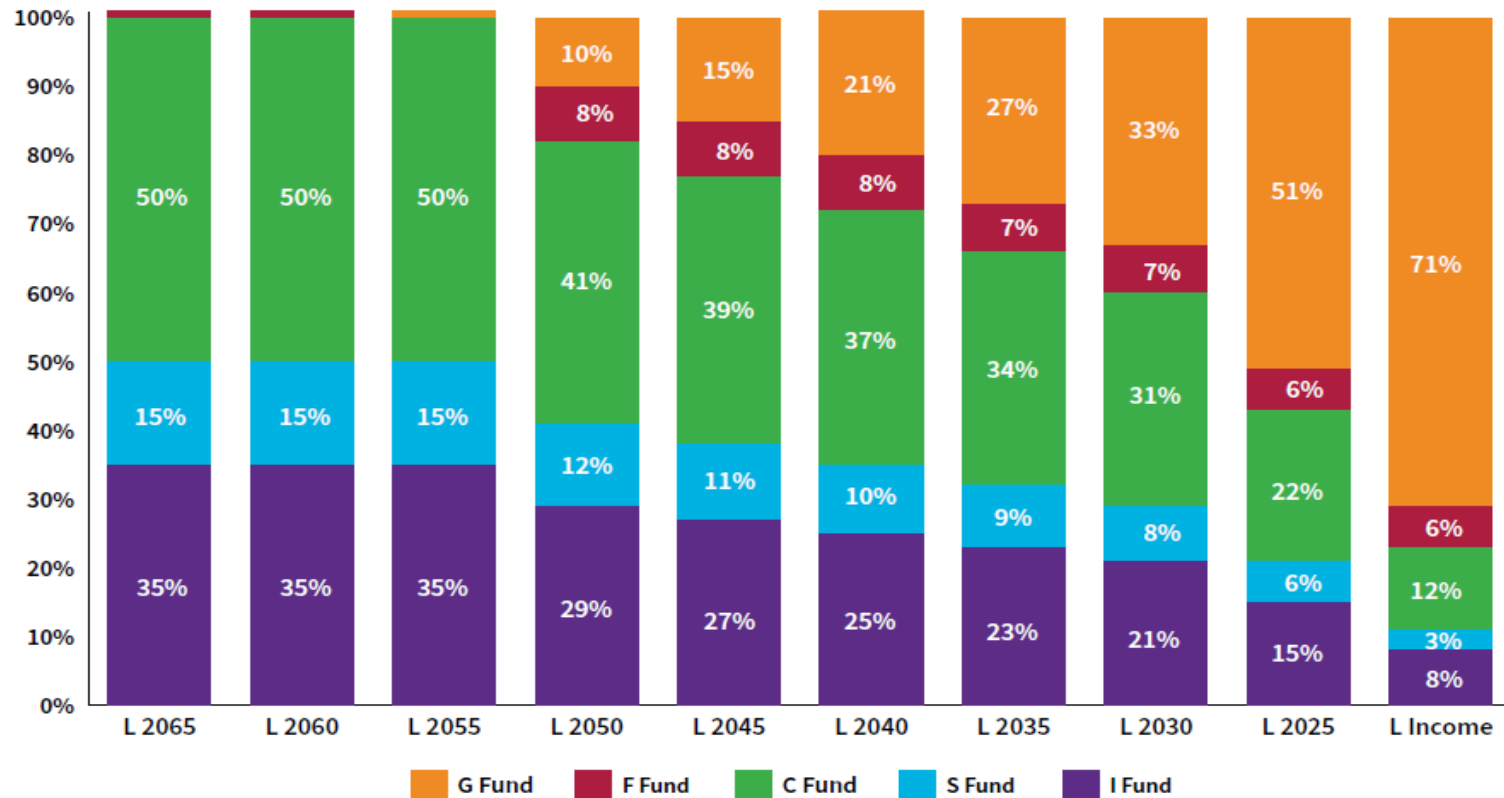
	G	F	C	S	I	L
Description	Government Securities	Government, corporate, and mortgage-backed bonds	Stocks of large and medium sized US Companies	Stocks of small to medium sized US Companies	International Stocks	Invested in G, F, C, S, and I funds
Objective	No risk, interest income	Match the Barclays Aggregate Bond Index	Match the S&P 500 Index	Match the Dow Jones Completion TSM Index	EAFE Index	Provide professionally diversified portfolios
Volatility	Low	Low to moderate	Moderate	Moderate to high	Moderate to high	Assets shift to reduce volatility closer to retirement
10 Year Compound Return[^]	1.94%	5.82%	14.60%	9.70%	6.56%	8.08%

You can change your fund allocations on www.tsp.gov.

