



Thrift Savings Plan Update

Presented by the
Federal Retirement Thrift Investment
Board

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Webinar Objectives

- To provide service representatives with a brief overview of the Thrift Savings Plan (TSP) for uniformed services members
- Understand the benefits of participating in the TSP
- Roth TSP information
- Additional TSP information available at: www.tsp.gov

Agenda

- What the Thrift Saving Plan (TSP) is
- Benefits of contributing to the TSP
 - Contribution rules
 - Investment options
- Withdrawal options
- Death Benefits
- TSP Roth information

Retirement Program Categories

- **Defined Benefit Program**
 - A pension with a pre-determined formula based on years worked and average salary (i.e. uniformed services)
- **Defined Contribution Program**
 - Benefit based on contribution and return on investments
 - TSP and 401(k) type plans

What the Thrift Savings Plan Is

- Defined contribution plan established as part of the Federal Employees' Retirement System (FERS) Act of 1986
- In January 2002, the TSP was opened to members of the seven branches of the uniformed services as a supplemental benefit
- Federal Retirement Thrift Investment Board administers the TSP
 - The TSP's record keeper maintains approximately 4.5 million accounts, with over \$300 billion invested in the plan

TSP Benefits

- No minimum balance
- Contributions made by payroll deduction
 - Must be percentage only
 - “Pay yourself first”
 - Dollar cost averaging
- Simple but diversified investment choices
 - “Do it yourself”
 - Professionally designed portfolios
- Low expense ratio
- Deferral of income tax
 - Less is withheld from your paycheck
 - Earnings grow tax-deferred

When Can Members Participate?

- Immediately upon entry on active duty or assignment to a guard or reserve unit in a pay status
 - Payroll deduction (election via myPay)
 - Election effective the pay period following receipt of election by service payroll office

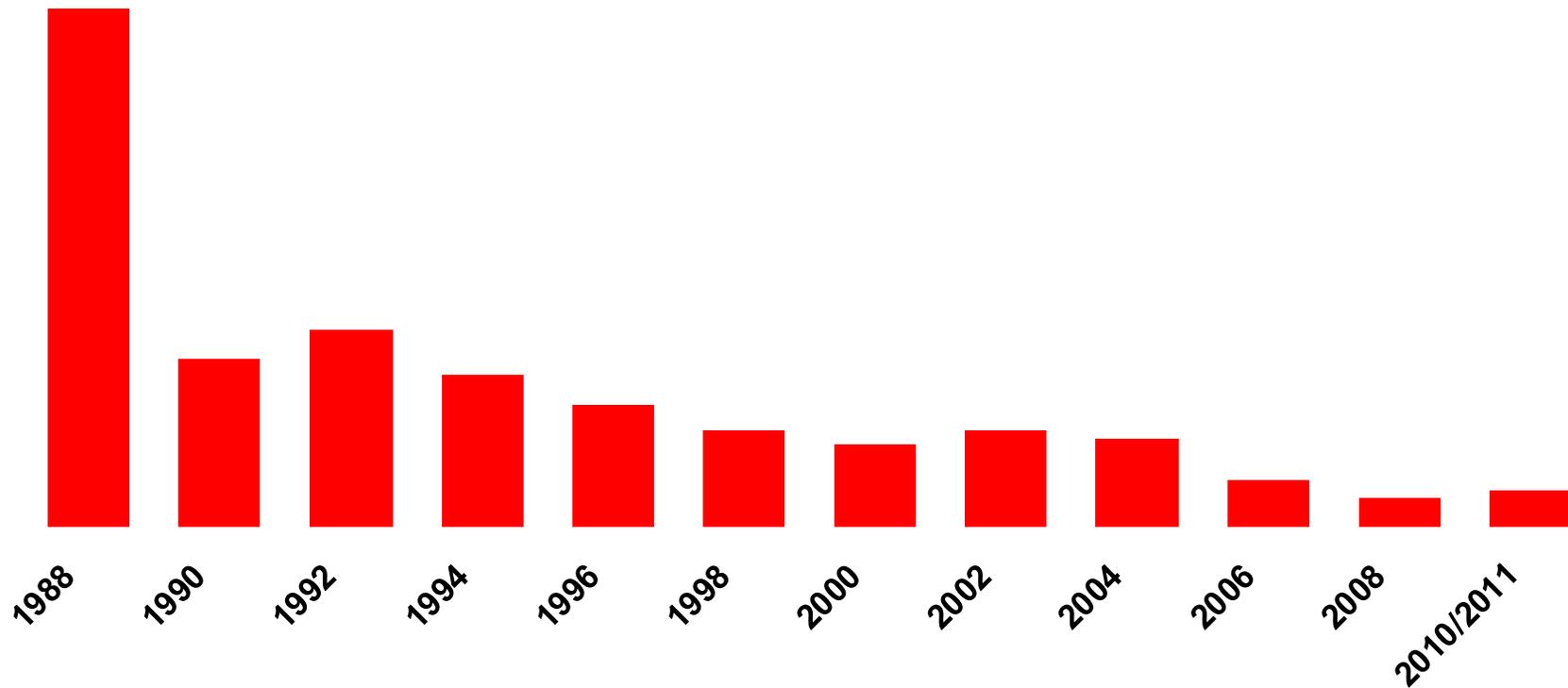
TSP - Uniformed Services Contributions

- Member Contributions
 - Up to 100% of basic pay
 - Any percentage from incentive, special, and bonus pay (1% - 100%)
 - Contributions are subject to the Internal Revenue Code annual limitations
 - section 402(g), elective deferral limit (\$17,000 for 2012)
 - Section 414(v), catch-up contributions limit (\$5,500 for 2012)
 - section 415(c), annual additions limit (\$50,000 for 2012)
 - Contributions deducted from Combat Zone Tax Exempt (CZTE) pay are subject section 415(c) limits but not 402(g)

The 10 TSP Investment Funds

- Government Securities Investment (G) Fund
- Fixed Income Index Investment (F) Fund
- Common Stock Index Investment (C) Fund
- U.S. Small-capitalization Stock Index Investment (S) Fund
- International Stock Index Investment (I) Fund
- Five Lifecycle Investment (L) Funds options

