

# Thrift Savings Plan (TSP)



# Saving

## The Magic of Compounding

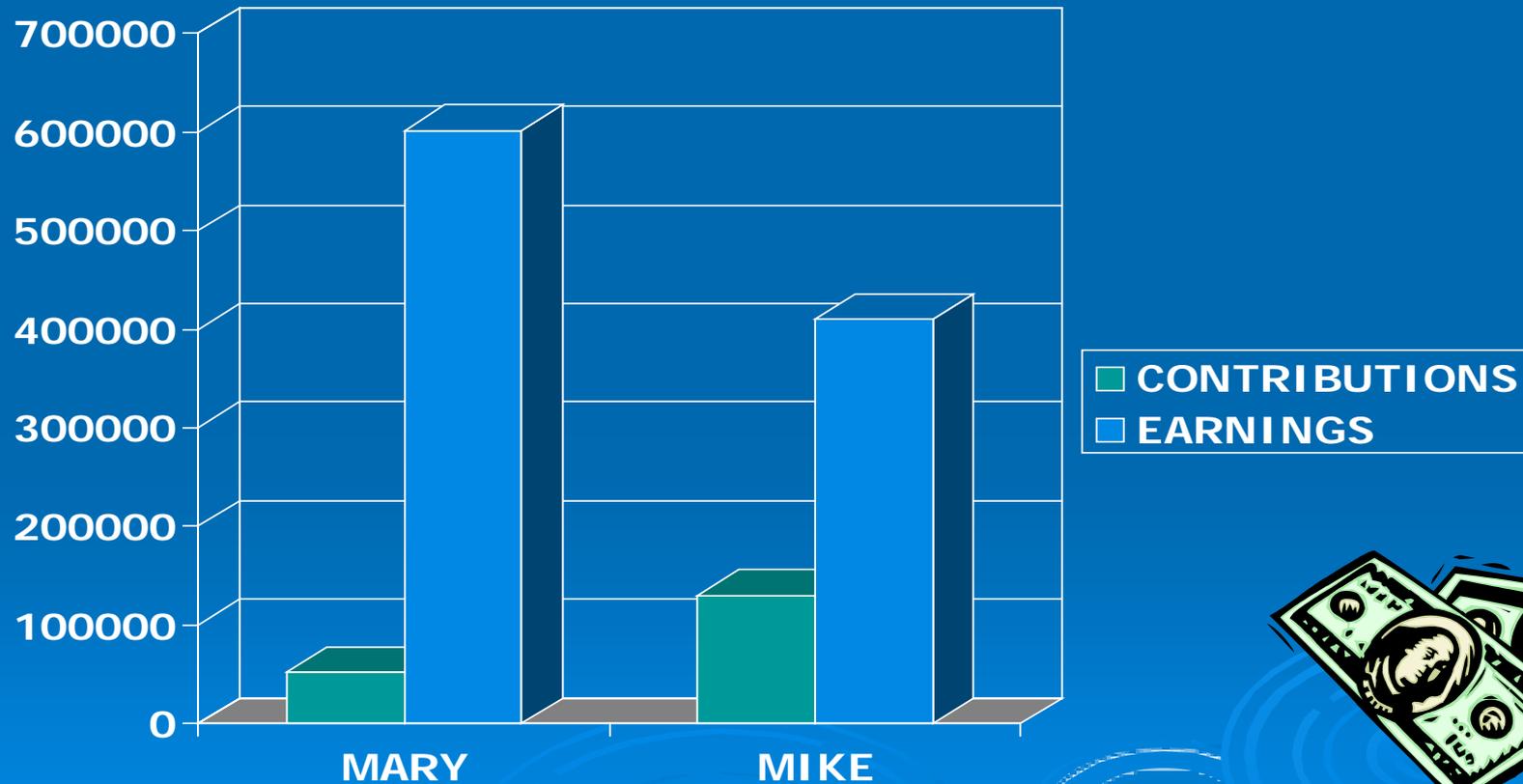


- Mary and Mike both start working at age 22.
- Mary:
  - Contributes to TSP at \$100 per pay period, for her first 10 years of work, then stops saving for the next 25 years.
  - Mary's total contributions, with agency matching is \$52,000.
- Mike:
  - Does not contribute to TSP for the first 10 years of work, then starts saving \$100 per pay period at age 32 for the next 25 years.
  - Mike's total contributions, with agency matching is \$130,000.

Assume an interest rate of 8% each year for these 35 years.

# Saving

## The Magic of Compounding



# Thrift Savings Plan



## TSP Contribution Rules:

**FERS employees** may contribute:

- Up to the maximum IRS annual limit.  
(2011- \$16,500)
- FERS employees receive Agency Automatic 1% contributions whether they contribute or not.
- FERS employees receive Agency Matching contributions on up to 5% of employee contributions.

# Thrift Savings Plan



## TSP Contribution Rules:

CSRS and CSRS-Offset employees may contribute:

- Up to the maximum IRS annual limit.  
(2011 - \$16,500)
- CSRS and CSRS-Offset employees receive no government matching contributions.

