

# Your TSP Account

## A Guide for Beneficiary Participants

Benefits



Investment Options

# Contact Information

There are numerous sources of information about the Thrift Savings Plan (TSP).

The most up-to-date information is on the TSP website. You can also obtain basic plan information from the TSP's automated voice response system, the ThriftLine.

If you need clarification about plan features or have additional questions about your account, your best resource is the TSP website, [tsp.gov](http://tsp.gov). You can also contact the TSP. The table on the inside back cover page can direct you to the best sources of information on specific topics.

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

**ThriftLine:** 1-877-968-3778  
(For calls outside the U.S., Canada, and most U.S. territories, use 404-233-4400.)

**TSP:** Thrift Savings Plan  
P.O. Box 385021  
Birmingham, AL 35238

**Telephone:** Call the ThriftLine to speak to a Participant Service Representative (7 a.m. – 9 p.m., eastern time).

**Text Telephone (TDD):** 1-877-847-4385

**TSP Fax:** 1-866-817-5023

# Table of Contents

<b>The Thrift Savings Plan</b> .....	1
<b>TSP Advantages</b> .....	1
<b>Your Personal TSP Information</b> .....	1
Beneficiary Participant Account Number .....	1
Web Password .....	1
ThriftLine PIN .....	2
Customized User ID .....	2
<b>Combining Your TSP Accounts</b> .....	2
<b>Tax Advantages of Your Beneficiary Participant Account</b> .....	3
<b>Investing in the TSP</b> .....	3
The Lifecycle (L) Funds .....	3
The Individual Funds .....	4
Fund Risks .....	5
Choosing Your Own Investment Mix .....	5
<b>Interfund Transfers</b> .....	5
<b>Administrative Expenses</b> .....	6
<b>Comparison of the TSP Funds</b> .....	7
<b>TSP Withdrawals</b> .....	8
Types of Withdrawals .....	8
Requesting Your Withdrawal .....	8
Receiving Your Withdrawal .....	8
Taxes on Your TSP Withdrawal .....	9
<b>Annuities</b> .....	9
Amount of Your Annuity .....	9
Annuity Options .....	10
Single Life and Joint Life Annuities .....	10
Level and Increasing Payment Annuities .....	11
Additional Annuity Features that Allow for Beneficiaries .....	11
Choosing Among the Annuity Options .....	11
Requesting an Annuity .....	11
How Your Annuity is Purchased .....	12
How Your Annuity is Taxed .....	12
<b>A Comparison of TSP Monthly Payments and Life Annuities</b> .....	13
<b>Required Minimum Distributions (RMDs)</b> .....	14
<b>Death Benefits</b> .....	14
Designating a Beneficiary .....	14
Reviewing Your Beneficiaries .....	15
Payment of Death Benefits From Your Account .....	15
<b>TSP Information</b> .....	15
TSP Website (tsp.gov) .....	15
ThriftLine .....	15
Account Security .....	15
Your Account Balance .....	15
Your Participant Statements .....	15
Updating Your Information .....	16
Court Orders and Legal Processes .....	16
TSP Administration .....	16
<b>Glossary of Terms</b> .....	17

# The Thrift Savings Plan

This booklet provides you with an overview of the Thrift Savings Plan (TSP) and the rules that apply to beneficiary participant accounts. The TSP is a retirement benefit that allows employees of the U.S. government and members of the uniformed services to increase their retirement income by participating in a long-term savings and investment plan. It is similar to “401(k)” plans available to many private sector employees.

When a TSP participant dies, his or her account is distributed according to the *Designation of Beneficiary* form (Form TSP-3) on file with the TSP or, if no form is on file, according to a statutory order of precedence (see page 14).

If you are a **spouse beneficiary** of a deceased civilian or uniformed services TSP participant’s account, and your share of the balance in the TSP account is \$200 or more, a beneficiary participant account will be established in your name.

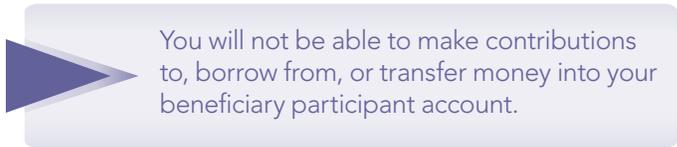
**Note:** If you are the spouse beneficiary and your share of the balance in the TSP participant’s account is less than \$200, your share will be paid directly to you. You will not be able to remain in the TSP.

At the time your account is established, you will receive a “welcome letter.” This letter provides information about how your account is initially invested and what you can expect from the TSP. Be sure to read it carefully and let the TSP know immediately if any of the personal data included in the letter is incorrect.

## TSP Advantages

As the owner of a TSP beneficiary participant account you’ll enjoy many benefits including:

- Tax-deferred growth of earnings on traditional contributions
- Tax-deferred growth of earnings on Roth contributions (which are tax-free when withdrawn if IRS requirements are met; see page 3)
- Low administrative and investment expenses
- A diversified choice of investment options, including a safe Government Securities Investment (G) Fund
- The ability to transfer to an existing civilian or uniformed services TSP account, if you have one
- A variety of withdrawal options



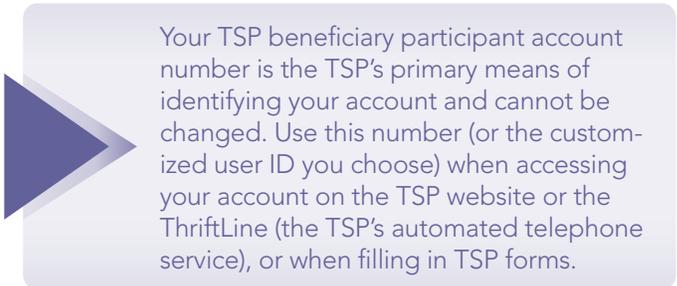
You will not be able to make contributions to, borrow from, or transfer money into your beneficiary participant account.

## Your Personal TSP Information

There are several pieces of information you will need to manage your beneficiary participant account easily and efficiently.

### Beneficiary Participant Account Number

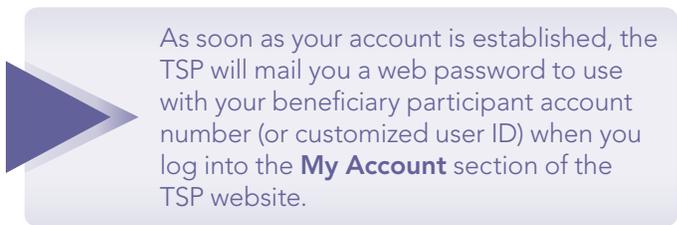
Your welcome letter will contain your 13-digit TSP beneficiary participant account number. You can also find your account number on your quarterly and annual participant statements.



Your TSP beneficiary participant account number is the TSP’s primary means of identifying your account and cannot be changed. Use this number (or the customized user ID you choose) when accessing your account on the TSP website or the ThriftLine (the TSP’s automated telephone service), or when filling in TSP forms.

If you forget your account number, you can use the TSP website or the ThriftLine to request to have it mailed to you.