Thrift Savings Fund Net Expense Ratio 1988 - 2011



- The average expense ratio for mutual index funds is 0.262% , or \$2.62 per \$1,000 (Lipper, Inc., 2009); median 401(k) expenses are .72%, or \$7.20 per \$1,000 (Investment Company Institute, 2009)
- In 2011 the average expense ratio for the TSP was 0.025%, or \$0.25 per \$1,000 (Net administrative expenses are investment management fees after forfeitures)
- Administrative expenses after June 2004 are reduced by loan fees (\$50 per loan)

TSP Tax-Deferral Basics

- All participants currently receive a Federal tax deferral on contributions made to the TSP
- Contributions are deducted from pay before Federal taxes are withheld
- Federal taxes are computed and withheld only from the reduced salary
- Participants defer taxes on the TSP account until a withdrawal of the account is made
- Deferral of State or County taxes is determined by each individual jurisdiction

Tax-Deferral Example

Monthly Basic Pay (E-6 over 8)	\$3143.10
TSP Election:	X 10%
TSP Deduction:	<u>\$314.30</u>
Basis for Federal Tax Withholding	\$3143.10
	- \$314.30
Taxable Income:	<u>\$2828.80</u>
Annual Income Earned:	\$37,717.20
Annual TSP Contributions:	-3,771.60
Taxable Income:	<u>\$33,945.60</u>

Retirement Savings Contribution Credit

- Generally available to those with moderate adjusted gross incomes
- If serving in a Combat Zone, this could apply to more uniformed service members who would normally not be eligible
 - Tax-exempt pay in combat zone decreases adjusted taxable gross income

Retirement Savings Contribution Credit

Adjusted Gross Income (AGI) limits for 2012			
Married Filing Joint	Head of Household	All Other Filers	Credit Max Per Person
\$ 1 - \$34,500	\$1 - \$25,875	\$ 1 - \$17,250	50% of contributions (\$1,000)
\$34,501 - \$37,500	\$25,846 - \$28,125	\$17,251 - \$18,750	20% of contributions (\$400)
\$37,501 - \$57,500	\$28,126 - \$43,125	\$18,751 - \$28,750	10% of contributions (\$200)
Over \$57,500	Over \$43,125	Over \$28,750	No Credit

Retirement Savings Contribution Credit Example

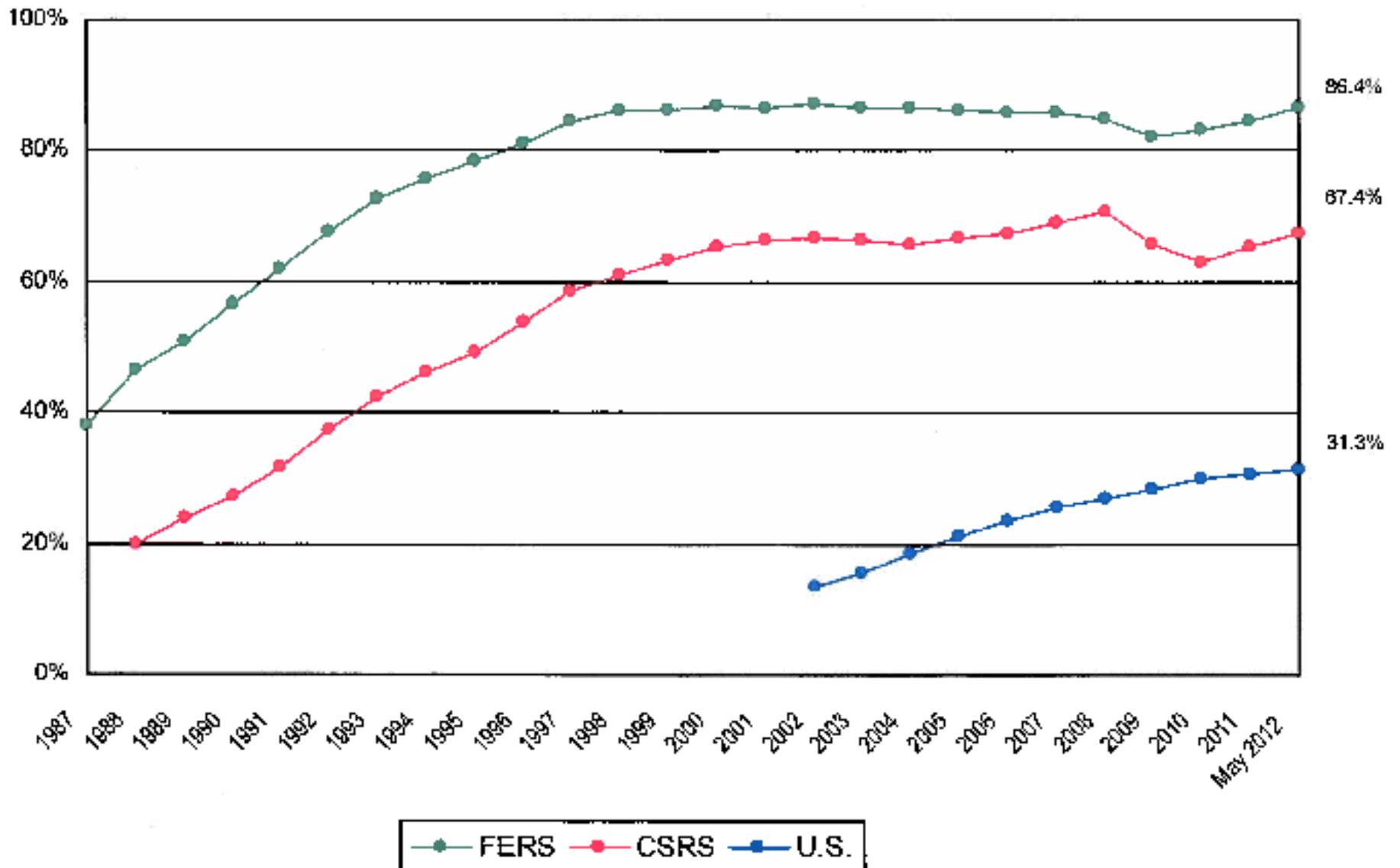
Tax Status	Married Filing Joint
Annual Income Earned	\$37,717.20
10% tax-deferred to TSP	<u>- \$3,771.60</u>
Taxable Income	\$33,945.60

- Eligible for maximum credit based on reduced taxable income
- Federal taxes owed between \$1 and \$1,000.00 will be reduced
- For example, if the participant owed \$500 in taxes, the \$500 tax liability would be eliminated; if the participant owed \$2,000 in taxes then he would owe \$1,000 after the credit is applied

