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Big Changes Coming to TSP - And What That Means For You!
Relatable
Useable
WHAT YOU NEED TO KNOW

History of Thrift Savings Plan
How it works now
What to look forward to
1986 FERS Act creates the Thrift Savings Plan

April 1987 First contribution to TSP is made to G Fund

January 1988 F and C Funds added to allocation options

May 2001 S and I Funds added to allocation options

August 2005 Lifecycle Funds added to allocation options

May 2012 TSP Enhance. Act takes effect allowing for Roth TSP

Sept 2019 New w/withdrawal options added

July 2020 5-year Lifecycle Funds added

June 2022 Major tech updates to website
Largest defined contribution plan in the US with $769 Billion* in assets (up from $557 Billion on 3/31/20, down from all-time high, $803 Billion on 10/31/21) (of which $34.2 billion is Roth TSP), 6.5 million participants (2 million use Roth) with 93% of FERS employees participating

* as of/ 2/28/2022 Source: www.frtib.gov
Thrift Savings Plan
Average Balances

The average employee in the FERS system has a balance of $171,699*. The average Roth account balance for these employees is $21,930*.

The average federal employee salary is $91,645.**

* as of 02/28/2022 Source: www.frtrib.gov
** as of 6/30/21 Source: www.fedsmith.com
## Thrift Savings Plan Millionaire Club

<table>
<thead>
<tr>
<th>Account Balance</th>
<th>Number of Participants</th>
<th>Average Years of Participation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $50,000</td>
<td>3,826,835</td>
<td>5.80</td>
</tr>
<tr>
<td>$50,000 - $249,999</td>
<td>1,557,047</td>
<td>15.12</td>
</tr>
<tr>
<td>$250,000 - $499,999</td>
<td>530,781</td>
<td>20.51</td>
</tr>
<tr>
<td>$500,000 - $749,999</td>
<td>211,747</td>
<td>23.35</td>
</tr>
<tr>
<td>$750,000 - $999,999</td>
<td>99,399</td>
<td>25.53</td>
</tr>
<tr>
<td>$1,000,000 and over</td>
<td>100,364</td>
<td>28.64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,326,173</strong></td>
<td><strong>10.63</strong></td>
</tr>
</tbody>
</table>

Magic Numbers

Savings Amount Needed At Retirement

$1,000,000
Magic Numbers

Amount you need to save each year

10%
Why it Pays to Begin Investing Early

The Power of Compounding Returns

This chart depicts an individual that has $5,000 to invest each year for 10 years, all the while earning a constant return of 6% per year until retirement. The earlier that this individual can begin investing this money, the more time the investment has to grow. Getting started with a financial plan that includes investing or saving is not one that should be delayed.

Source: Baird research. For illustrative purposes only. Assumes that $5,000 is invested at the beginning of each year for ten consecutive years. That investment earns a level 5% rate of return until the end of year 65.
35
Happy Birthday
Happy Birthday
$20,500 – before age 50
+$ 6,500 – catch-up contributions age 50 or better
$27,000 TOTAL 2022

FERS - 5% Government Match for 5% Contribution
CSRS - No Government Match

One of the tricky things about defined-contribution retirement plans is that although you know how much you’re putting in, you can never be sure how much you’ll get out in the end.

Source: TSP.org
As You Increase Your Savings Rate, Your Returns Become Less Important

Number of Years Until Retirement

Savings Rate (Annual)

Source: Simulated data (OfDollarsAndData.com)
Note: Assumes you save the same after-tax amount annually until retirement. Retirement is achieved once the annual returns from your total savings are the same as the amount of after-tax income you require to live on.
G Fund
Opportunity to earn interest without risk of loss of principal

F Fund
Opportunity to earn returns that exceed money markets over time

C Fund
Opportunity for potentially high returns over the long term

S Fund
Opportunity for potentially high returns over the long term

I Fund
Opportunity for potentially high returns over the long term

Low Risk

G Fund
Designed to outpace 90-day T-bill and inflation

F Fund
Risk is related to interest rates and credit risk

C Fund
Diversified portfolio of 500 large and medium size companies

S Fund
Diversified portfolio of ~4,500 medium and small size companies

I Fund
Diversified portfolio of companies in developed countries outside US

High Risk
Thrift Savings Plan
Lifecycle Funds
As of April 2022

L Income

G Fund – 70.53%
F Fund -  5.72%
C Fund -  12.45%
S Fund -  2.99%
I Fund -  8.31%

L 2025

G Fund – 51.91%
F Fund -   6.16%
C Fund -  21.78%
S Fund -   5.48%
I Fund -  14.67%

L 2030

G Fund – 33.45%
F Fund -    6.43%
C Fund -  31.05%
S Fund -   8.03%
I Fund -  21.04%

L 2035

G Fund – 26.84%
F Fund -    7.22%
C Fund -  33.89%
S Fund -   8.97%
I Fund -  23.08%

L 2040

G Fund – 20.79%
F Fund -    7.46%
C Fund -  36.70%
S Fund -   9.94%
I Fund -  25.11%

L 2045

G Fund – 15.28%
F Fund -   7.97%
C Fund -  38.95%
S Fund -   10.94%
I Fund -  26.86%

L 2050

G Fund – 10.48%
F Fund -   7.77%
C Fund -  41.32%
S Fund -  11.82%
I Fund -  28.61%

L 2055

G Fund – .51%
F Fund -  .49%
C Fund -  49.95%
S Fund -  14.40%
I Fund -  34.65%

L 2060

G Fund – .44%
F Fund -  .55%
C Fund -  49.95%
S Fund -  14.40%
I Fund -  34.65%

L 2065

G Fund – .37%
F Fund -  .63%
C Fund -  49.95%
S Fund -  14.40%
I Fund -  34.65%
Emerging Markets

Environmental

Social

Governance
5,000 Funds

May 2022

Key transition dates

To ensure a smooth transition when adding new TSP features, we’ll need to temporarily suspend certain transactions and services. You need to know how this transition might affect you, especially if you were planning to request a transaction soon. See the full calendar of key dates and deadlines.

