



HIGHLIGHTS

April 2013

It's Always the Right Time to Save

"Start where you stand, and work with whatever tools you may have . . ."

– Napoleon Hill, author of Think and Grow Rich

No matter where you are in your career, **NOW** is the time to save for your retirement.

If you just started your career, you may only be able to contribute a small amount to your TSP account. That's okay, but the sooner you save, the longer you have for your money to grow.

If you are in mid-career, consider investing some of your additional pay in the TSP each time you get a raise, promotion, or step increase.

If you have waited until later in your career to save, you still have time. Catch-up contributions allow participants who are age 50 or older to make additional contributions (up to \$5,500 in 2013) that are permitted to exceed the Internal Revenue Code (IRC) elective deferral limit (\$17,500 in 2013).

Your TSP account could mean the difference between an enjoyable retirement and a stressful one. You can take the right steps to ensure that you can enjoy your life after you stop working.



You Ask. We Answer.

The Thrift Savings Plan (TSP) receives a lot of questions from participants who want to learn more about how they can better manage their retirement savings. Although we don't have enough room here to answer all of your questions, the following Qs and As are meant to provide the basic information you need to get the most out of your TSP account.

How do I get a copy of my account number/ThriftLine PIN/Web password sent to me? Use the My Account section of the TSP website (www.tsp.gov) or call the ThriftLine (1-TSP-YOU-FRST) and talk to a Participant Service Representative (PSR) to request that your account number/PIN/password be sent to you. You should receive it within 10 days.

How do I change my address? It is extremely important that you check to make sure that the TSP has your correct mailing address on file **before** you request a loan, withdrawal, or a copy of your account information. If your address is incorrect and you are still employed by the Federal Government, submit your correct address to your agency or service, and ask it to update your address with the TSP. If you are separated from service, you can change your address in the My Account section of the TSP website, call the ThriftLine and talk to a PSR, or submit Form TSP-9, Change in Address for Separated Participant. Form TSP-9 is available on the TSP website or by calling the ThriftLine.

How do I designate beneficiaries to receive the money in my account when I die? Complete Form TSP-3, Designation of Beneficiary. This form is available on the TSP website, from your agency or service, or by calling the ThriftLine.

Why can't I download the financial data from my TSP account into financial spreadsheet programs? The TSP has looked into the feasibility of providing such a service, but discovered that it would come at too high a cost to participants. The TSP will revisit this issue periodically to see if the situation changes.

If I make both traditional and Roth contributions, how are my Agency Matching Contributions calculated? FERS employees who contribute their own money to the TSP receive Agency Matching Contributions. If you make both traditional and Roth employee contributions, the **total percentage** (up to 5%) of pay you contribute will be used to calculate your Agency Matching Contributions.

Does the Internal Revenue Code (IRC) elective deferral limit apply to my traditional and Roth contributions separately? The IRC elective deferral limit, the maximum amount of employee contributions that you can make in a calendar year (\$17,500 in 2013), applies to the **combined total** of your traditional contributions and Roth contributions. There is no separate limit for each type of contribution.

I am a uniformed services member. Can I make Roth catch-up contributions from tax-exempt pay that I receive while serving in a combat zone? Yes. If you are age 50 or older, you can make Roth catch-up contributions from tax-exempt pay. However, you cannot make traditional catch-up contributions from tax-exempt pay.

What is the difference between a financial hardship withdrawal and a TSP loan? A financial hardship withdrawal **permanently reduces** your TSP account by the amount you withdraw. You must also pay taxes on the taxable portion of the withdrawal. After you make a financial hardship withdrawal, you cannot make employee contributions to your TSP account for 6 months. When you take a TSP loan, you **borrow from** your TSP account. You must repay your loan (with interest) generally through payroll deductions. You pay no taxes on your loan unless you fail to repay it. You can continue making contributions to your TSP account as you are repaying the loan.

What is the difference between a TSP life annuity and TSP monthly payments? A TSP life annuity is an insurance product that provides a monthly benefit paid to you for life no matter how long you live. The TSP annuity is **not** the basic annuity that you will receive from the Office of Personnel Management (OPM) when you retire as either a FERS or CSRS employee, or the retired pay that you receive as a member of the uniformed services.

If you choose an annuity, it will be purchased from the TSP annuity provider. Once your annuity has been purchased, it cannot be changed or cancelled. If you choose to withdraw your TSP account as a series of monthly payments, you can either receive a fixed dollar amount each month, or ask the TSP to compute your payments based on your life expectancy. Fixed dollar amount payments will end when the money in your account runs out. In other words, you take the risk that your payments will end before you die. With TSP-computed payments, you will receive a steady stream of monthly payments based on IRS life expectancy tables. When you die, any remaining balance in your TSP account will be paid to your beneficiary(ies).

I have more questions about the TSP. Where can I get more information? The TSP website is the place where you can get the most up-to-date information. You can download all of the TSP's publications (e.g., forms, booklets, leaflets), use online interactive tools ("wizards") to complete withdrawal and loan forms, and play around with online calculators to find out how much you should save, how contributions will affect your pay, and what withdrawal options suit your needs. You should also check out our YouTube channel (www.youtube.com/TSP4gov) where you will find detailed information about topics to consider as you save for retirement. If you wish to speak to someone about specific issues related to your account, you can always call the ThriftLine and talk to a PSR. 🗣️

Rates of Return										
	L 2050	L 2040	L 2030	L 2020	L Income	G Fund	F Fund	C Fund	S Fund	I Fund
Monthly 2013										
Jan	4.63%	4.11%	3.56%	2.83%	1.10%	0.13%	-0.56%	5.18%	6.96%	4.45%
Feb	0.56	0.54	0.49	0.41	0.27	0.13	0.51	1.36	1.00	-0.99
Annual 2003 – 2012										
2003	-	-	-	-	-	4.11%	4.11%	28.54%	42.92%	37.94%
2004	-	-	-	-	-	4.30	4.30	10.82	18.03	20.00
2005	-	-	-	-	-	4.49	2.40	4.96	10.45	13.63
2006	-	16.53	15.00	13.72	7.59	4.93	4.40	15.79	15.30	26.32
2007	-	7.36	7.14	6.87	5.56	4.87	7.09	5.54	5.49	11.43
2008	-	-31.53	-27.50	-22.77	-5.09	3.75	5.45	-36.99	-38.32	-42.43
2009	-	25.19	22.48	19.14	8.57	2.97	5.99	26.68	34.85	30.04
2010	-	13.89	12.48	10.59	5.74	2.81	6.71	15.06	29.06	7.94
2011	-	-0.96	-0.31	0.41	2.23	2.45	7.89	2.11	-3.38	-11.81
2012	15.85	14.27	12.61	10.42	4.77	1.47	4.29	16.07	18.57	18.62

The returns for the TSP funds represent net earnings after deduction of administrative expenses and, in the cases of the F, C, S, I, and L Funds, after deduction of trading costs and investment management fees. Additional information about the TSP funds, the related indexes, and their respective 1-, 3-, 5-, and 10-year returns can be found in the TSP Fund Information sheets on the TSP website.

The Lifecycle funds, which are invested in the individual TSP funds (G, F, C, S, and I*), were implemented on August 1, 2005; therefore, the first annual returns are for 2006.

* The Government Securities Investment (G) Fund; the Fixed Income Index Investment (F) Fund; the Common Stock Index Investment (C) Fund; the Small Capitalization Stock Index (S) Fund; the International Stock Index Investment (I) Fund