### Web Password



As soon as your account is established, the TSP will mail you a web password to use with your beneficiary participant account number (or customized user ID) when you log into the **My Account** section of the TSP website.

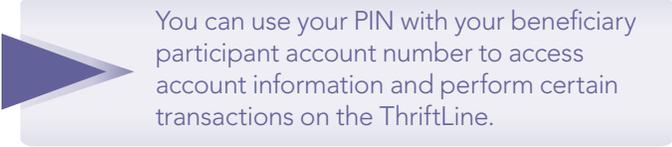
You can change your password at any time on the website, but you must first enter your beneficiary participant account number (or customized user ID) and your existing password.

If you lose your web password, you can request a new one from the My Account section of the TSP website or receive one immediately by calling the ThriftLine and choosing option 3 to speak to a Participant Service

Representative. If you use the TSP website, your new password will be mailed to you.

## ThriftLine PIN

Shortly after the TSP establishes your account, you will receive a Personal Identification Number (PIN) in the mail.



You can use your PIN with your beneficiary participant account number to access account information and perform certain transactions on the ThriftLine.

You can change your PIN at any time on the ThriftLine. To do so, you must first enter your beneficiary participant account number and existing PIN.

If you forget your PIN, you can request a new one on the ThriftLine or by contacting the TSP.



Your ThriftLine PIN is encrypted in the TSP system and is not accessible to TSP representatives. For security reasons, the TSP will only mail your PIN to your address of record. The TSP will not send it through email.

## Customized User ID

Although you cannot change your beneficiary participant account number, you can create a customized user ID to log into your account through the TSP website. This customized user ID will not be valid for any other TSP purpose.

To create your user ID, you will first need to log into My Account with your beneficiary participant account number and web password. Once you have established your user ID, you can change it whenever you wish. Instructions are available on the TSP website. If you forget your user ID, you can enter My Account with your beneficiary participant account number and web password and create a new user ID.

You cannot use your customized user ID on the ThriftLine.

## Combining Your TSP Accounts

If you have an existing TSP account from your own employment with the federal government or the uniformed services, you can move your beneficiary participant account into your existing TSP account. The money that

you move will be treated as an employee contribution, but it will not be subject to the Internal Revenue Code (IRC) annual elective deferral limit, which limits the amount of regular tax-deferred and Roth contributions you can make to the TSP in a calendar year.

To make the request to combine your TSP accounts, submit Form TSP-90, *Withdrawal Request for Beneficiary Participants*. Call the ThriftLine (1-877-968-3778) and speak to a Participant Service Representative for specific instructions on how to use the form for this purpose.

In general, once you combine your beneficiary participant account with your existing TSP account, your beneficiary participant account money will be subject to the rules that govern the account to which it was moved. An important exception is the application of a “Roth Initiation Date,” — the date of the first Roth contribution — which is used to calculate whether earnings on Roth contributions qualify to be paid out tax-free. If Roth contributions were made to both accounts, the Roth Initiation Date that will apply to your combined account is the earlier of the two, even if the earlier date was associated with the beneficiary participant account. If only one of the accounts contains Roth money, the Roth Initiation Date associated with that account becomes the date for your combined account.

In addition, when you transfer your beneficiary participant account into your own TSP account, distributions of Roth earnings are qualified (paid tax-free) if **5 years have passed since January 1 of the calendar year when the first Roth contribution was made**. However, once the money is moved out of the beneficiary participant account, the following additional rule applies for the earnings to be qualified: **You must be at least age 59½, permanently disabled, or deceased**.

You cannot move an existing TSP account into your beneficiary participant account. And if you have more than one beneficiary participant account, you cannot combine them with each other, but you can move multiple beneficiary participant accounts into your own TSP account. Also, if you have an IRA or other retirement plan, you will not be able to transfer or roll over those funds into your beneficiary participant account.

If your beneficiary participant account resulted from a uniformed services account, you may have tax-exempt money in it as a result of contributions from combat pay. If you are combining your beneficiary participant account with a civilian TSP account, tax-exempt contributions will not be transferred over. In this case, the tax-exempt funds will be distributed directly to you. Check your quarterly or annual statement to determine whether you have tax-exempt money in your account.

# Tax Advantages of Your Beneficiary Participant Account

For tax purposes, there are two ways that the money used to establish your beneficiary participant account and the earnings on that money might be treated. Your beneficiary participant account gives you several advantages.

**Traditional (pre-tax)** money grows in your account tax-deferred until you withdraw it. Generally, the longer you are able to keep your money in the TSP, the more earnings you accrue and the more you benefit from tax-deferred savings. When you withdraw this money, you have to pay taxes on both the contributions and their earnings (although you will not owe taxes on any tax-exempt contributions in your account).

**Roth (after-tax)** contributions are tax-free at withdrawal. **The earnings on those contributions will also be tax-free at withdrawal, as long as 5 years have passed since January 1 of the calendar year in which your deceased spouse first made a Roth TSP contribution.** (Also see the discussion of Roth Initiation Dates on page 2, Combining Your TSP Accounts.)

There is **no early withdrawal penalty tax** associated with withdrawals from the beneficiary participant account established for you after your spouse's death. There is, however, an early withdrawal penalty tax associated with regular civilian or uniformed services accounts. Therefore, if you have your own TSP account and you want to move your beneficiary participant account into that account, the early withdrawal penalty rules will continue to apply to all of the money in your existing account.

## Investing in the TSP

When your beneficiary participant account is first established, its balance is no longer invested according to any previously selected investment allocation. Instead, the entire balance is invested in the Lifecycle (L) Fund most appropriate for your age. This remains in place unless you make an “interfund transfer” (see page 5).

The TSP offers you two approaches to investing your money:

**The L Funds**—These are “Lifecycle” funds that are invested according to a professionally designed mix of stocks, bonds, and government securities. You select

your L Fund based on your “time horizon,” the future date at which you plan to start withdrawing your money. Depending on your plans, this may be right away or some time in the future.

**Individual Funds**—You can make your own decisions about your investment mix by choosing from any or all of the individual TSP investment funds (G, F, C, S, and I Funds).

These investment options are designed so you can choose either the L Fund that is appropriate for your time horizon, or a combination of individual TSP funds that will support your personal investment strategy. However, you may invest in any fund or combination of funds. **Note:** Because the L Funds are already made up of the five individual funds, you will duplicate your investments if you invest simultaneously in an L Fund and the individual TSP funds.

## The Lifecycle (L) Funds



The L Funds are an easy option if you don't have the time, experience, or interest to manage your beneficiary participant account.

The TSP offers five L Funds based on your time horizon. (Your time horizon is the date when you expect to withdraw your money.)

The five L Funds are:

- **L 2050**
- **L 2040**
- **L 2030**
- **L 2020**
- **L Income**

The most optimal L Fund is the one that most closely matches the year you expect to start withdrawing money from your TSP account. For example, if your target date is 2045 or later, the L 2050 Fund is designed to most closely match your time horizon.