# Thrift Savings Plan

- How much do I have deducted from each pay check to make sure that I receive the agency matching contributions for the whole year?

$\$16,500 \div 26 \text{ pay periods} = \$635/\text{pay period}$   
beginning

pay period 26 2010 thru pay period 25, 2011

# Thrift Savings Plan



- Contributions can be started, changed, or stopped at any time.
- HOW?
  - Use the NFC Personal Page
  - or submit a TSP-1 form to Human Resources.

# Thrift Savings Plan



## ➤ Tax Benefits:

- Your TSP contributions are taken from your salary before taxes are withheld, so your taxable income is lower. You pay less Federal tax now. This also applies to most State taxes.
- Taxes on your TSP contributions and their earnings are deferred until you withdraw the money from your account, usually when you are retired and in a lower tax bracket.

# Thrift Savings Plan



## ➤ Transfer Money into your TSP Account

- You can transfer or roll over money from a traditional IRA or an eligible employer plan into your TSP account.
- Transfers must be before-tax money.
- See form TSP-60 for more information.

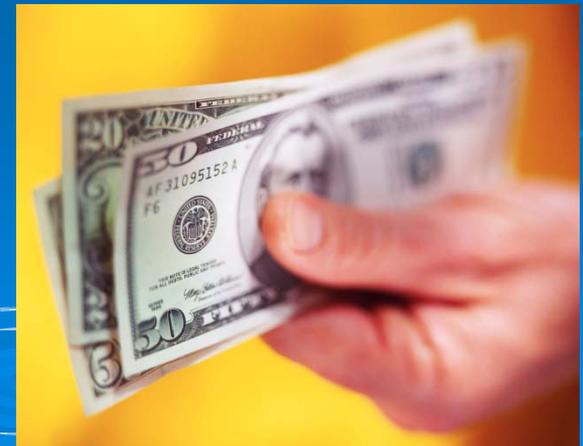
# TSP Catch-Up Contributions

## Eligibility

- Must be age 50 or older by December 31 in the year the contributions are made
- Must be in pay status
- Must be contributing the maximum TSP amount which will result in reaching the IRS elective deferral limit.

## Catch-Up contributions:

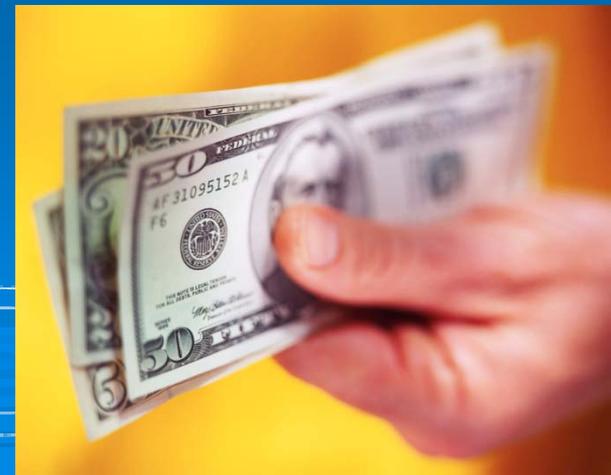
- Are in addition to employee's regular contributions
- Do not count against the IRS elective deferral limit.



# TSP Catch-Up Contributions

## Elections:

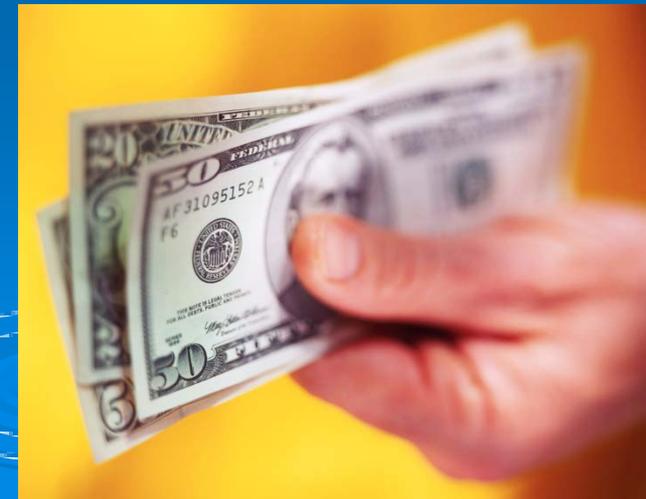
- Use TSP-1-C to make or change your election (send to Human Resources), or use the NFC Personal Page.
  - Elections are made in whole dollar amounts. The 2011 Catch Up maximum is \$5,500.
  - Make a new election each year.
- Contributions stop pay period 25, or earlier, if maximum is reached.



# TSP Catch-Up Contributions

## Terminations:

- If you stop your regular contribution, your catch-up contributions stop
- If you receive a financial hardship in-service withdrawal, your regular and catch-up contributions stop
- Catch-Up contribution automatically terminates with the last pay date of the year to which the contribution applies (2010 – pay period 25).