^{*}Return rates based of March 2022

^{*}L Fund return is based on the L income fund

Here's how each L Fund is invested as of January 1, 2022



Less than 1% of the L 2065, L 2060, and L 2055 Funds is invested in the G and F Funds.
Due to rounding, numbers may not add up to exactly 100%.

You can change your fund allocations on www.tsp.gov

Account Information

Account Balance
Recent Transactions
Activity Summary
Statements
Correspondence from the TSP
Message Center

Online Transactions

Contribution Allocations
Interfund Transfers
TSP Loans
Withdrawals

Personal Information

Profile Settings

Contribution Allocations: Civilian

1 Enter Percentages
2 Review and Submit
3 Confirmation

INSTRUCTIONS: Enter the percentage of your future contributions that you want invested in each fund.

- Enter percentages in whole numbers. (Do not use decimals.)
- The total of the percentages you enter must equal 100%.
- Do not use dollar amounts.

Future Contributions
The percentages you choose will be applied to all of your **future** contributions. They will not be applied to your present account balance. To change how the money already in your account is distributed, you must make an [interfund transfer](#).

Note: If you have both traditional (non-Roth) and Roth amounts in your TSP account, you cannot request a separate allocation for each balance. Your contribution allocation request will be applied to your entire TSP account.

Investment Funds	Balance	Current %	New %
Lifecycle Funds			
L 2050	\$0.00	0%	<input type="text"/> %
L 2040	\$0.00	0%	<input type="text"/> %
L 2030	\$0.00	0%	<input type="text"/> %
L 2020	\$0.00	0%	<input type="text"/> %
L Income	\$0.00	0%	<input type="text"/> %
Individual Funds			
G Fund - Government Securities	\$2,376.00	2%	<input type="text"/> %
F Fund - Fixed Income Index	\$0.00	0%	<input type="text"/> %
C Fund - Common Stock Index	\$35,400.04	49%	<input type="text"/> %
S Fund - Small Cap Stock Index	\$34,340.00	49%	<input type="text"/> %
I Fund - International Stock Index	\$0.00	0%	<input type="text"/> %
Total	\$72,125.13	100%	0 %

As part of the 2017 TSP Modernization Act

(started September 15, 2019):

Leave money invested in TSP funds

Take one or more lump-sum payments (including in-service up to 4)

Do equal monthly, quarterly, or annual withdrawals

Buy an annuity

Enhanced tools added to "My Account" online

Mixed Withdrawal Option



You can elect custom withdrawal option

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:

a.

	1	0
--	---	---

 .0% Single Payment

b.

	2	0
--	---	---

 .0% Life Annuity (Must equal \$3,500 or more. Also complete Page 6.)

c.

	7	0
--	---	---

 .0% TSP Monthly Payments → Tell us how to pay your monthly payments:

100 % (Total a, b, and c)

\$

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 ,

--	--	--

 .00 per month (\$25.00 or more)

OR

☒ Compute my payments based on my life expectancy.

The TSP, through its annuity provider, offers the following annuity options:

Single life annuity

Joint life annuity with your spouse or with someone other than your spouse

Single Life Annuity

A single life annuity is an annuity that provides a monthly benefit or amount only to you for as long as you live. It ceases to pay after your death.

Joint Life Annuity

A joint life annuity is an annuity that provides a monthly benefit or amount to you while you and the person with whom you choose to share your annuity (your "joint annuitant") are alive. When either you or your joint annuitant dies, the annuity will continue to pay monthly to the survivor for the rest of his or her life.

Annuity Payment Options



Once you have chosen either a single life or a joint life annuity, you must decide whether you want to receive level or increasing payments.

- **Level Payments**

- If you choose level payments, the amount of the monthly annuity payment remains the same from year to year.

