

THRIFT SAVINGS PLAN

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for federal employees and uniformed Service members. It can provide you an additional source of retirement funds even if you don't retire from the military.

Description and Benefits

- Similar to a civilian 401(k) with individual accounts
- Soldiers contribute via voluntary payroll deductions
- Soldiers contributions and associated earnings are always theirs to keep
- Soldiers contributions can be pretax (Traditional) or after-tax (Roth) but are pretax by default
- Earnings and growth are tax-deferred (Traditional), and tax free (Roth)
- Multiple investment options from conservative to aggressive
- Administrative and investment fees are very low compared to other retirement plans
- Multiple withdrawal options are available at retirement (typically age 59½)
- Beneficiary receives balance at participant's death

Participation Rules



- All Soldiers are eligible to participate in the TSP
- Soldiers can contribute up to 100% of base pay, special pay, and bonus pay (to include continuation pay).
- Visit [IRS.gov](https://www.irs.gov) for more information and the latest limits.

Blended Retirement System Unique Features

- Participants with a Date of Initial Entry to Military Service (DIEMS) or Date of Initial Entry to Uniformed Services (DIEUS) after January 1, 2018 are automatically enrolled in TSP at a contribution rate of 3% of base pay; those enrolled after October 1, 2020 are automatically enrolled in TSP at a contribution rate of 5%.
- Participants are eligible for service-provided automatic (1%) and matching contributions (up to 4%; all pretax, Traditional)
- Service-provided automatic (1%) contributions vest (become the property of the Soldier) after two years of service

	Traditional	Roth
Contributions	Pretax	After-tax
Take-home Pay	Taxes are deferred, so less money is taken out of your paycheck.	Taxes are paid up front, so more money comes out of your paycheck.
Transfers In	Transfers allowed from eligible employer plans and traditional IRAs.	Transfers allowed from Roth 401(k), Roth 403(b) and Roth 457(b) accounts.
Transfers Out	Transfers allowed to eligible employer plans, traditional IRAs and Roth IRAs, after separation.	Transfers allowed to Roth 401(k), Roth 403(b), Roth 457(b) and Roth IRA accounts, after separation.
Withdrawals After Separation	Taxable when withdrawn. A 10% penalty may also apply if under age 59½ and certain criteria are not met.	Contributions are tax-free when withdrawn. Earnings are tax-free if withdrawn after 59½ and it has been five years since January 1 of the year you made your first Roth contribution, or you are permanently disabled or deceased. A 10% penalty may also apply if under age 59½ and certain criteria are not met.

Individual and Lifecycle Fund Investment Options

	G Fund	F Fund	C Fund	S Fund	I Fund	L Funds*
Description of Investments	Government securities (specially issued to the TSP)	Government, corporate, and mortgage-backed bonds	Stocks of large and medium-sized U.S. companies	Stocks of small to medium-sized U.S. companies (not included in the C Fund)	International stocks of more than 20 developed countries	Invested in the G, F, C, S, and I Funds
Objective of Fund	Produce a rate of return higher than inflation while avoiding exposure to credit (default) risk	Match the performance of the Bloomberg Barclays U.S. Aggregate Bond Index	Match the performance of the Standard & Poor's 500 (S&P 500) Index	Match the performance of the Dow Jones U.S. Completion Total Stock Market Index	Match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index	To provide professionally diversified portfolios based on various time horizons, using the G, F, C, S, and I Funds
Risk	Inflation risk	Market risk, credit risk, prepayment risk, inflation risk	Market risk, inflation risk	Market risk, inflation risk	Market risk, currency risk, inflation risk	Exposed to all of the types of risk to which the individual TSP funds are exposed but total risk is reduced through diversification among the five individual funds
Volatility	Low	Low to moderate	Moderate	Moderate to high — historically more volatile than C Fund	Moderate to high — historically more volatile than C Fund	Asset allocation shifts as time horizon approaches to reduce volatility
Types of Earnings**	Interest	Change in market prices Interest	Change in market prices Dividends	Change in market prices Dividends	Change in market prices Change in relative value of currency Dividends	Composite of earnings in the underlying funds
Total Expenses as of 12/31/2022***	0.057%	0.078%	0.059%	0.09%	0.064%	0.060% - 0.067%
Inception Date	04/01/87	01/29/88	01/29/88	05/01/01	05/01/01	08/01/05

Source: www.tsp.gov/funds-individual and www.tsp.gov/funds-lifecycle

- * Each of the L Funds is invested in the individual TSP funds (G, F, C, S, and I). The proportion of your L Fund balance invested in each of the individual TSP funds depends on the L Fund you choose.
- ** Income from interest and dividends is included in the share price calculation. It is not paid directly to participants' accounts.
- *** Net expenses are offset by the forfeitures of Agency/Service Automatic (1%) contributions of FERS and BRS participants who leave Federal Service before they are vested, other forfeitures, and loan fees.