**THRIFT SAVINGS PLAN PARTICIPATION
UNIFORMED SERVICES**

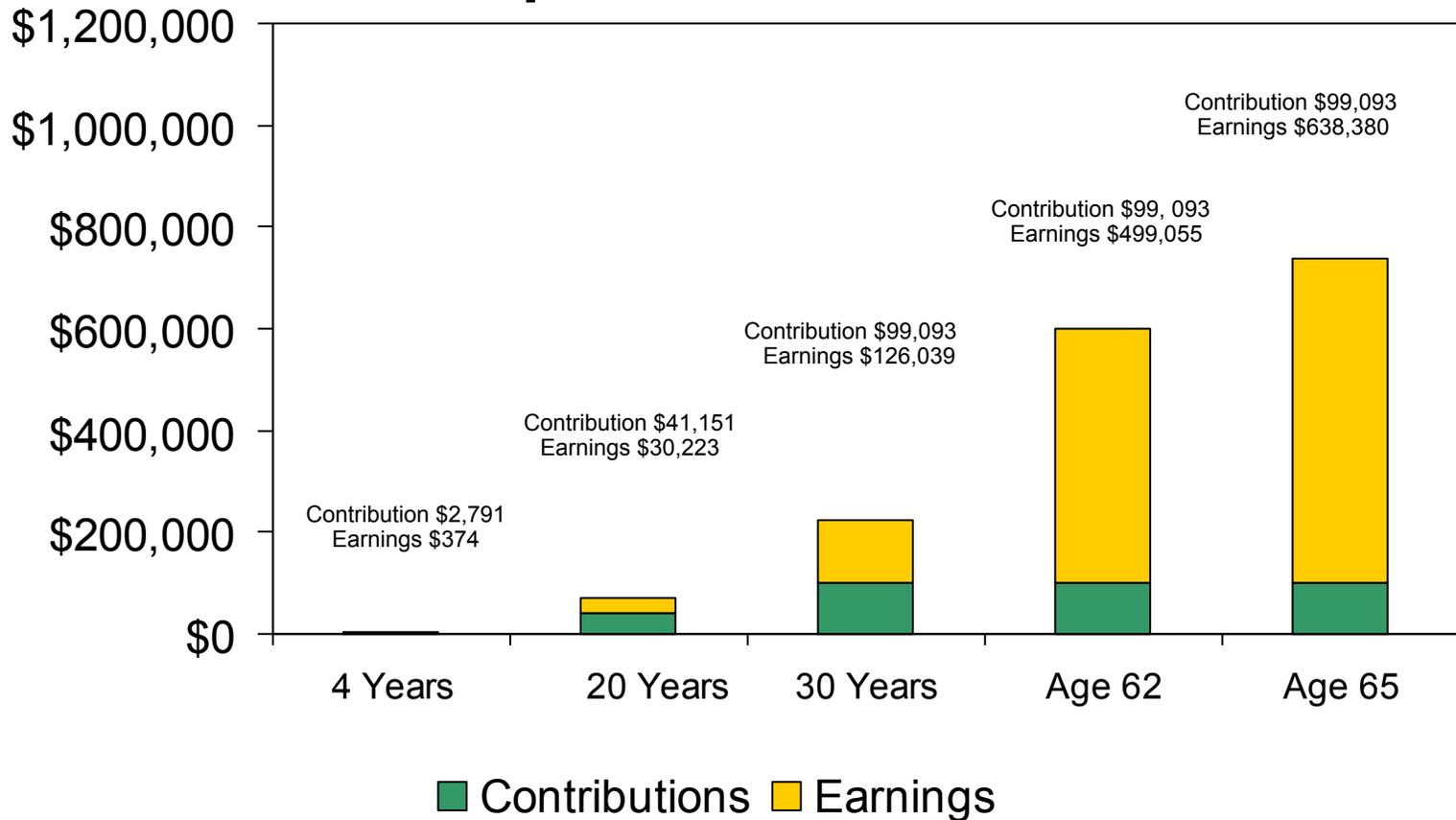
Service/ Component	Number Contributing In February 2012	Participation Rate	Number Contributing In March 2012	Participation Rate
Active Duty	579,138	39.5%	582,716	39.8%
Air Force	123,888	37.6%	125,184	38.0%
Army	176,928	31.5%	178,330	31.8%
Coast Guard	14,406	34.4%	14,513	34.7%
Marine Corps	68,293	33.7%	68,426	33.8%
National Oceanic & Atmospheric Administration	201	62.0%	201	62.0%
Navy	190,855	59.0%	191,456	59.1%
Public Health Service	4,567	69.4%	4,606	70.0%
Ready Reserve	141,788	16.5%	141,453	16.5%
Air Force	39,068	22.0%	39,637	22.3%
Army	88,707	15.6%	87,845	15.5%
Coast Guard	1,230	16.2%	1,218	16.0%
Marine Corps	4,767	12.2%	5,017	12.8%
Navy	8,016	12.3%	7,736	11.9%
Totals	720,926	31.0%	724,169	31.2%
Air Force	162,956	32.1%	164,821	32.5%
Army	265,635	23.5%	266,175	23.6%
Coast Guard	15,636	31.6%	15,731	31.8%
Marine Corps	73,060	30.2%	73,443	30.4%
National Oceanic & Atmospheric Administration	201	62.0%	201	62.0%
Navy	198,871	51.2%	199,192	51.2%
Public Health Service	4,567	69.4%	4,606	70.0%