Expected transition dates
May 16 to the first week of June

All transactions temporarily unavailable
May 26 to the first week of June

Full access and transactions restored
First week of June

Contributions and payments will continue:

- During the transition period, your TSP savings will remain invested in the TSP funds you’ve chosen.
- Payroll contributions and loan payments will continue.
- Installment payments scheduled to be paid May 24 – May 31 will be disbursed early on May 23.

Source: https://www.tsp.gov/new-tsp-features/?utm_source=website&utm_medium=banner&utm_campaign=getexcited1
Download historical documents: Documents and messages currently available in My Account will not transfer to the new system. You may want to download your historical statements and save any messages so you have easy access to them in your records. If you need any historical statements after the transition, you’ll be able to call the ThriftLine and request to have them mailed to you. Statements that post after the transition will be available to you in My Account going forward.
Thrift Savings Plan
Mutual Fund Window

Designed for TSP participants who are interested in greater investment flexibility.

* Initial investment must be at least $10,000, and can’t be more than 25% of overall account balance
* Higher fees include:
  $55 annual fee for administrative expenses
  $95 annual maintenance fee
  $28.75 per trade fee
Any additional mutual fund expenses
Thrift Savings Plan
Participant Services

Greater access to participant services

* Virtual assistant 24/7
* Live-agent chat
Thrift Savings Plan
Account Interface

New look when signed into your account on www.tsp.gov

* Investment summary shows investments clearly
* New navigation menu
* You’ll need to set up a new user login
* Customizable homepage
* TSP mobile app (allows you to use device’s ID software to sign on)
* Access to virtual assistant
Thrift Savings Plan
Moving Money Within TSP

Moving from two to three investment transactions:
  * Contribution allocation will now be called Investment Election (posts immediately-effective next day)
  * Interfund transfer will now be called Reallocation (you choose % you want invested in each account)
  * New option - Fund Transfer moves money from one or more specific funds without affecting the rest of the account
Thrift Savings Plan
Moving Money Within TSP

Moving funds will still:

* Occur the same day if processed before noon EST

* Only be allowed 2 times per month. Additional reallocations or fund transfers may only be done if going to the G Fund.
Thrift Savings Plan
Online Transactions

Many transactions will be available with electronic signature:

* Withdrawals
* Required minimum distributions
* Ability to request transactions, upload forms
* Available in TSP Mobile App, too
Thrift Savings Plan
Loans

Changes to current TSP loan provisions:

* May have 2 outstanding loans (only 1 may be residential)

* Loan fees are $50 for general purpose and $100 for residential

* May use direct debit for non-payroll loan payments

* If you leave federal service, you’ll be able to continue making payments by direct debit
Thrift Savings Plan
Beneficiaries

Beneficiary information may be submitted entirely online:

* Confirm beneficiary info annually
* May designate “equally to all beneficiaries”
* Contingent beneficiaries do not have to be linked to a primary beneficiary
* To cancel a previous beneficiary designation, you must make a new one
BONUS!!!

Source: treasurydirect.gov
G FUND
Government Securities Investment Fund

Information as of December 31, 2020

Assets $267.2 billion*

Net Administrative Expenses**
$0.49 per $1,000 account balance, 0.049% (4.9 basis points)
* Assets under management include allocated assets from the L Funds.
** An expense ratio of 0.049% translates to 4.9 basis points or $0.49 per $1,000 account balance.

Rates of Return

<table>
<thead>
<tr>
<th>Year</th>
<th>G Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception date</td>
<td>4/1/1987</td>
</tr>
<tr>
<td>1 year</td>
<td>1.38%</td>
</tr>
<tr>
<td>3 year</td>
<td>1.53%</td>
</tr>
<tr>
<td>5 year</td>
<td>1.96%</td>
</tr>
<tr>
<td>10 year</td>
<td>1.93%</td>
</tr>
<tr>
<td>Since inception</td>
<td>4.72%</td>
</tr>
</tbody>
</table>

Source: tsp.gov
How Does It Work?

An I Bond is a security that earns interest based on both a fixed rate and a rate that’s set twice a year based on inflation.

For November 2021 - April 2022, that interest rate was 7.12%.

Declared rate May 2022 - October = 9.62%

Source: treasurydirect.gov
Who Can Own an I Bond?

If you have a Social Security number, and meet one of three conditions:

US citizen - whether you live in the United States or not
US resident
Civilian employee of the US, no matter where you live

The registration is the name of the owner (either a person or entity), the Taxpayer Identification Number, and, if applicable, the second-named owner or beneficiary.

Source: treasurydirect.gov
What Do Bonds Cost?

You pay the face value of the bond. You pay $50 for a $50 bond. (The bond increases in value as it earns interest.)

Electronic I bonds come in any amount to the penny for $25 or more. You could buy a $50.23 bond.

Paper bonds are sold in five denominations; $50, $100, $200, $500, $1,000. You may acquire up to $10,000 in electronic I bonds / year. You may acquire up to another $5,000 in paper bonds / year.

Source: treasurydirect.gov
Investments and Retirement Planning

“The moment you reach the future, it’s already the past. So why should I set aside money to spend yesterday?”
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Ann Vanderslice
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