If you are currently receiving income from your TSP account or plan to start withdrawing in the very near future, consider the L Income Fund. It is designed to focus primarily on preserving the assets in your account.

**If your entire account is in one of the L Funds,** you will not have to worry about rebalancing it based on your time horizon.

The assumption underlying the L Funds is that the longer your time horizon, the more risk you are able to tolerate while seeking higher returns. The funds automatically adjust to become more conservative as the investment time horizon approaches.

Each L Fund invests in a mix of the five individual TSP funds. The mix is chosen by experts based on each fund's time horizon. The L Funds' asset allocations are designed to achieve the highest expected rate of return for the amount of risk taken.

If the time horizon is a long time from now, the L Fund will be more exposed to risky assets, i.e., stocks (C, S, and I Funds). As time horizons shorten, the allocations gradually shift toward less volatile government securities.

Each L Fund is automatically rebalanced, generally each business day, to restore the fund to its intended investment mix. Each quarter, the funds' asset allocations are adjusted to slightly more conservative investments. When an L Fund reaches its designated time horizon, it will roll into the L Income Fund, and a new fund will be added with a more distant time horizon.

Investing in the L Funds does not eliminate risk, and the funds are not guaranteed against loss. The L Funds are subject to the risks inherent in the underlying funds and have periods of gain and loss.

Detailed information about each L Fund is available on the TSP website.

## The Individual Funds

The TSP has five individual investment funds:

**The Government Securities Investment (G) Fund**—The G Fund is invested in short-term U.S. Treasury securities. It gives you the opportunity to earn rates of interest similar to those of long-term government securities with no risk of loss of principal. Payment of principal and interest is guaranteed by the U.S. government. The interest rate paid by the G Fund securities is calculated monthly, based on the market yields of all U.S. Treasury securities with four or more years to maturity.

**The Fixed Income Index Investment (F) Fund**—The F Fund is invested in a separate account that is managed to track the Bloomberg Barclays U.S. Aggregate Bond Index.\* This is a broad index representing the U.S. government, mortgage-backed, corporate, and foreign government (issued in the U.S.) sectors of the U.S. bond market. This fund offers you the opportunity to earn rates of return that exceed money market fund rates over

the long term (particularly during periods of declining interest rates).

**The Common Stock Index Investment (C) Fund**—The C Fund is invested in a separate account that is managed by BlackRock and tracks the Standard & Poor's 500 (S&P 500) Index. This is a broad market index made up of the stocks of 500 large to medium-sized U.S. companies. It offers you the potential to earn the higher investment returns associated with equity investments.

**The Small Capitalization Stock Index (S) Fund**—The S Fund is invested in a stock index fund that tracks the Dow Jones U.S. Completion Total Stock Market (TSM) Index. This is a market index of small and medium-sized U.S. companies that are not included in the S&P 500 Index. It offers you the opportunity to earn potentially higher investment returns that are associated with "small cap" investments. The S Fund has greater volatility than the C Fund.

**International Stock Index Investment (I) Fund**—The I Fund is invested in a stock index fund that tracks the MSCI EAFE (Europe, Australasia, Far East) Index. This is a broad international market index made up of primarily large companies in more than 20 developed countries. It gives you the opportunity to invest in international stock markets and to gain a global equity exposure in your portfolio.

Because the TSP funds are trust funds that are regulated by the Office of the Comptroller of the Currency and not by the Securities and Exchange Commission (SEC), they do not have ticker symbols (i.e., unique identifiers assigned to securities, including mutual funds, registered with the SEC). You can, however, obtain additional information about the underlying indexes that certain TSP funds track by visiting the following websites:

TSP Fund	Index TSP Fund Tracks
F Fund	Bloomberg Barclays U.S. Aggregate Bond Index* (www.bloombergindeces.com)
C Fund	Standard & Poor's 500 Stock Index (www.standardandpoors.com)
S Fund	Dow Jones U.S. Completion Total Stock Market (TSM) Index (www.djindexes.com)
I Fund	MSCI EAFE Index (www.msci.com)

\* Formerly Lehman Brothers U.S. Aggregate (LBA) Index

The chart on page 7 compares these five funds and provides more information about each. For more information, you can also obtain a copy of the TSP Fund Information sheets from the TSP website.

## Fund Risks

There are various types of risk associated with the TSP funds. There is no risk of investment loss in the G Fund. However, investment losses can occur in the F, C, S, and I Funds. Because the L Funds are invested in the individual TSP funds, they are also subject to the risks to which those underlying funds are exposed. These risks include:

**Credit risk**—The risk that a borrower will default on a scheduled payment of principal and/or interest. This risk is present in the F Fund.

**Currency risk**—The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk occurs with investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the countries in the EAFE index.

**Inflation risk**—The risk that your investments will not grow enough to offset the effects of inflation. This risk is present in all five funds.

**Market risk**—The risk of a decline in the market value of the stocks or bonds. This risk is present in the F, C, S, and I Funds.

**Prepayment risk**—A risk associated with the mortgage-related securities in the F Fund. During periods of declining interest rates, homeowners may refinance their high-rate mortgages and prepay the principal. The F Fund must reinvest the cash from these prepayments in current bonds with lower interest rates, which lowers the return of the fund.

## Choosing Your Own Investment Mix

If you decide not to invest in the L Funds and you would rather choose your own investment mix from the G, F, C, S, and I Funds, remember that your investment allocation is one of the most important factors affecting the growth of your account. If you prefer this approach, keep the following points in mind:

**Consider both risk and return.** Over a long period of time, the F Fund (bonds) and the C, S, and I Funds (stocks) have higher potential returns than the G Fund (government securities). But stocks and bonds also carry the risk of investment losses, which the G Fund does not.

**You need to be comfortable with the amount of risk you expect to take.** Your investment comfort zone should allow you to use a “buy and hold” strategy so that you are not chasing market returns during upswings, or abandoning your investment strategy during downswings.

**You can reduce your overall risk by diversifying your account.** The five individual TSP funds offer a broad range of investment options, including government securities, bonds, and domestic and foreign stocks. Generally, it’s best not to put “all of your eggs in one basket.”

**The amount of risk you can sustain depends upon your investment time horizon.** The more time you have before you need to withdraw your account, the more risk you can take. (This is because early losses can be offset by later gains.)

**Periodically review your investment choices.** Check the distribution of your account balance among the funds to make sure that the mix you chose is still appropriate for your situation. If not, rebalance your account to get the allocation you want. You can rebalance your account by making an interfund transfer.

## Interfund Transfers

An interfund transfer moves the money in your account among the TSP investment funds. When you make an interfund transfer, you choose the new percentage you want invested in each fund. You cannot move specific dollar amounts among the funds.



You cannot move specific types of money among the TSP funds. For example, if you have traditional and Roth balances in your account, your interfund transfer will move a proportional amount from each type of money into the funds that make up your new investment allocation.

Each calendar month, your first *two* interfund transfers may redistribute money in your account among any or all of the TSP funds. After the first two, your interfund transfers can only move money into the G Fund (in which case, you will increase the percentage of your account held in the G Fund by reducing the percentage held in one or more of the other TSP funds). If you have more than one TSP account, these rules apply to each account separately.