Thrift Savings Plan Participation Rates



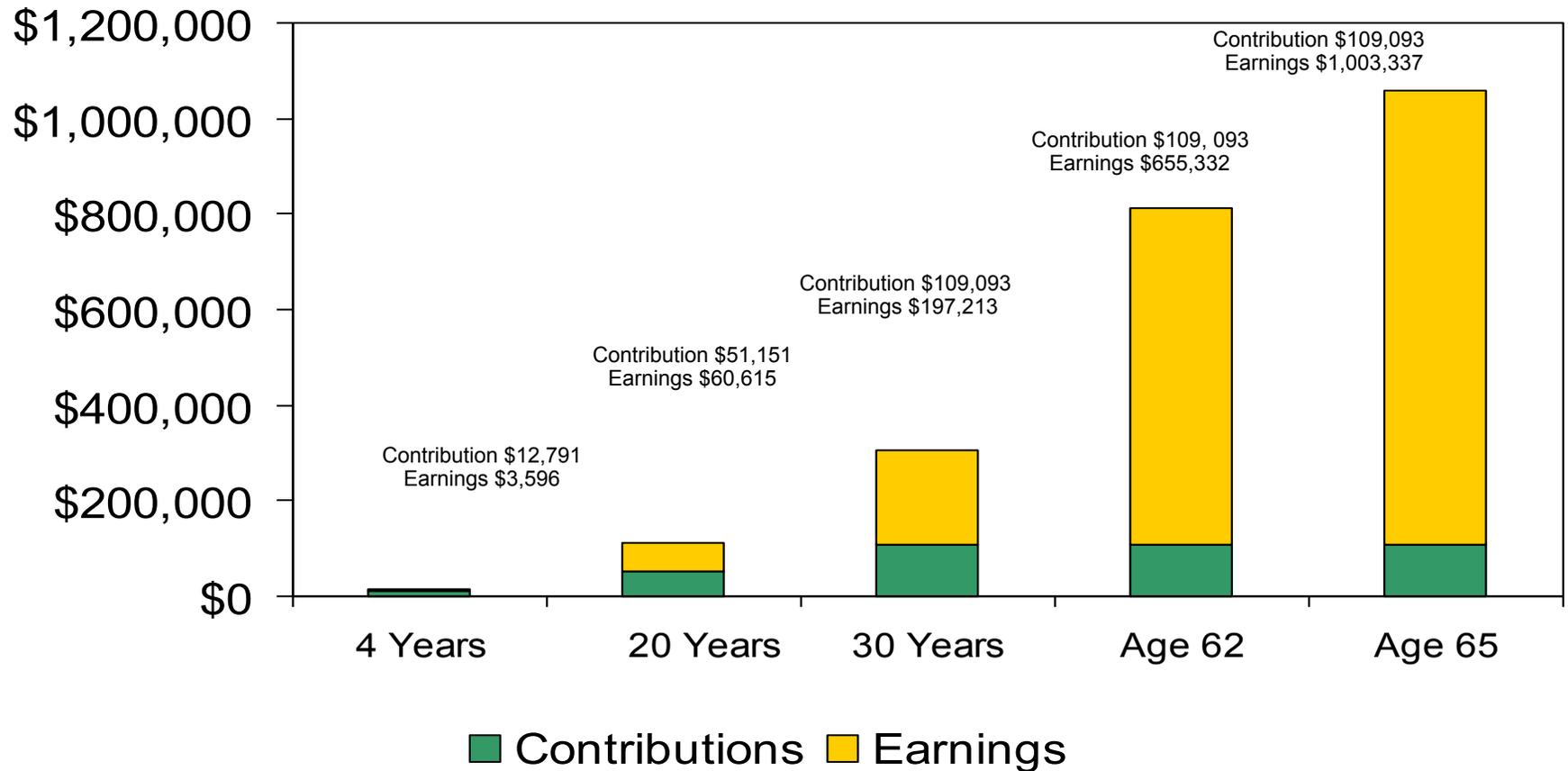
Annual data as of September of the respective year.

Enlisted Member Career Participation in TSP



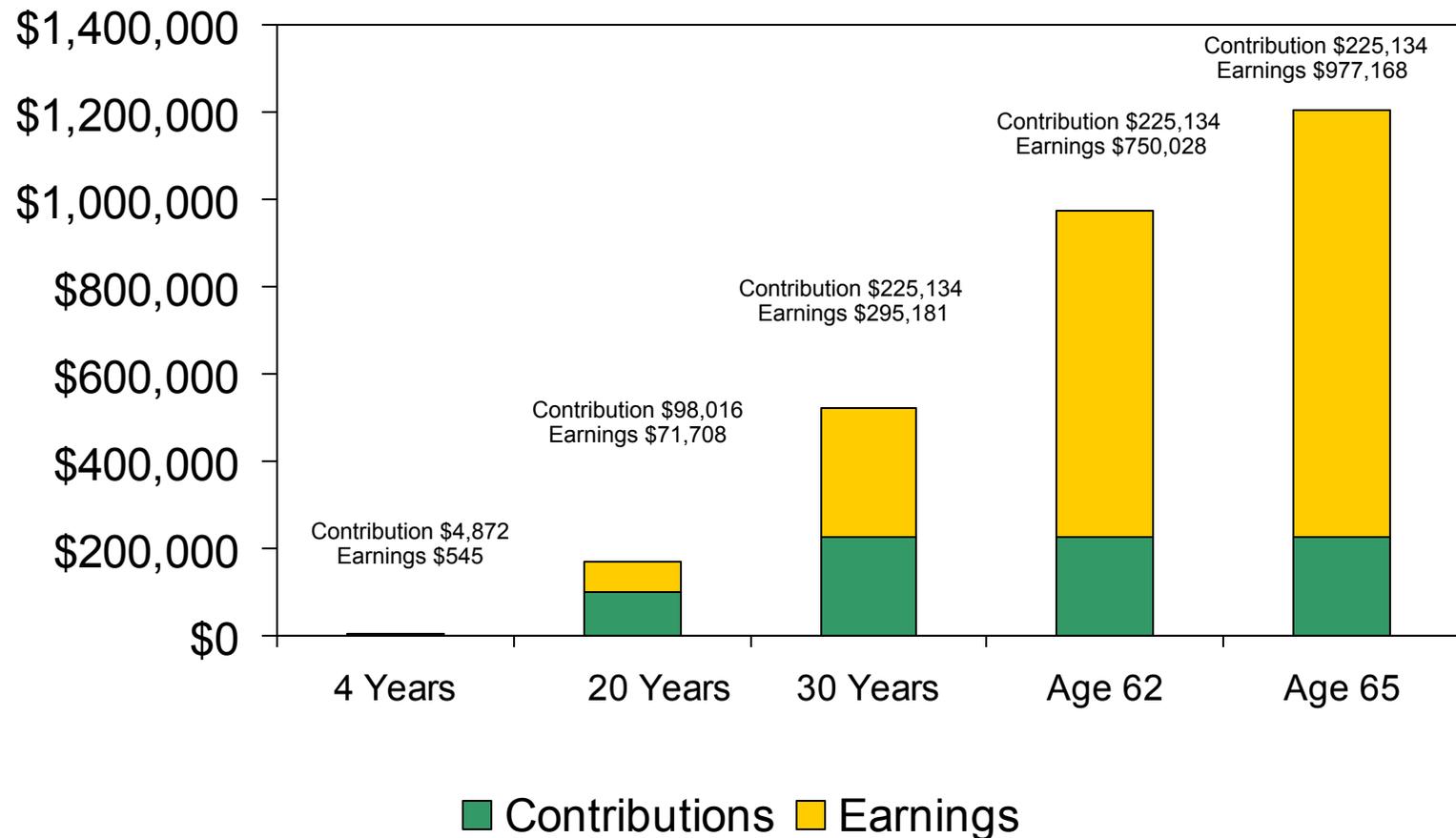
Enlisted (E-3) age 18 starts contributing to TSP January 2009. Contributes a percentage at the same numerical number as the pay grade held (E-3 is 3%, E-4 is 4%, etc.). Promotions are in line with peers. Contributions are from base pay only. Figures computed using DoD 2009 pay table with no cost of living increase. The chart assumes an annual rate of return 7% and is for illustrative purposes only and is not intended to represent an investment in any specific security