- **Increasing Payments**

- If you choose increasing payments, the amount of the monthly annuity payment can change each year on the anniversary date of the first payment. The amount of the change is based on the change in inflation, as measured by the consumer price index (CPI).
- Increases in your monthly payment cannot exceed 3% per year (even if the CPI is greater than 3%), but the monthly annuity payments cannot decrease.
- Be aware that for this option, when the annuity payments start, they will be smaller than they would have been if you had selected level payments, but they can potentially increase every year.
- You can choose increasing payments when you select a single life annuity or a joint life annuity with spouse. You cannot choose increasing payments when the joint annuitant is not your spouse.

Life Annuity Option

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

	Single Life	Joint Life with Spouse	Joint Life with Other Survivor
Survivor benefit (50% or 100%)		✓	✓
Level payments	✓	✓	✓
Increasing payments	✓	✓	
Cash refund	✓	✓	✓
10-year certain	✓		

Two additional features are available to you if you want to provide payments to the beneficiary, or beneficiaries, you name in the annuity section of your TSP withdrawal form. Keep in mind that when you choose additional features, your monthly annuity payments will be less than they would have been had you not chosen any.

Cash Refund

- If you (and your joint annuitant, if applicable) die before the amount of your TSP balance used to purchase your annuity has been paid out, the remaining amount will be paid to your beneficiary, or beneficiaries, in a lump sum.
- You can add this feature if you purchase a single life or a joint life annuity, and with level or increasing payments.

Ten-Year Certain

- If you die before receiving annuity payments for a 10-year period, your monthly annuity payments will continue to your named beneficiary, or beneficiaries, until the 10-year period is met. If you live beyond the 10-year period, you will continue to receive payments, but no annuity payments will be made to your beneficiaries when you die.
- You can add the ten-year certain feature if you purchase a single life annuity with either level or increasing payments. You cannot choose this option if you purchase a joint life annuity.

Spousal Rights



Retirement Plan	Requirement*	Exceptions†
FERS or Uniformed Services	Notarized spouse signature required**	Whereabouts unknown or exceptional circumstances - TSP-16 or TSP-U-16 required
CSRS	Spouse is entitled to notification of the participant's withdrawal election	Whereabouts unknown - TSP-16 required

* 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/notification valid for 90 days from approval

Required Minimum Distribution



The Internal Revenue Code (IRC) requires that you begin receiving distributions from your account in the calendar year you become age 72 **and** are separated from federal service. Your entire TSP account—both traditional and Roth—is subject to these required minimum distributions (RMDs).

A large blue oval with a thin black outline, containing the white number "72" in a large, bold, sans-serif font.

72

Life happens and when it does you may need to borrow from your TSP.

TSP offers two types of loans.

**General Purpose
Residential**

- ✓ You can apply for a general-purpose loan online (www.tsp.gov) or by completing the TSP-20 and mailing it or faxing it in.
- ✓ It typically takes up to 10 business days for processing. During the application process you determine how long and how much you want your bi-weekly payments to be.
- ✓ The interest rate will be posted on the TSP website.
- ✓ You cannot make payments online for your loan.
- ✓ If you separate from service and have an outstanding balance, you must cure your loan. If you fail to cure you loan, a taxable distribution of the remaining balance amount of your loan will be declared as taxable income. You can roll the amount of the distribution into a traditional IRA or eligible employer plan within 60 days of it being declared to avoid taxes and penalties in accordance with Internal Revenue Code regulations.



The process for residential loans is slightly different. You can apply for a residential loan online (www.tsp.gov) or by completing the TSP-20 and mailing it or faxing it in. In addition to this process, you must also complete the TSP-21, Residential Loan Agreement and the required Residential Loan documentation. Required documentation :

- Be from a third party (that is someone who is selling the home to you or building it for you);
- Be dated no more than 24 months before the expiration date on your loan agreement;
- Show you or your spouse as the purchaser, or that the residence is being built for you;
- Show the full purchase or construction price;
- Show the full address of the primary residence;
- Show signatures of the buyer and seller (contracts only*).

You must also complete the Residential Loan Checklist which can be found on TSP's website.

TSP must receive all documentation and forms before the loan can be processed.