## Making an Interfund Transfer

Once you’ve decided on your investment approach, you can make an interfund transfer on the TSP website or the ThriftLine (using the automated system or by speaking to a TSP Participant Service Representative). You will need your beneficiary participant account number (or customized user ID) and your web password for the website or Personal Identification Number (PIN) for the ThriftLine.

Interfund transfers made on the TSP website or the ThriftLine before 12 noon eastern time are generally processed that business day. You will receive a confirmation of your transaction.

## Administrative Expenses

TSP expenses (i.e., the cost of administering the Plan) include the costs of operating the TSP's recordkeeping system, providing participant services, and the printing and mailing of notices, statements, and publications.

These expenses are paid from the forfeitures of Agency/Service Automatic (1%) Contributions of certain TSP participants who leave federal/military service before they are vested (entitled to keep them), other forfeitures, loan fees, and—because those forfeitures are not sufficient to cover all of the TSP's expenses—earnings on participants' accounts.

The effect of administrative expenses (after forfeitures) on earnings of the G, F, C, S, and I Funds is expressed below as a net expense ratio for each fund. The expense ratio for a fund is comprised of the total administrative expenses charged to that fund during a specific period, divided by that fund's average balance for that period.

Since the L Funds do not have any unique administrative expenses, they do not have any additional charges. Therefore, the L Fund administrative expense ratios are weighted averages of the expense ratios of the G, F, C, S, and I Funds.

Your share of TSP net administrative expenses is based on the size of your account balance. For example, if the G Fund's net expense ratio is .038%, that means your earnings are reduced by 38 cents per \$1,000 of your G Fund balance.

# Comparison of the TSP Funds

The chart below provides a comparison of the available TSP funds. For **more detailed information** about each fund, see the **TSP Fund Information** sheets (available on the TSP website or from the TSP).

	G Fund	F Fund*	C Fund*	S Fund*	I Fund*	L Funds**
<b>Description of Investments</b>	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
<b>Objective of Fund</b>	Interest income without risk of loss of principal	To match the performance of the Bloomberg Barclays U.S. Aggregate Bond Index	To match the performance of the Standard & Poor's 500 (S&P 500) Stock Index	To match the performance of the Dow Jones U.S. Completion TSM Index	To 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
<b>Risk (See page 5)</b>	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 <b>total</b> risk is reduced through diversification among the five individual funds
<b>Volatility</b>	Low	Low to moderate	Moderate	Moderate to high	Moderate to high	Asset allocation shifts as time horizon approaches to reduce volatility
<b>Types of Earnings***</b>	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
<b>Inception Date</b>	April 1, 1987	January 29, 1988	January 29, 1988	May 1, 2001	May 1, 2001	August 1, 2005****

\* The F, C, S, and I Funds also have earnings from securities lending income and from temporary investments in G Fund securities. These amounts represent a very small portion of total earnings.

\*\* 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.

\*\*\*\* The L 2010 Fund reached its time horizon and was retired on December 31, 2010, making way for the L 2050 Fund, which has an inception date of January 28, 2011.

# TSP Withdrawals



As a beneficiary participant, you can leave your money with the TSP or take your money out of your beneficiary participant account at any time. You also have the flexibility to tailor your withdrawal decisions to your personal needs.

## Types of Withdrawals

There are two types of withdrawals you can make:

- A partial withdrawal
- A full withdrawal



If you have both a traditional (non-Roth) and a Roth balance in your TSP account, your withdrawal will be paid proportionally from your traditional and Roth balances for each withdrawal option that you select. If you have tax-exempt money in your traditional balance, your withdrawal will be disbursed proportionally from taxable and nontaxable amounts.

**Partial withdrawal.** You can take out \$1,000 or more and leave the rest in your account until you decide to withdraw it at a later date. You may only make one partial withdrawal from your account.

**Full withdrawal.** When it's time to start withdrawing your account, you can use **one or any combination of these three withdrawal options** available to you:

- A single payment
- A series of monthly payments
- A life annuity

**A single payment** allows you to withdraw your entire beneficiary participant account at one time in one payment. It is sometimes referred to as a "lump sum."

**Monthly payments** allow you to begin withdrawing your entire account through a series of payments. You can ask for a specific dollar amount each month or you can have the TSP calculate a monthly payment based on your life expectancy. If you choose a specific dollar amount, it must be at least \$25. Your account will remain in the TSP until it is completely withdrawn.

At any time while you are receiving monthly payments, you can ask the TSP to stop the monthly payments and pay you the remaining account balance in a single payment. Also, once a year, you have the opportunity to

make changes to the dollar amount of the monthly payments you are receiving. You also have the opportunity to make a one-time switch to receiving monthly payments based on a dollar amount rather than monthly payments based on life expectancy.

**An annuity** pays a benefit to you (or, in certain cases, your survivor) every month for life. The TSP purchases the annuity on your behalf from a private insurance company. You can have the TSP purchase an annuity with all or any portion of your account balance when you request a full withdrawal. An annuity can be purchased for \$3,500 or more. **Once an annuity is purchased, it cannot be changed.** It will be maintained by the annuity vendor and will no longer be part of your TSP account. (See pages 9–10.)

**A mixed withdrawal** allows you to combine any or all of the three withdrawal options. However, if you request a mixed withdrawal with an annuity, the portion of your account balance used to purchase the annuity cannot equal a dollar amount of less than \$3,500.

**Transfers.** You can have the TSP transfer part or all of certain types of withdrawals to a traditional individual retirement account (IRA), an eligible employer plan, or a Roth IRA. If you have both a traditional balance and a Roth balance, you may transfer balances to separate financial institutions.

## Requesting Your Withdrawal

To request a withdrawal, complete Form TSP-90, *Withdrawal Request for Beneficiary Participants*, available on the TSP website under Forms & Publications. Be sure to read the instructions carefully to ensure that you make an informed decision and provide all of the necessary information so that the TSP can process your request.

If you are considering monthly payments or an annuity, you should compare these benefits to see which one best suits your situation. You can get help by visiting the Calculators on the TSP website under Planning & Tools.

## Receiving Your Withdrawal

You should allow at least several weeks from the time you submit your completed withdrawal request until the time payment is sent. The TSP will notify you when your payment has been disbursed. You can check the website or call the ThriftLine to find out the status of your request. Your withdrawal will take longer if you submit forms that are not completed properly.

Be advised that while your withdrawal request is being processed, the money you have invested in any of the TSP's stock or bond funds is subject to fluctuation due to changes in market prices and interest rates. If you want to completely eliminate your exposure to risk of loss, you can request an interfund transfer to invest your account in the Government Securities Investment (G) Fund (see page 4).

## Taxes on Your TSP Withdrawal

When you withdraw your money from the TSP, you will owe taxes on any **traditional** (tax-deferred) contributions in your account (except contributions made from tax-exempt pay), and the earnings they have accrued. You can continue to defer taxes by transferring or rolling over your TSP withdrawal payment to a traditional IRA or an eligible employer plan. You can also transfer your payment to a Roth IRA. In this case, the TSP will report the amount of tax-deferred money as income received by you during the year of the transfer, and you will have to pay taxes on it in the year of the transfer.