Enlisted Member Career Participation in TSP (With \$10,000 bonus)



Enlisted (E-3) age 18 starts contributing to TSP January 2009. Contributes a percentage at the same numerical number as the pay grade held (E-3 is 3%, E-4 is 4%, etc.). Promotions are in line with peers. Contributions are from base pay and one time \$10,000 enlistment bonus first year. Figures computed using DoD 2009 pay table with no cost of living increase. The chart assumes an annual rate of return 7% and is for illustrative purposes only and is not intended to represent an investment in any specific security

Officer Career Participation in TSP



Officer (O-1) age 23 starts contributing to TSP January 2009. Contributes a percentage at twice the numerical number as the pay grade held (O-1 is 2%, O-2 is 4%, etc.). Promotions are in line with peers. Contributions are from base pay only. Figures computed using DoD 2009 pay table with no cost of living increase. The chart assumes an annual rate of 7% return and is for illustrative purposes only and is not intended to represent an investment in any specific security .

Withdrawal Options

- Leave money in the TSP
 - Continue to have account balance earn positive or negative returns depending upon where participant has money invested
 - Ability to continue to redistribute account balance among the TSP funds
- Transfer options
 - Potentially to Traditional or Roth IRA, new employer plan (if allowed by new employer)
- Available TSP withdrawal options
 - Federal and/or state tax events and possible early withdrawal penalty tax (as determined by the IRS and state of legal residence)

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 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
- How paid
 - Death reported on Form [TSP-U-17](#), Information Relating to Deceased Participant
 - The beneficiary will receive IRS Form 1099-R reporting the distribution

Death Benefit Payments – 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 G 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 traditional IRAs into BPAs
 - Interfund transfers to any TSP investment funds are permitted
- 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

Death Benefit Payments – 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
- The benefits of an Inherited IRA
 - Allows beneficiaries, other than spouse, to take the IRC minimum required distribution amount based on their age
 - If a 24-year-old beneficiary's entitled amount is \$100,000, the IRC minimum required distribution must start by December 31 the year following the TSP participant's death
 - The first year IRC minimum required distribution would be \$1,720 based on age 25
 - 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 advisor or IRA provider should be contacted to discuss this benefit

Roth TSP Option

Coming Soon – A New Way to Save

ROTH TSP



THRIFT SAVINGS PLAN

Military/America Saves Week

February 19 – 26, 2012

www.tsp.gov/mobile/roth/index.shtml



Roth TSP vs. Roth IRAs

- Many participants have established Roth IRA accounts and assume that Roth TSP will be subject to the same rules . . . BUT
- Employer plans (such as the TSP) that allow Roth contributions are covered by a different section of the Internal Revenue Code*
- Roth TSP will be governed by the rules covering Roth employer plans - similar to Roth IRAs in some respects, but quite different in others

*IRC § 402A

	Roth IRA	Roth employer plans
Income limits	Not available to taxpayers with income above certain limits: MFJ - \$173,000 to \$183,000 MFS - \$0 to \$10,000 All others - \$110,000 to \$125,000	Available to all participants regardless of income
Contribution limits	\$5,000 (\$6,000 if at least 50 years of age)*	\$17,000 (plus an additional \$5,500 if at least 50 years of age)*
Minimum distributions	Not subject to RMDs until the IRA owner dies	Roth contributions are treated the same as other elective deferrals with respect to RMDs
Rollover rules	May NOT be rolled into a Roth 401(k); a Roth IRA can only be rolled into another Roth IRA	Can be rolled into another Roth 401(k) OR a Roth IRA

*2012 limits

Roth TSP - Implementation

- Implementation: 7 May 2012
 - Or as soon as possible thereafter by the agency or service
 - Marine Corps – currently able to choose option
 - Army, Navy, Air Force – projected October 2012
- Allows participant to elect to designate all or a portion of contributions elected through payroll to be contributed as post-tax (Roth TSP) or pre-tax deferred (traditional TSP)
 - Roth contribution may accrue tax-free earnings
 - Tax-deferred contributions continue to accrue tax-deferred earnings

Roth TSP – New Terminology

- Traditional contributions may be made from:
 - Tax-deferred pay
 - Tax-exempt pay
 - Matching contributions (where applicable)
 - Distributions from the traditional TSP balance will be taxable as income (except for contributions from tax-exempt pay)
- Roth contributions may be made from:
 - After-tax pay
 - Tax-exempt pay
- Distributions from the Roth TSP balance (if “qualified”) will be tax-free

Roth TSP - Contributions

- Participant will make Roth and traditional contribution elections through service (i.e. myPay)
- Both Roth and/or traditional contribution elections must be percentage only
- Roth contribution designation is a separate election block from traditional (tax-deferred)
 - Participants may elect to contribute Roth and traditional tax-deferred contributions



**THRIFT SAVINGS PLAN
ELECTION FORM**

TSP-U-1

Use this form to start, stop, or change the amount of your contributions to the Thrift Savings Plan (TSP). Before completing this form, please read the Summary of the Thrift Savings Plan and the instructions on the back of this form. Type or print all information. **Return the completed form to the office of your service that is responsible for enrolling members in the TSP.** That office should return a copy to you after completing Section V.
Note: To choose your investment funds, see the instructions in the General Information section on the back of this form.