- ✓ When you withdraw your money from the TSP, you will owe taxes on any traditional contributions (except contributions made from tax-exempt pay) and the earnings they have accrued.
- ✓ Depending on the type of withdrawal, you can continue to defer the taxes by transferring or rolling over your TSP payment to a traditional individual retirement account (IRA) or an eligible employer plan.
- ✓ You can also transfer or roll over your traditional funds to a Roth IRA, but you will have to pay taxes on the full amount in the year of the transfer.
- ✓ You will not owe any taxes on Roth contributions you withdraw, and you will not owe taxes on their earnings if your withdrawal payment is a “qualified distribution.” If your earnings are not qualified, you can defer paying taxes on them in many cases by transferring your payment to a Roth IRA or Roth account maintained by an eligible employer plan.
- ✓ If you receive a TSP withdrawal payment before you reach age 59½, you may have to pay a 10% early withdrawal penalty tax on any taxable part of the distribution not transferred or rolled over.



Upcoming TSP Changes



Later this year, Thrift Savings Plan (TSP) will introduce exciting features to make your TSP experience even better. The new features include the following:



Participant services when and how you want it

Get participant services on your terms. You'll have access to a virtual assistant 24/7 to help you find answers and resources.

A new My Account interface designed with you in mind

Your account summary will display your investments clearly, and the navigation menu will make it easy for you to find and use account management tools.

The official TSP Mobile App for on-the-go access to My Account

Monitor your TSP account and complete transactions from anywhere, anytime with the TSP Mobile App.

Complete more transactions online

Complete forms, sign your name electronically, make loan payments, and do more with easy and secure processes.

Upcoming TSP Changes



The transition period begins **on May 16, 2022 and expects to end the first week of June.** Also, during this time, **there will be a short period—beginning at noon eastern time on Thursday, May 26, and ending the first week of June—when TSP will need to suspend changes to TSP investments.** This means that your TSP investments will still be subject to market gains and losses during this brief period, and you won't be able to make changes until after the transition to the new service provider.

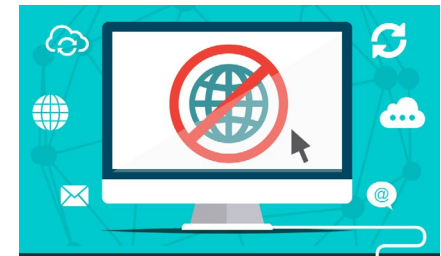
If you have questions, please visit www.TSP.gov or contact the ThriftLine Service Center

ThriftLine: 1-877-968-3778 (toll-free)

Monday through Friday, 7:00 a.m. to 9:00 p.m. eastern time

International: (404) 233-4400 (not toll-free)

TDD: 1-877-847-4385 (for the hearing-impaired)



Secure Message Center: For account-specific inquiries, log in to My Account on tsp.gov, select Message Center, and go to the Messages tab. TSP will respond to your message within two business days.

Mutual fund window

The mutual fund window is designed for TSP participants who are interested in greater investment flexibility. If your account meets certain eligibility criteria, you can choose to access a selection of more than 5,000 mutual funds. As with most mutual funds, this flexibility comes with fees:

- \$55 annual fee to ensure that use of the mutual fund window does not indirectly increase TSP administrative expenses for TSP participants who choose not to use the mutual fund window.
- \$95 annual maintenance fee
- \$28.75 per trade fee
- Other fees and expenses specific to chosen mutual funds