# Thrift Savings Plan Investment Funds

## TSP Funds

- G Fund – Government Securities Investment Fund
  - Short-term US Treasury securities specially issued to the TSP.
- F Fund – Fixed Income Index Investment Fund
  - A broad index representing the US bond market.
- C Fund – Common Stock Index Investment Fund
  - A broad index of stocks of 500 medium to large-size companies.
- S Fund – Small Capitalization Stock Index Fund
  - A broad index of stocks of small to medium-size companies.
- I Fund – International Stock Index Investment Fund
  - A broad international market index



# Thrift Savings Plan



## ➤ Managing your TSP:

If you choose to manage your investments, please consider the following:

- Determine your time horizon.
- Consider both risk and return.
- Be comfortable with the risk you take.
- Diversify to reduce risk.
- Periodically review your investment choices.

# Thrift Savings Plan

## TSP Funds

### L Fund – “Lifecycle” Funds

Divides investments into TSP’s five existing funds to create a target portfolio depending on the individual’s expected date for withdrawing the money.



# Thrift Savings Plan

If you expect to withdraw your TSP:	Invest in:
Before 2014	L Income
2015 – 2024	L 2020
2025 – 2034	L 2030
2035 - 2044	L 2040
2045 or later	L 2050

# Thrift Savings Plan

## Fund Allocations

- Choose how contributions are distributed from payroll to investment funds.
- To allocate funds, must have TSP Account Number and TSP Password:
  - Use web site [www.tsp.gov](http://www.tsp.gov) or
  - Use Thrift line (877) 968-3778



# Thrift Savings Plan

## Interfund Transfers

- Transfer money already invested between funds.
- Must have TSP Account Number and TSP Password:
  - Use Thrift line (877) 968-3778
  - Use web site [www.tsp.gov](http://www.tsp.gov)





# Thrift Savings Plan Resources

## **TSP Website – [www.tsp.gov](http://www.tsp.gov)**

- for current information on TSP
- Publications and forms
- Personal account access
- Make fund allocations and inter fund transfers
- TSP calculators
- Quarterly TSP Participant Statement and TSP Highlights

## **Thrift line – (877) 968-3778**

- Personal account access
  - Make fund allocations and inter fund transfers
  - Current rates of return
  - General Information
- 



# Financial Planning

- U.S. has lowest national savings rate in the industrialized world
- Many Americans not saving adequately for retirement-unprepared for unexpected life events such as medical emergencies
- Increasing concern over public programs such as Social Security and Medicare hasn't changed American saving habits
- Despite publicity, programs, and legislation, most Americans do not think financial literacy is a critical issue



# Financial Planning Tools



A good place to start is: <http://www.mymoney.gov>

Try the new Federal Ballpark Estimate:

<http://www.aphis.usda.gov/mrpbs/hr/benefits/ballpark.shtml>

The US Securities and Exchange Commission – how to invest wisely and avoid fraud - <http://www.sec.gov/investor.shtml>

The Investor's Clearinghouse - educates investors - <http://www.investoreducation.org/>

Savings Bonds –

<http://www.treasurydirect.gov/indiv/products/products.htm>



# Financial Planning

- YOU are responsible for your own retirement planning.
- YOU are responsible for your own financial success.
- It is YOUR responsibility to gather information, make decisions, and plan for the best outcome!

Contact your Human Resources Benefits Specialist for information on insurance, TSP, retirement service credit, retirement counseling and calculations, and employee or family member deaths.

[http://www.aphis.usda.gov/mrpbs/contact\\_us/downloads/benefits.pdf](http://www.aphis.usda.gov/mrpbs/contact_us/downloads/benefits.pdf)

**APHIS PPQ (except CA, TX and HI) :** Sharon Hudoba (612) 336-3365

**APHIS Wildlife Services and AMS except F&V and Poultry:**

Charlotte Drone (612) 336-3401

**APHIS MRPBS and Veterinary Services, AMS Poultry:**

Laura Frantes (612) 336-3312

APHIS PPQ (CA, TX and HI), GIPSA:

Barbara Watry (612) 336-3301

APHIS (except PPQ, WS, VS), AMS F&V:

Rick Corliss (612) 336-3627

MRPBS Human Resources

Attn: Benefits

Butler Square, 100 N. 6<sup>th</sup> Street

Minneapolis, MN 55403-1588

FAX: (612) 336-3545



# Thank you for your attention!

Contact your Human Resources Benefits Assistant for questions regarding the FEHB, FEGLI, TSP programs and designation of beneficiary forms.

[http://www.aphis.usda.gov/mrpbs/contact\\_us/downloads/benefits.pdf](http://www.aphis.usda.gov/mrpbs/contact_us/downloads/benefits.pdf)

**APHIS VS, AMS and GIPSA:** Judy Dunaski (612) 336-3287

**All Other APHIS Programs:** Diane Dynon (612) 336-3307

USDA MRPBS Human Resources

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