**I.
INFORMATION
ABOUT YOU**

1. Name (Last) _____ (First) _____ (Middle) _____

2. Mailing Address (may be APO or FPO) _____ City _____ State _____ Zip Code _____

3. Social Security Number _____ 4. (_____) _____
Daytime Phone (Area Code and Number)

5. Date of Birth (month/day/yy) _____ 6. Office Identification (Service and Organization) _____

**II.
CHOOSE THE
AMOUNT OF YOUR
CONTRIBUTIONS**

Use whole percentages only.
Your choice will cancel all previous elections.

To start or change the amount of your contributions, enter in Items 7-10 the percentage of your pay each pay period that you want as traditional (pre-tax) contributions. Enter in Items 11-14 the percentage of your pay each pay period that you want as Roth (after-tax) contributions. **Note:** You must elect to contribute at least 1% of basic pay to be eligible to contribute from your other types of pay (see instructions). **Remember:** A blank line next to a type of contribution equals 0% contributed.

Traditional (Pre-Tax) Contributions		Roth (After-Tax) Contributions	
7. _____	0% Basic Pay	11. _____	0% Basic Pay
8. _____	0% Incentive Pay	12. _____	0% Incentive Pay
9. _____	0% Special Pay	13. _____	0% Special Pay
10. _____	0% Bonus Pay	14. _____	0% Bonus Pay

**III.
STOP YOUR
CONTRIBUTIONS**

When you stop your contributions from basic pay, contributions from incentive, social, and bonus pay will also stop.

To stop all contributions to the TSP, check Item 15 or 19 (or both, as applicable). If you want to stop only your contributions from incentive pay, special pay, or bonus pay, check the appropriate box(es). Your contributions will stop no later than the first full pay period after your service receives this form.

Stop My Traditional Contributions	Stop My Roth Contributions
15. <input type="checkbox"/> From basic pay	19. <input type="checkbox"/> From basic pay
16. <input type="checkbox"/> From incentive pay	20. <input type="checkbox"/> From incentive pay
17. <input type="checkbox"/> From special pay	21. <input type="checkbox"/> From special pay
18. <input type="checkbox"/> From bonus pay	22. <input type="checkbox"/> From bonus pay

**IV.
SIGNATURE**

23. _____ 24. _____
Participant's Signature Date Signed (month/day/yy)

**V.
FOR
SERVICE
USE ONLY**

25. _____ 26. _____ 27. _____
Payroll Office Number Receipt Date (month/day/yy) Effective Date (month/day/yy)

28. _____
Signature of Service Official

PRIVACY ACT NOTICE. We are authorized to receive the information you provide on this form under 5 U.S.C. chapter 24, Federal Employees' Retirement System. Your service will use this information to identify your TSP account and balance. To receive your TSP money benefits. In addition, this information may be shared with other Federal agencies for statistical, auditing, or research purposes. The information may also be shared with law enforcement agencies investigating a violation of civil or criminal law, or agencies performing a statutory role or duty.

It may be shared with congressional offices, private sector and labor agencies, law enforcement agencies, and their agencies. Relevant portions of the information may also be disclosed to appropriate persons designated in legislation and other written laws as specified in the Federal Register. You are not required by law to provide this information, but if you do not provide it, your agency or service will not be able to process your request.

ORIGINAL TO PERSONNEL FOLDER
Provide a copy to the member and to the Payroll/Finance Office.

Form TSP-U-1 (5/2012)
PREVIOUS EDITIONS OBSOLETE

Uniformed service members make % elections only and can contribute from basic, incentive, special and bonus pays



**THRIFT SAVINGS PLAN
CATCH-UP CONTRIBUTION ELECTION**

TSP-U-1-C

Before completing this form, read the information on the back. Use this form to start, stop, or change your "catch-up" contribution election to your TSP account. You are eligible to make catch-up contributions if you are age 50 or older (or if you will become age 50 during the calendar year for which you are making this election), and you are already contributing a percentage which will result in reaching the Internal Revenue Code (IRC) elective deferral limit by the end of the year. Catch-up contributions will be taken from your basic pay each pay period and invested according to your most recent contribution allocation; they are in addition to your regular TSP contributions. You cannot make catch-up contributions from incentive pay, special pay, or bonus pay. **Note:** Special rules apply to tax-exempt basic pay. If you are making Roth catch-up contributions, they will continue if you begin to receive tax-exempt basic pay in a combat zone. However, if you choose to make traditional (pre-tax) catch-up contributions from taxable basic pay, your catch-up contributions will stop if you begin receiving tax-exempt basic pay.

Type or print all information. Return the completed form to the office of your service that is responsible for enrolling members in the TSP. Your service will return a copy to you after completing Section IV.

**I.
INFORMATION
ABOUT YOU**

1. Name (Last) _____ (First) _____ (Middle) _____

2. Mailing Address (may be APO or FPO) _____ City _____ State _____ Zip Code _____

3. Social Security Number _____ 4. (_____) _____ - _____
Employee Plan (Area Code and Number)

5. Date of Birth (mm/dd/yyyy) _____ 6. Office Identification (Service and Organization) _____

**II.
CHOOSE THE
AMOUNT OF
YOUR CATCH-UP
CONTRIBUTIONS**

You must be in pay status. (See back of form.)
Your choice will cancel all previous elections.

7. I elect to contribute the following catch-up contributions per pay period. **Remember:** A blank line next to a type of contribution is equal to \$0 contributed.

\$ _____ .00 Traditional (Pre-Tax) } Use whole dollar amounts
\$ _____ .00 Roth (After-Tax) } Total cannot exceed \$5,000
for the calendar year.

I understand that my election will continue until:

- the end of the calendar year; or
- I reach the annual limit for catch-up contributions; or
- I submit a new election to stop or change these contributions.

I certify that I will make regular contributions to the TSP or an equivalent employer plan up to the maximum amount allowed by the IRS and TSP plan rules. I understand that my catch-up contributions are in addition to my regular TSP contributions.

8. Participant's Signature _____ 9. Date Signed (mm/dd/yyyy) _____

**III.
STOP SOME OR
ALL OF YOUR
CATCH-UP
CONTRIBUTIONS**

I understand that I must make a new election to resume these contributions.