If you have **Roth** contributions in your account, taxes have already been paid on them. You will not owe any further taxes on the Roth contributions in your account, and you will not owe taxes on their earnings **if** they are "qualified." In other words, **if 5 years have passed since January 1 of the calendar year in which the deceased TSP participant first made a TSP Roth contribution, your entire account will be paid out tax-free.** If your earnings are not qualified, you can defer paying taxes on them by leaving your money in the TSP. You can also defer paying taxes by transferring or rolling over your withdrawal payment(s) to a Roth IRA or Roth account maintained by an eligible employer plan.

However, once you transfer the money out of your beneficiary participant account, the rules for a qualified distribution from that money will also change. A distribution will only be considered "qualified" and paid out tax-free **if 5 years have passed since January 1 of the calendar year when the first Roth contribution was made AND you are at least age 59½, permanently disabled, or deceased.**

If your beneficiary participant account contains **tax-exempt money** (in your traditional balance) from pay that was earned in a combat zone, you will never have to pay taxes on that money. However, you will have to pay taxes on the earnings on these contributions when withdrawn.

As previously noted, **withdrawals are paid proportionally from taxable and nontaxable amounts in your traditional and Roth balances.** If you purchase an annuity, the annuity vendor will calculate the taxable and nontaxable portion of each payment based on the proportion of your account that was used to purchase the annuity.

You can log into My Account on the TSP website using your account number and web password to see the breakdown of your account into traditional, Roth, and tax-exempt funds. You can also check your quarterly or annual statement for this information.

Be aware that withdrawals from your beneficiary participant account are reported as death benefit payments to the IRS on the 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

The tax rules that apply to distributions from your TSP beneficiary participant account are complex. For more information, refer to the tax notice *Important Tax Information About Payments From Your TSP Account*, which is available on the TSP website or directly from the TSP. You may also want to consult with a tax advisor or the IRS before you make any withdrawal decisions.

## Annuities

**An annuity** provides monthly payments for as long as you are alive. If you elect an annuity with survivor benefits, it will provide payments as long as either you (or your joint annuitant) are alive.

An annuity is one of your options for withdrawing your beneficiary participant account. If you want a guaranteed stream of payments for as long as you (or your joint annuitant) are alive, an annuity may be the right choice. You can use your entire beneficiary participant account balance to purchase an annuity, or you can use a portion of it to purchase an annuity and choose a different withdrawal option or options to withdraw the rest.

## Amount of Your Annuity

The factors that affect the amount of your monthly annuity payments include:

- the annuity option you choose;
- your age when your annuity is purchased, and the age of your joint annuitant if you choose a joint

annuity (age is defined in whole years; months are not considered in the annuity calculation);

- the amount used to purchase your annuity;
- the “interest rate index” when your annuity is purchased.

You can use the calculator on the TSP website to model your annuity options. You can also contact the TSP to obtain an annuity estimate.

**Special rules for annuities:** The minimum threshold for an annuity purchase is \$3,500. If you have **both** a traditional (non-Roth) and a Roth balance in your TSP account and you elect to purchase an annuity, the minimum threshold of \$3,500 applies to each balance separately. You may choose to purchase an annuity as long as you have \$3,500 in either your traditional or Roth balance. The TSP will purchase **two** of the same type of annuity (one with the traditional balance and one with the Roth balance). You cannot choose different annuities for each type of balance.

Also, the following rules apply:

- **If you choose to use 100% of your TSP account to purchase an annuity** and both balances are below \$3,500, your withdrawal request will be rejected. If you have both a traditional balance and a Roth balance and at least one of the balances is at least \$3,500, the TSP will purchase an annuity with the balance that is at least \$3,500 and pay the other balance directly to you as a cash payment.
- Alternatively, **if you choose an annuity as part of a mixed withdrawal**, any amount(s) that cannot be used to purchase the requested annuity will be split proportionally and distributed according to the other withdrawal option(s) you have chosen.

## Annuity Options

The TSP, through its annuity provider, offers the following types of annuity options:

- Single life annuity – with level or increasing payments
- Joint life annuity with your spouse – with level or increasing payments
- Joint life annuity with someone other than your spouse – with level payments

These annuities are described below, followed by a description of several annuity features that you can consider. All of the annuities and their features are also summarized in the chart on page 12.

## Single Life and Joint Life Annuities

**Single life annuity**— An annuity that provides monthly payments only to you as long as you live.

**Joint life annuity**— An annuity that provides monthly payments to you while you and the person with whom you choose to share your annuity (your “joint annuitant”) are alive. When you or your joint annuitant dies, monthly annuity payments will be made to the survivor for his or her lifetime. The amount of the payment while you and your joint annuitant are alive and the amount of the payment to the survivor depend on whether you choose a 100% or a 50% survivor annuity.

If you choose an annuity that provides for a joint annuitant other than your spouse, the joint annuitant must be either a former spouse or someone with an **insurable interest** in you. This means that the person is financially dependent on you and could reasonably expect to derive financial benefit from your continued life. Blood relatives or adopted relatives (but not relatives by marriage) who are closer than first cousins are presumed to have an insurable interest in you.

If the person you name as your joint annuitant does not have a presumed insurable interest in you, you must submit an affidavit (i.e., a certification signed before a notary public) from someone with personal knowledge that the named person has an insurable interest in you. The certifier must know the relationship between you and the joint annuitant and must state why he or she believes that your joint annuitant might reasonably expect to benefit financially from your continued life.

Two types of joint life annuities are available:

**100% survivor annuity.** The amount of the monthly annuity payment to the survivor is the same as the annuity payment made while both you and your joint annuitant are alive. However, the amount of the monthly payment that you receive while you are both alive is generally less than it would be if you had selected the 50% survivor annuity.

**50% survivor annuity.** The amount of the monthly annuity payment to the survivor – **whether the survivor is you or your joint annuitant** – is cut in half (that is, cut to 50%) of the annuity payment made while both you and your joint annuitant are alive.

If you name a joint annuitant other than your spouse who is **more than 10 years younger** than you, you must choose a joint life annuity with the 50% survivor benefit. The only exception is for a former spouse if required by a retirement benefits court order.

## Level and Increasing Payment Annuities

Once you have chosen either a single life or a joint life annuity, you must decide whether you want to receive level or increasing payments.

**Level payments.** The amount of the monthly annuity payment **remains the same** from year to year. Thus, with a single life annuity, you receive the same monthly payment for as long as you live. With a joint life annuity, you receive the same monthly payment for as long as you and your joint annuitant are alive. The monthly payment to the survivor will depend on whether you have chosen a 100% survivor annuity or a 50% survivor annuity, but it will remain at the same level for the life of the survivor.

