



THRIFT SAVINGS PLAN

Plan Overview

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
- Service members contribute via voluntary payroll deductions
- Service member contributions and associated earnings are always theirs to keep
- Service member contributions can be pretax (Traditional) or after-tax (Roth) but are pretax by default
- Earnings and growth are tax-deferred
- 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 Service members are eligible to participate in the TSP
- Service members can contribute up to 100% of base pay, special pay, and bonus pay up to a maximum annual contribution amount (\$19,500 in 2020, and \$57,000 in 2020 if in a tax-free combat zone).

Blended Retirement System Unique Features

- Participants are automatically enrolled in TSP at contribution level of 5% of base pay (can be changed)
- Participants are eligible for service-provided automatic and matching contributions (all pretax, Traditional)
- Service-provided automatic contributions vest (become the property of the Service member) 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Withdrawals After Separation	Taxable when withdrawn.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	Contributions are tax-free when withdrawn. Earnings are tax-free if withdrawn after 59½ and it has been five years since January 1 of the year you made your first Roth contribution, or you are permanently disabled or deceased.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.



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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 12/31/2019***	0.043%	0.046%	0.043%	0.060%	0.049%	0.043% - 0.047%
Inception Date	04/01/87	01/29/88	01/29/88	05/01/01	05/01/01	08/01/05

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



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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 Thriftline: **1-TSP-YOU-FRST** (1-877-968-3778)
- YouTube: *TSP4gov*
- Twitter: *@tsp4gov*
- Defense Finance and Accounting Service (DFAS): www.dfas.mil - search “TSP”.

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
- **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 employee 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