10. I want to stop the catch-up contributions indicated below:

All catch-up contributions

Traditional (pre-tax) catch-up contributions only

Roth (after-tax) catch-up contributions only

11. Participant's Signature _____ 12. Date Signed (mm/dd/yyyy) _____

**IV.
FOR
SERVICE
USE ONLY**

13. Agency Office Number _____ 14. Receipt Date (mm/dd/yyyy) _____ 15. Effective Date (mm/dd/yyyy) _____

16. Signature of Service Office _____

PRIVACY ACT NOTICE. We are not allowed to release the information you provide on this form under 5 U.S.C. chapter 55, Federal Employees' Retirement System. Your service will use the information to credit your TSP account and to select, change, or stop your TSP contributions. In addition, this information may be shared with other Federal agencies for statistical, auditing, or other program uses. This information may also be shared with law enforcement agencies investigating a violation of either criminal law, or agencies implementing executive, anti-racism

It may be shared with congressional offices, private sector audit firms, executive branch agencies, and state, local, and tribal agencies and their attorneys. Release portions of this information may also be required to appropriate parties engaged in litigation and for other authorized uses specified in the Federal Register. You are not required by law to provide this information, but if you do not provide it, your agency or service will not be able to process your request.

ORIGINAL TO PERSONNEL FOLDER
Provide a copy to the member and to the Payroll/Finance Office.

Form TSP-U-1-C (8/2012)
PREVIOUS EDITIONS OBSOLETE

Over 50 catch-up contributions are dollar amounts only and except for USMC, members must submit paper form to elect this contribution option.

Roth TSP - Limits

- Elective deferral and catch-up limits are set by the IRS each year
- Roth contributions are made “in lieu of” (not in addition to) contributions the participant is otherwise eligible to make
 - Elective deferral (\$17,000) and catch-up (\$5,500) limits apply to the participant’s total contributions, whether traditional, Roth, or a combination of both
- If a participant has both a civilian and uniformed services TSP account, the combined contributions to both accounts cannot exceed the above limits

Roth TSP - Uniformed Services Contributions

- Member Contributions
 - Up to 100% of basic pay
 - Any percentage from incentive, special, and bonus pay
 - Contributions are subject to the Internal Revenue Code annual limitations
 - section 402(g), elective deferral limit (\$17,000 for 2012)
 - Section 414(v), catch-up contributions limit (\$5,500 for 2012)
 - section 415(c), annual additions limit (\$50,000 for 2012)
 - Contributions deducted from Combat Zone Tax Exempt (CZTE) pay are subject section 415(c) limits but not 402(g)

Unique Roth Considerations for Uniformed Services

- Roth contributions can be made on an after-tax or CZTE basis from basic pay, incentive pay, special pay, and bonus pay
- Roth contributions are subject to the elective deferral limit (\$17,000 for 2012) *even if they are contributed from pay subject to the CZTE*
- Service members making Roth contributions from CZTE pay should be aware their contributions will be terminated upon reaching the elective deferral limit
- Members who want to contribute tax-exempt pay toward the annual additions limit (\$50k) will have to elect Traditional contributions for any amount over \$17,000 for 2012

Unique Roth Considerations for Uniformed Services

- Roth catch-up contributions may be made from basic pay subject to the CZTE as well as taxable basic pay
- This is an important difference between Traditional and Roth catch-up contributions because Traditional catch-up contributions *cannot* be made from basic pay subject to the combat zone tax exclusion
- Members who want to contribute tax-exempt pay toward the catch-up contributions limit (\$5,500) will have to elect Roth catch-up contributions

Participant Statements



Regular Participant, Version 1

Your Quarterly Statement
for the period
01/01/2011 – 03/31/2011

[Mail Barcoding]

Name
Address Line 1
Address Line 2
City, State Zip Code

Account Number:
1234 5678 91011

Date of Birth: mm/dd/yyyy
Retirement Coverage:
Employment Status: Active
Beneficiary Named: Yes (mm/dd/yyyy)
Service Required for Vesting: 3 years
from mm/dd/yyyy

Here's how the value of your TSP account has changed.

Value on January 1, 2011	\$xx,xxx,xxx.xx
Contributions and Additions	\$xx,xxx,xxx.xx
Withdrawals and Deductions	\$xx,xxx,xxx.xx
Investment Gain (or Loss)	\$xx,xxx,xxx.xx
Value on March 31, 2011	\$xx,xxx,xxx.xx

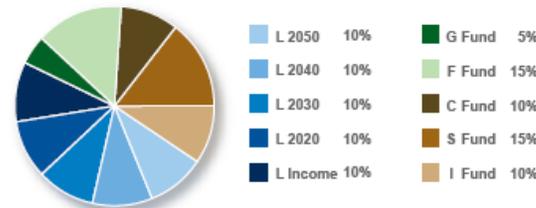
Your vested account balance is \$xx,xxx,xxx.xx
You will be fully vested on mm/dd/yyyy*

* Only Agency Automatic (1%) Contributions are subject to vesting. You are always vested in (entitled to keep) your own contributions and your agency's matching ... contributions.

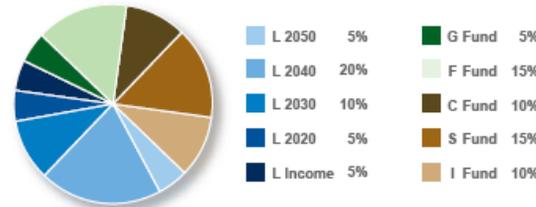
A Message for You

Our records show that you aren't currently contributing your own money to your TSP account. Because your agency matches up to 5% of your contributions, you can double your money on the first 3% of pay you contribute. If you contribute an additional 2%, your agency will add 50¢ for each dollar you put in. When you save for your retirement in this way, you are basically giving yourself a 4% pay increase.

Your account balance distribution



Your investment allocation for future contributions



Your Personal Rate of Return

Last
12 Months
12.20%

Questions? www.tsp.gov

ThriftLine: 1-TSP-YOU-FRST
1-877-968-3778

Outside U.S. and Canada: 404-233-4400
TDD: 1-TSP-THRIFT5
1-877-847-4385

To correct personal information, contact your agency.