**Increasing payments.** The amount of the monthly annuity payment **can change each year** on the anniversary date of the first payment. The amount of the change is based on the change in inflation, as measured by the Consumer Price Index. Increases cannot exceed 3% per year, but monthly annuity payments cannot decrease. When annuity payments start, they are smaller than they would have been if you had selected level payments. Increasing payments can be combined with either the single life annuity or the joint life annuity with spouse. You **cannot** choose increasing payments when the joint annuitant is not your spouse.

## Additional Annuity Features that Allow for Beneficiaries

There are two additional annuity features available: the cash refund feature and the 10-year certain feature. Under certain circumstances, these features will provide payments to your named beneficiary. When you choose one of these features, your monthly payments will be less than they would have been if you had chosen an annuity without either of these features.

**Cash refund.** If you (and your joint annuitant, if applicable) die before the amount used to purchase your annuity has been paid out, the remaining amount will be paid to your beneficiary in a lump sum. This feature can be combined with either a single life or a joint life annuity, and with level or increasing payments.

**Ten-year certain.** If you die before receiving annuity payments for the initial 10-year period, payments will continue to your beneficiary for the rest of the 10-year period. If you live beyond the 10-year period, you will continue to receive payments, but no payments will be made to a beneficiary when you die. This feature can be combined with a single life annuity with either level or increasing payments. It **cannot** be combined with a joint life annuity.

The table on the next page summarizes the TSP annuity options and features.

## Choosing Among the Annuity Options

The value of the total expected payments under all of the annuity options is comparable, but the amounts of each monthly payment that you receive — and the provision for continuing payments to a survivor or beneficiary — are different. For example, a monthly annuity payment under a single life annuity will generally be more than the monthly payment under a joint life annuity. However, there will generally be fewer payments under a single life annuity than under a joint life annuity. This is because payments continue under the joint life annuity after the death of one of the joint annuitants until the survivor dies.

Be aware that the **exact** amount of your monthly annuity payment will be determined on the date of purchase rather than the date the money is withdrawn from your account.

## Requesting an Annuity

To request an annuity, complete Form TSP-90, *Withdrawal Request for Beneficiary Participants*, indicating that you want the TSP to purchase an annuity for you.

If you choose a joint life annuity, you will have to provide proof of your joint annuitant's age. You can do so by providing a copy of your joint annuitant's birth certificate. If the birth certificate is unavailable, refer to the form for other documents that may be used.

## How Your Annuity Is Purchased

Your annuity will be purchased from the TSP annuity vendor, a major national insurance company that was competitively chosen by the Federal Retirement Thrift Investment Board, the agency that administers the TSP. After the TSP receives all of the information and documentation necessary to purchase your annuity, we will generally process your annuity request and disburse the funds for your annuity within 10 business days. **Once the funds for your annuity have been disbursed, you cannot cancel the annuity, change the annuity option, or change the joint annuitant.**

On the date when the annuity provider receives your request and the money from your TSP account—generally within 2 business days after the money is disbursed—the annuity is purchased. Once the money has left your account, you should direct all communications concerning your annuity to the annuity provider. The annuity provider will send you a package of information and a certificate. Your monthly annuity payments will begin approximately one month after the annuity is purchased.

**Note regarding timing of your annuity request:** If you request an annuity toward the end of a month, your annuity may not be purchased until the following month. This means that the annuity provider will use the interest rate index in effect for the month in which the annuity is purchased—which may not be the rate that was in effect when you sent your request or when the TSP processed your request.

## How Your Annuity Is Taxed

Taxable portions of your TSP annuity payments will be taxed as ordinary income in the years when you receive them.

Your beneficiary participant account may contain one of several kinds of nontaxable funds: Roth contributions (on which taxes were already paid), earnings on Roth contributions that “qualified” to be paid out tax-free, and traditional tax-exempt contributions from combat zone pay.

The annuity vendor will calculate the amount of nontaxable money that will be paid with each annuity payment and will inform you of this amount. The calculation will be based on IRS requirements and the type of annuity you have chosen. The nontaxable portion of your payments will be spread out based on your life expectancy (and that of your joint annuitant, if applicable). Once the nontaxable portion of your initial payment has been calculated, that amount will remain fixed for all later payments, even if the amount of your annuity payment changes (for example, due to the death of a joint annuitant). When all of the nontaxable money used to purchase your annuity has been paid out, any future payments will contain no nontaxable money. If you elected a cash refund feature and have any remaining nontaxable money in your annuity when you (and, if applicable, your joint annuitant) die, the remaining nontaxable amount will continue to be treated as nontaxable when it is paid to your beneficiary(ies).

For more information, read the TSP tax notice *Important Tax Information About Payments From Your TSP Account*.

## Summary of Annuity Options and Features

Single Life		Joint Life with Spouse		Joint Life with Other Survivor
Level Payments	Increasing Payments	Level Payments	Increasing Payments	Level Payments
with no additional features	with no additional features	100% survivor annuity	100% survivor annuity	100% survivor annuity*
or	or	or	or	or
with cash refund feature	with cash refund feature	50% survivor annuity	50% survivor annuity	50% survivor annuity
or	or	or	or	or
with 10-year certain feature	with 10-year certain feature	100% survivor annuity with cash refund	100% survivor annuity with cash refund	100% survivor annuity with cash refund*
		or	or	or
		50% survivor annuity with cash refund	50% survivor annuity with cash refund	50% survivor annuity with cash refund

\* Joint annuitant may not be more than 10 years younger than the participant.

# A Comparison of TSP Monthly Payments and Life Annuities

Feature	TSP Monthly Payments	Life Annuity
Will I have guaranteed monthly income for life?	<p><b>No.</b></p> <p>You get a series of payments only for as long as your money lasts. You can ask the TSP to calculate your monthly payments for you using IRS Life Expectancy Tables, but you may still outlive your account balance.</p>	<p><b>Yes.</b></p> <p>You get a series of payments for as long as you are alive.</p>
Will I have control over my assets?	<p><b>Yes.</b></p> <p>You can change how your money is invested, or request a final single payment at any time. You can also change the amount of your payments annually.</p>	<p><b>No.</b></p> <p>The only control you have over your annuity is in the type of annuity and features you choose. Once the annuity is purchased, your choice cannot be changed or reversed, and you will not be able to change the amount of your payments.</p>
Will there be payments to my beneficiaries after my death?	<p><b>Yes.</b></p> <p>If there is a balance in your account when you die, it is paid to your beneficiary(ies), or, if none, according to the standard order of precedence.</p>	<p><b>Possibly.</b></p> <p>When you die, the remainder of the amount used to purchase your annuity (if any) belongs to the annuity provider, UNLESS you choose an annuity that pays benefits to a survivor or joint annuitant, or that gives you the option to name beneficiary(ies).</p>
Is there a minimum account balance to be eligible for TSP monthly payments and life annuities?	<p><b>Yes.</b></p> <p>You must have more than \$200 in your account to choose monthly payments.</p>	<p><b>Yes.</b></p> <p>The minimum threshold for an annuity purchase is \$3,500. If you have both traditional and Roth balances in your account, the minimum threshold applies to each balance separately.</p>
Can I combine withdrawal options?	<p><b>Yes.</b></p> <p>You can get monthly payments with part of your account, and also get a <b>single</b> payment and purchase a life annuity with other parts of your account. You can choose any combination of the three withdrawal options.</p>	<p><b>Yes.</b></p> <p>You can purchase an annuity with part of your account and also choose monthly payments and a single payment with other parts of your account. You can choose any combination of the three withdrawal options.</p>