New TSP Experience



- The Federal Retirement Thrift Investment Board implemented several new changes to the TSP in 2022.



- The mobile app puts account management at your fingertips.



- More investment options including a “mutual fund window.” This window allows certain TSP account holders to gain access to a larger variety of investment choices than are typically available through TSP. To qualify, an account must:
 - Have a minimum balance of \$40,000
 - Make an initial transfer of at least \$10,000 to purchase mutual funds
 - The initial transfer must total no more than 25% of the account’s total balance. Furthermore, no more than 25% of the accounts total balance can be invested in mutual funds at any given time.
 - Please note that additional fees and expenses may apply, including administrative, maintenance, and trade fees as well as fees and expenses associated with specific mutual funds.



- Additional layers of security to enhance your account protections



- The new My Account interface designed with you in mind



- Secure logins with the option to use your device’s biometrics



- Convenient support: Online chat function, 24/7 virtual assist, and phone access to speak with a ThriftLine Representative



- Personalized support to roll money into your TSP from eligible accounts



- Electronic signatures and online payment options that reduce paperwork and save time

Visit www.tsp.gov to learn more.

Loans

Under certain circumstances, you can borrow from your TSP account. Check www.tsp.gov for details.

TSP Resources

- TSP website: www.tsp.gov
- TSP mobile app
- TSP Thriftline: 1-877-968-3778
- YouTube: [TSP4gov](https://www.youtube.com/TSP4gov)
- Twitter: [@tsp4gov](https://twitter.com/tsp4gov)
- Defense Finance and Accounting Service (DFAS): www.dfas.mil - search “TSP.”



Scan code for more information or visit www.FinancialFrontline.org.

Glossary of TSP Terms

- **After-tax Contributions** — Contributions made from Service member pay that has already been taxed (i.e. Roth).
- **Asset Allocation** — The strategy of dividing investments among multiple asset classes such as stocks, bonds, cash and subcategories of each in an attempt to control risk by diversifying one's holdings.
- **Automatic Contributions** — Contributions made by each branch of service to the TSP accounts of Service members covered under the Blended Retirement System. Contributions begin after 60 days of service and equal 1% of the Service member's basic pay each pay period. See "vesting" for additional, related information.
- **Automatic Enrollment** — Automatic participation in the TSP by Service members covered under the Blended Retirement System through which 5% of their basic pay is contributed to their TSP account each pay period.
- **Beneficiary** — The individual(s) or entity(ies) that receive your TSP account balance (or a portion of it) at your death.
- **Bond** — A debt security issued by a government entity or corporation to an investor from whom it borrows money.
- **Catch-up Contributions** — Contributions by participants in excess of the basic annual deferral limit which are available only to those 50 or older. The IRS sets the limit on these contributions annually.
- **Contribution** — A deposit made to the TSP by a participant through payroll deduction or on behalf of the participant by his or her branch of service.
- **Currency Risk** — The risk that the value of a currency will rise or fall relative to the value of other currencies.
- **Index** — A hypothetical investment portfolio that represents an investment market or a segment of it.
- **Inflation Risk** — The risk that inflation will reduce the future purchasing power of an investment.
- **Market Risk** — The risk of a financial loss caused by declines in investment markets.
- **Matching Contributions** — Branch of service contributions, up to a certain limit, made to TSP accounts of participants who have also contributed their own money.
- **Mutual Fund** — A professionally-managed investment option that is made of up money collected from many investors to purchase diversified investments like cash, bonds, stocks, and other assets.
- **Prepayment Risk** — The risk that bonds will be paid back early as a result of falling interest rates, thus forcing investors to reinvest at lower rates.
- **Pretax Contributions** — Contributions of pay that have not yet been taxed. All Service member contributions to a TSP Traditional account are made pretax.
- **Securities** — Investments that can be bought and sold through various markets.
- **Stocks** — Equity securities issued as ownership in a publicly held corporation.
- **Vesting** — The time in service a TSP participant must have in order to keep automatic contributions and earnings.