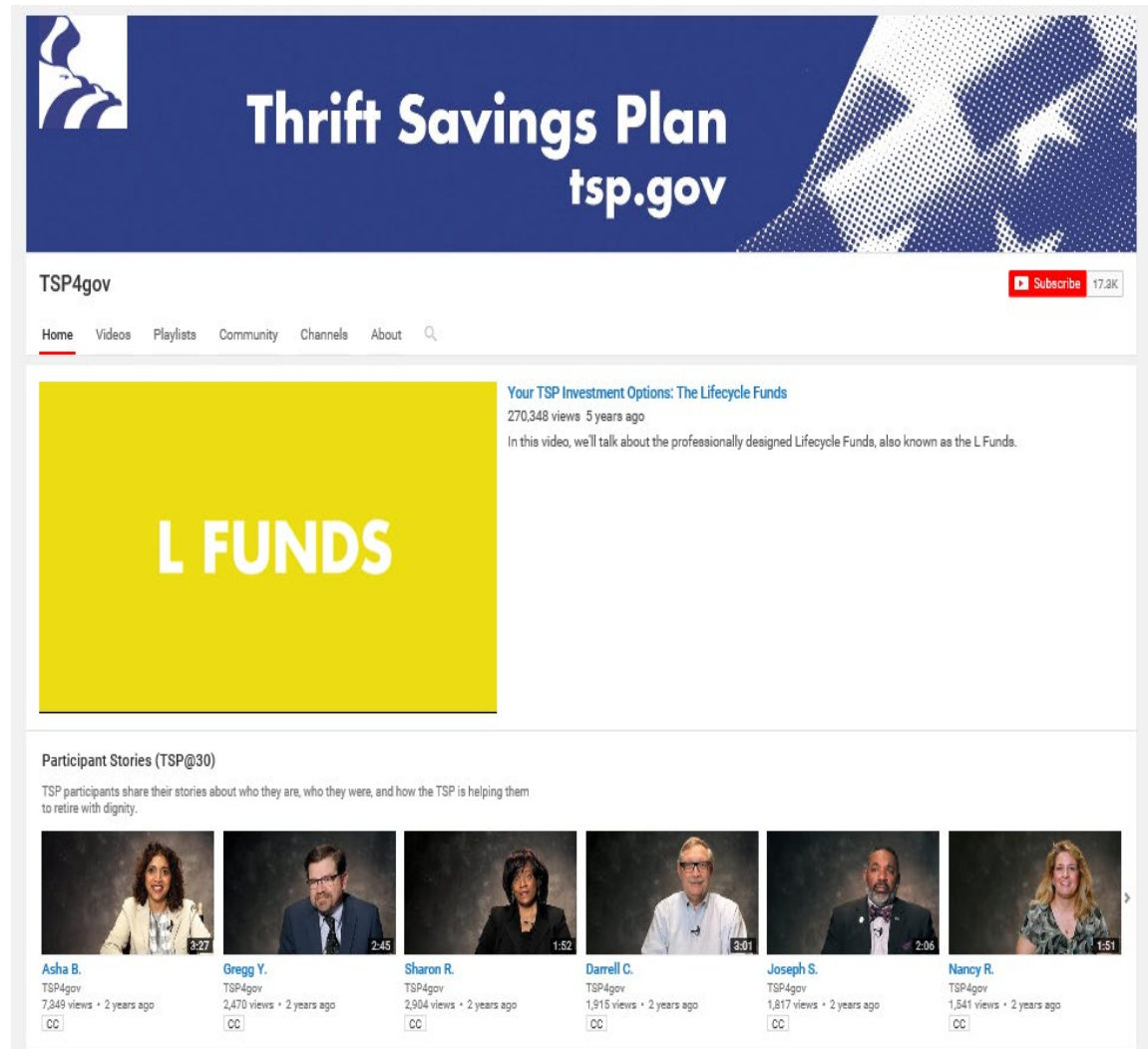
If you choose to invest through the mutual fund window, your initial investment must be at least \$10,000, and you may not invest more than 25% of your total account in the mutual fund window.

For more information about the mutual fund window before it becomes available in June, sign up to receive details by email.

TSP offers free podcast videos on YouTube.

You can access the podcast directly from the TSP website or by searching TSP4gov on YouTube.

- Topics include:
- Withdrawal options
- Participant Stories
- Investment options and more

A screenshot of the TSP4gov YouTube channel page. The header features the Thrift Savings Plan logo and the text "Thrift Savings Plan tsp.gov". Below the header is a navigation bar with links for Home, Videos, Playlists, Community, Channels, and About. A red "Subscribe" button with 17.2K subscribers is visible. The main content area displays a video titled "Your TSP Investment Options: The Lifecycle Funds" with 270,348 views and a description stating it's about professionally designed Lifecycle Funds. Below this is a section titled "Participant Stories (TSP@30)" with a description about TSP participants sharing their stories. A row of six video thumbnails follows, each with a title, channel name (TSP4gov), view count, and upload time (2 years ago). The thumbnails are: Asha B. (3:27), Gregg Y. (2:45), Sharon R. (1:52), Darrell C. (3:01), Joseph S. (2:06), and Nancy R. (1:51). Each thumbnail includes a Creative Commons license icon.

Questions and Answers

For detailed questions, account, loan, withdrawal or penalty inquiries please contact **TSP** directly at **1-877-968-3778**.

For general assistance and help navigating through *LiteBlue*, you can contact the **HRSSC** at **1-877-477-3273**.