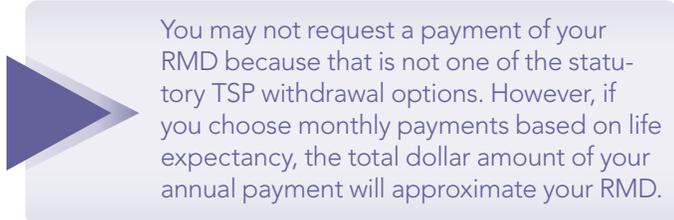
# Required Minimum Distributions (RMDs)

The Internal Revenue Code (IRC) requires that you begin receiving annual distributions from your beneficiary participant account according to its required minimum distribution rules. These rules require you to receive a certain portion of your account each year based on your life expectancy. The required minimum distribution rules apply to both Roth and traditional (non-Roth) portions of your account.

The date on which you must begin receiving required minimum distributions (RMDs) depends on whether the deceased participant died **before** or **on/after** his or her “required beginning date.” The required beginning date is defined as April 1 of the year following the year a participant reaches age 70½, or separates from government service, whichever is later.

For example, if a separated participant was born on June 1, 1945, he or she would turn age 70½ on December 1, 2015; the required beginning date would be April 1, 2016.

The RMD rules are complex. You can find more detailed information about them in the TSP tax notice *Tax Information About TSP Withdrawals and Required Minimum Distributions for Beneficiary Participants*.



You may not request a payment of your RMD because that is not one of the statutory TSP withdrawal options. However, if you choose monthly payments based on life expectancy, the total dollar amount of your annual payment will approximate your RMD.

# Death Benefits

In the event of your death, the funds in your beneficiary participant account cannot remain in the TSP. Your account will have to be distributed to the beneficiary(ies) you indicate on Form TSP-3, *Designation of Beneficiary*,\* or, if no form is on file with the TSP, according to the order of precedence described below:

1. To your spouse
2. If none, to your child or children equally, with the share due any deceased child divided equally among that child’s descendants
3. If none, to your parents equally or to your surviving parent
4. If none, to the appointed executor or administrator of your estate
5. If none, to your next of kin who is entitled to your estate under the laws of the state in which you resided at the time of your death

As used here, “child” means either a biological child or a child adopted by the participant. It does not include your stepchild unless you have adopted the child. Nor does it include your biological child if that child has been adopted by someone other than your spouse.

“Parents” does not include stepparents who have not adopted you.

A will or any other document is not valid for the disposition of your beneficiary participant account. It is not a substitute for a *Designation of Beneficiary* form.

## Designating a Beneficiary

If you wish, you can designate a person or persons, your estate, a charitable organization, a trust, or another legal entity to receive your beneficiary participant account after your death. To designate a beneficiary or beneficiaries, submit Form TSP-3, *Designation of Beneficiary*, available on the TSP website under Forms & Publications.

**Your properly completed form must be received by the TSP on or before the date of your death.**

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\* **Exception:** If you submit a withdrawal form requesting an annuity and you die before the annuity payments begin, the amount used to purchase the annuity will be returned to the TSP. The TSP will distribute this money consistent with your annuity beneficiary designation if your requested annuity option required one.

**Note:** Your beneficiary designation applies to your entire account. If you have both Roth and traditional balances, you cannot make separate beneficiary designations for each one.



By law, the TSP must pay your properly designated beneficiary. Therefore, if your life situation changes, you may want to file a new *Designation of Beneficiary* form that cancels or changes your current beneficiary designation.

## Reviewing Your Beneficiaries

When you make a beneficiary designation for your beneficiary participant account, you will receive a confirmation of your primary designation(s) in the mail. The TSP will notify you if your designation cannot be processed.

## Payment of Death Benefits From Your Account

Death benefit payments made from your beneficiary participant account must be paid **directly** to your beneficiary(ies). These payments are subject to certain tax restrictions and **cannot** be transferred or rolled over into an IRA or eligible employer plan. In addition, your beneficiary(ies) will have to pay the full amount of taxes on the taxable portions of the payment in the year it is received. (Your beneficiaries will not owe taxes on Roth contributions, qualified earnings on Roth contributions, and tax-exempt contributions in the account.) For detailed information about the rules associated with death benefit payments, read the TSP tax notice *Important Information About Thrift Savings Plan Death Benefit Payments*. You may also want to consult a tax advisor.

In order for your beneficiaries to receive your account balance after your death, they (or their representatives) must complete Form TSP-17, *Information Relating to Deceased Participant*, and send it to the TSP along with a copy of the certified death certificate.

Once the TSP processes this information and determines the beneficiaries for your account, we will contact them with additional information and instructions.

# TSP Information

## TSP Website (tsp.gov)

The TSP website has the most current TSP information and materials (e.g., forms, rates of return, share prices, and calculators). You can use your beneficiary participant account number or customized user ID and web password to view personal account information and perform transactions.

## ThriftLine

The toll-free ThriftLine (1-877-968-3778) is the TSP's automated telephone service. It has information such as Plan News, share prices, and annuity rates. You can use your beneficiary participant account number and Personal Identification Number (PIN) to access your account and perform certain transactions. You also have the option to speak to a Participant Service Representative.

## Account Security

The TSP takes many steps to keep your account secure. We provide you with a beneficiary participant account number, a web password, a ThriftLine PIN, and the opportunity to create a customized user ID to use instead of your account number. It is important that you also do your part to protect your account by keeping this information secure. Do not reveal it to anyone or store it where anyone can find it.

## Your Account Balance

Your account balance (expressed in both dollars and shares) is available in the My Account section of the TSP website and on the ThriftLine. Your account balance is updated at the end of each business day based on that day's closing share prices and any transactions processed that night.

## Your Participant Statements

The TSP issues quarterly statements in January, April, July, and October, and annual statements for each preceding year in February. Your first quarterly beneficiary participant account statement will be mailed to you. You can view or print subsequent quarterly statements from the TSP website or request to have them mailed to you.

Your quarterly statements cover all transactions in your account during the previous three months.

Your annual statement summarizes the financial activity in your account for the previous calendar year and provides other important information such as your personal investment performance, the performance of the TSP funds, and expense ratios. The TSP posts this statement on the website and, unless you request to receive only electronic annual statements, also mails it to you. If you choose to receive your annual statements electronically, you will receive an annual package in the mail with a TSP newsletter and a message from the Executive Director. Therefore, it is important that you keep your address up-to-date with the TSP.

Check your statements carefully, and, if you see any information you believe is not correct, follow up with the TSP.