Jane G. Doe
 Account Number: xxxxxxxxxx

Your Ending Account Balance: \$10,000,000.02

Page 2 of x
 For the quarter: mm/dd/yyyy–mm/dd/yyyy

YOUR QUARTERLY ACCOUNT SUMMARY

TSP FUNDS	Beginning Balance	Contributions and Additions	Withdrawals and Deductions	Interfund Transfers	Gain or Loss This Quarter	Ending Balance	Beginning Shares		Ending Shares	
							Price	Number	Price	Number
Lifecycle Funds										
L 2050	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	-\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$x,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$xx.xxxx	xxx,xxx,xxx.x	\$xx.xxxx	xxx,xxx,xxx.x
L 2040	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	-xx,xxx,xxx.xx	x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
L 2030	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	-xx,xxx,xxx.xx	-x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
L 2020	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	xx,xxx,xxx.xx	x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
L Income	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	xx,xxx,xxx.xx	x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
Individual Funds										
G Fund	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	-\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$x,xxx,xxx.xx	\$xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
F Fund	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	-xx,xxx,xxx.xx	x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
C Fund	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	-xx,xxx,xxx.xx	-x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
S Fund	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	xx,xxx,xxx.xx	x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
I Fund	xx,xxx,xxx.xx	xx,xxx,xxx.xx	-xx,xxx,xxx.xx	xx,xxx,xxx.xx	x,xxx,xxx.xx	xx,xxx,xxx.xx	xx.xxxx	xxx,xxx,xxx.x	xx.xxxx	xxx,xxx,xxx.x
Total	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	-\$xx,xxx,xxx.xx	\$0.00	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx*				

* Your balance includes: \$xx,xxx.xx in cumulative tax-exempt contributions; \$x,xxx.xx in catch-up contributions for this year.

YOUR QUARTERLY LOAN SUMMARY

Loan ID	Principal as of mm/dd/yyyy	Amount of New Loan	TOTAL Principal Repaid	Taxable Distribution	Non Taxable Distribution	Reversal of Loan Distribution		Principal as of mm/dd/yyyy	TOTAL Interest Paid	Interest in Arrears	Last Loan Payment
						Traditional Balance	Roth Balance				
xxxxxxx	\$xx,xxx.xx	\$xx,xxx.xx	\$xx,xxx.xx			\$xx,xxx.xx		\$xx,xxx.xx		\$xx,xxx.xx	mm/dd/yy

YOUR TRANSACTION DETAIL BY SOURCE†

Payroll Office	Posting Date	Transaction Type	Employee Traditional	Employee Tax-Exempt Traditional	Employee Roth	Agency Automatic (1%)	Matching	Total
		Beginning Balance	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$xxx.xx	\$xx,xxx.xx	\$xx,xxx,xxx.xx
xxxxxxx	mm/dd/yy	Contribution	xx,xxx.xx	xx,xxx.xx	xx,xxx.xx	xxx.xx	x,xxx.xx	xx,xxx.xx
		Gain or Loss This Quarter	xx,xxx,xxx.xx	xx,xxx,xxx.xx	xx,xxx.xx	xxx.xx	x,xxx.xx	xx,xxx.xx
		Ending Balance	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$xx,xxx,xxx.xx	\$x,xxx.xx	\$xx,xxx.xx	\$xx,xxx,xxx.xx

† Details of your transactions by fund (including interfund transfers) are available on your expanded quarterly statement in the My Account section of the TSP website (www.tsp.gov).

Jane G. Doe

Account Number: xxxxxxxxxxxx

Your Ending Account Balance: \$10,000,000.02

For the quarter: mm/dd/yyyy-mm/dd/yyyy

YOUR TRANSACTION DETAIL BY FUND

Government Securities Investment (G Fund)

Posting Date	Transaction Type	Transaction Amount			Share Price	Number of Shares	Dollar Balance
		Traditional	Roth	Total			
	Beginning Balance				\$xx.xxxx	x,xxx,xxx.xxxx	\$xx,xxx,xxx.xx
03/01/11	Contribution	\$x,xxx,xxx.xx	x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$xx.xxxx	x,xxx,xxx.xxxx	\$xx,xxx,xxx.xx
	Ending Balance				\$xx.xxxx	x,xxx,xxx.xxxx	\$xx,xxx,xxx.xx

Common Stock Investment (C) Fund

Posting Date	Transaction Type	Transaction Amount			Share Price	Number of Shares	Dollar Balance
		Traditional	Roth	Total			
	Beginning Balance				\$xx.xxxx	x,xxx,xxx.xxxx	\$xx,xxx,xxx.xx
03/01/11	Contribution	\$x,xxx,xxx.xx	x,xxx,xxx.xx	\$x,xxx,xxx.xx	\$xx.xxxx	x,xxx,xxx.xxxx	\$xx,xxx,xxx.xx
	Ending Balance				\$xx.xxxx	x,xxx,xxx.xxxx	\$xx,xxx,xxx.xx

Roth TSP – Distributions

Roth Employer Plans – Qualified Distributions

- Earnings on “qualified distributions” are not included in gross income if
 - Age 59 ½; disabled; or deceased AND,
 - Must meet “5-year rule”
- Distributions made within 5 years of the first Roth contribution will not be treated as qualified distributions (IRC refers to this 5 year period as the “non-exclusion period”)
 - Non-exclusion period begins on January 1 of the applicable tax year
- Earnings on any non-qualified distributions will be subject to tax and, possibly, the 10% early withdrawal penalty
 - Note, any tax-deferred portion of the balance is not subject to the 10 percent early withdrawal penalty tax if the participant is age 55 or older in the year he/she separates from Federal service

“5 Year Rule”

- The 5-year non-exclusion period begins on January 1 of the tax year during which the first Roth TSP contribution is made
- When Roth 401(k) balances are transferred to the TSP, the start date transfers with them; the non-exclusion period will be determined using the date most favorable to the participant
- If a participant has a civilian account and a uniformed services account, the Roth initiation date for both accounts will be the same
- Once 5-year rule is met, participant retains it for the life of their TSP account

Pro-Rata Rule

- The TSP will disburse amounts from a participant's TSP account pro-rata. This applies to:
 - Loans disbursed
 - In-service and post-service withdrawals
 - Court-ordered payments
 - Taxable distributions declared on outstanding loan balances
 - Required minimum distributions
 - Death benefits

Final Thoughts

- Contribute as long as in a pay status
- Option to transfer to qualifying IRAs or other employer plans
- Ability to leave account in the TSP after separation from service
 - Continue to redistribute account balance among TSP funds
 - Continue to benefit from low expense ratio
 - Determine withdrawal options that meet personal needs at some time in the future

Questions???



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