

## FEDERAL EMPLOYEE BENEFITS

### TSP: THE THRIFT SAVINGS PLAN

The "401k" for Federal Employees, the Thrift Savings Plan (TSP) is a contribution plan managed by the Federal Retirement Thrift Investment Board and the Employee Thrift Advisory Council (Employee Organizations, Unions, and Uniformed Services).

#### **Features:**

- Voluntary Payroll Deductions
- "Pre-Tax" Contributions
- Tax-deferred investment earnings
- Immediate income tax savings
- Investment Funds (G,F,C,S,I and L-Cycle)
- Catch-up Provision for individuals 50+ years of age\*
- All participants enjoy a maximum annual contribution of \$18,000, and benefit from immediate employee contributions.

\*up to an additional \$6,000 annually

#### **TSP Investment Funds:**

- G Fund (Government Securities): Conservative investment fund tied to US Treasury Bills
- F Fund (Fixed Income Index): Balanced investment fund tied to Bonds
- C Fund (Common Stock Index): Moderate investment fund tied to S&P 500
- S Fund (Small Cap Index): Growth fund tied to small and midsize companies and real estate funds

I Fund (International Fund): Aggressive funds tied to Foreign Currency.

- L Fund: NEW, Lifecycle fund in which automatic allocations of your contributions into the original five funds based on your desired retirement date & growth

- **Commonly Asked Questions:**

- *How much should I contribute to TSP?*
- *Is the L Cycle the best way to invest my TSP?*
- *What type of annuity does TSP offer when I retire?*
- *What are the pro's and con's to taking a TSP Loan?*
- *How often should I move my allocations?*

## TSP (THRIFT SAVINGS PLAN): CSRS/ACTIVE DUTY

### **TSP AND CSRS/Active Duty:**

- participants enjoy a maximum annual contribution of \$18,000
- immediate employee contributions
- allows for catch-up contributions if you are age 50+ and older up to an additional \$6,000 annually
- mandatory distribution at 70 1/2 years of age
- choice of investment funds with the ability to change contribution allocations daily as well as making inter-fund transfers up to 2x per month
- offers loans, withdrawals and freedom to participants in designating their own beneficiaries, as well as website account information.

### **TSP & CSRS/Active Duty Contributions Example:**

**Salary** – 58,000

- 5% Individual Contribution
- \$2,900/year
- 6% Annual Growth Rate Increase

#### **Total Earnings:**

- Year 5 = \$17,328
- Year 10 = \$40,517
- Year 15 = \$71,550
- Year 20 = \$113,079

## TSP (THRIFT SAVINGS PLAN): FERS

### **TSP (Thrift Savings Plan) & FERS:**

- Mandatory distribution at 70 1/2 years of age
- Immediate employee contributions, before-tax savings and tax deferred earnings
- Participants have their choice of investment funds, with the ability to change contribution allocations daily as well as making inter-fund transfers
- Offers loans, withdrawals and freedom to participants in designating their own beneficiaries as well as website account information.

***Did you know?* TSP is a "contribution" plan in which contributions are voluntary and offers a 100% return up to a 5% match of your income.**

<b>Employee Contribution</b>	<b>Govt. Contribution</b>
0%	1% (G Fund only)
1%	2%
2%	3%
3%	4%
4%	4.5%
5%	5%
Over 6%- \$18,000/yr	5%

*(Cap = \$18,000 + 6,000 = \$24,000)*

### **TSP & FERS Contribution Example:**

**Salary** – 58,000 (No Cost of Living Increase)

- 5% Individual Contribution
- 5% Matching by Agency
- 10% or \$5,800/year
- 6% Average Growth Rate Increase

#### **Total Earnings:**

- Year 5 = \$34,656S
- Year 15 = \$143,100
- Year 20 = \$226,157

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