## Updating Your Information

To correct personal information such as your address, you can call or write the TSP. You can also change your address by logging into My Account on the TSP website. You will need your TSP beneficiary participant account number or your user ID and your web password.

To update your beneficiary information or change your beneficiary(ies), complete a new Form TSP-3, *Designation of Beneficiary*, and send the form directly to the TSP.

## Court Orders and Legal Processes

Your beneficiary participant account can be divided in an action for divorce, annulment, or legal separation, or garnished to satisfy a legal processes associated with past-due alimony, child support obligation, IRS tax levy, or victims restitution pursuant to the Mandatory Victims Restitution Act (MVRA). For more details, read the TSP booklet *Court Orders and Powers of Attorney* and the TSP tax notice *Tax Treatment of Thrift Savings Plan Payments Made Under Qualifying Orders*.

## TSP Administration

**Management.** The Federal Retirement Thrift Investment Board (Agency) is an independent government agency that administers the TSP. It is managed by a Presidentially appointed five-member Board and an Executive Director chosen by the Board.

The Agency's recordkeeper handles the day-to-day maintenance and administration of all TSP accounts and assists participants with specific types of TSP-related problems or questions.

**Law.** The TSP is established under the Federal Employees' Retirement System Act of 1986 and is codified primarily under Chapter 84 of title 5, United States Code (USC). By law, the assets in the TSP are held in trust for each individual participant.

The TSP is treated as a qualified trust which is exempt from taxation (see 26 USC § 7701(j)). Its regulations are published in Chapter VI of title 5 of the Code of Federal Regulations.

# Glossary of Terms

**Account Balance**—The sum of the dollar amounts in each TSP investment fund for an individual account. The dollar amount in each investment fund on a given day is the product of the total number of shares in that fund multiplied by the share price for that fund on that day.

**Account Number**—The 13-digit number that the TSP assigns to a participant to identify his or her TSP account. The participant must use this TSP account number (or a customized user ID) in conjunction with his or her web password to log into the My Account section of the TSP website, and must use this number with his or her Personal Identification Number (PIN) to enter the Account Menu of the ThriftLine.

**Annuity**—Guaranteed monthly income for the life of the TSP beneficiary participant (or survivor if a joint annuity). These payments are issued directly by the annuity provider.

**Beneficiary Participant**—A spouse beneficiary of a deceased civilian or uniformed services TSP participant who has an account established in his or her name.

**Bond**—A debt security issued by a government entity or a corporation to an investor from whom it borrows money. The bond obligates the issuer to repay the amount borrowed (and, traditionally, interest) on a stated maturity date.

**Contribution**—A deposit made to the TSP by a civilian or uniformed services participant through payroll deduction or on behalf of the participant by his or her agency or service.

**Credit Risk**—The risk that a borrower will not make a scheduled payment of principal and/or interest.

**Currency Risk**—The risk that the value of a currency will rise or fall relative to the value of other currencies. Currency risk could affect investments in the I Fund because of fluctuations in the value of the U.S. dollar in relation to the currencies of the more than 20 countries in the EAFE index.

**Customized User ID**—A combination of letters, numbers, and/or symbols that you can create to use instead of your TSP account number to log into the My Account section of the TSP website. The user ID cannot be used on the ThriftLine as a substitute for the account number.

**Designation of Beneficiary**—The beneficiary participant's formal indication of who should receive the money in his or her account in the event of his or her death. Participants must use Form TSP-3, *Designation of Beneficiary*. (A will is not valid for the disposition of a participant's TSP account.)

**Disburse (or Distribute)**—To pay out money, as from the TSP.

**Eligible Employer Plan**—A plan qualified under Internal Revenue Code (IRC) § 401(a), including a § 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and

money purchase plan; an IRC § 403(a) annuity plan; an IRC § 403(b) tax-sheltered annuity; and an eligible IRC § 457(b) plan maintained by a government employer.

**Fixed Income Investments**—Generally refers to bonds and similar investments (considered debt instruments) that pay a fixed amount of interest.

**Full Withdrawal**—A withdrawal of a beneficiary participant's TSP account through an annuity, a single payment, or monthly payments (or a combination of these three options).

**Index**—A broad collection of stocks or bonds that is designed to match the performance of a particular market. For example, the Standard & Poor's 500 (S&P 500) is an index of large and medium-sized U.S. companies.

**Index Fund**—An investment fund that attempts to track the investment performance of an index.

**Inflation Risk**—The risk that investments will not grow enough to offset the effects of inflation.

**Interfund Transfer (IFT)**—An IFT allows the beneficiary participant to redistribute all or part of his or her TSP account among the different TSP funds. For each calendar month, the participant's **first two** IFTs can redistribute money in his or her account among any or all of the TSP funds. After that, for the remainder of the month, the participant's IFTs can **only** move money into the Government Securities Investment (G) Fund (in which case, the participant will increase the percentage of his or her account held in the G Fund by reducing the percentage held in one or more of the other TSP funds).

**IRS Life Expectancy Tables**—When you withdraw your account, if you choose to have the TSP calculate monthly payments based on life expectancy, the TSP will use the IRS Single Life Table, Treas. Reg. § 1.401(a)(9)-9, Q&A-1.

**Market Risk**—The risk of a decline in the market value of stocks or bonds.

**Mixed Withdrawal**—A withdrawal of a beneficiary participant's account through any combination of the following: a life annuity, a single payment, or TSP monthly payments.

**Monthly Payments**—See "TSP Monthly Payments."

**My Account**—The secure section of the TSP website, where you can log into your account to find out your account balance or perform certain transactions.

**Partial Withdrawal**—A one-time distribution of part of a beneficiary participant's account balance that is made in a single payment.

**Participant Statements**— Statements that are furnished to each TSP participant after the end of each calendar quarter and after the end of each calendar year. Quarterly statements show the participant's account balance (in both dollars and shares) and the transactions in his or her account during the quarter covered. Annual statements summarize the financial activity in the participant's account during the year covered and provide other important account data such as the participant's personal investment performance and an account profile.

**Password**— A code made up of letters and numbers that TSP beneficiary participants use in conjunction with their TSP account number (or customized user ID) whenever accessing their account through the TSP website. The initial password is computer-generated and is sent to the beneficiary participant shortly after the account is set up by the TSP. Participants will be prompted to customize their passwords when they log into their accounts for the first time.

**Personal Identification Number (PIN)**— A number that beneficiary participants can use (in conjunction with their TSP account number) to access their account on the ThriftLine. The initial PIN is computer-generated and is sent shortly after the beneficiary participant's account is set up by the TSP.

**Required Minimum Distribution**— The amount of money that the IRS requires be distributed to a beneficiary participant each year according to the § 401 (a)(9) of the Internal Revenue Code.

**Risk (Volatility)**— The amount of change (both up and down) in an investment's value over time.

**Roth Balance**— The portion of your account made up of Roth (after-tax) money contributed by your deceased spouse, along with the accrued earnings. Portions of this money may have originated from tax-exempt pay.

**Roth IRA**— An individual retirement account that is described in § 408A of the Internal Revenue Code (IRC). A Roth IRA provides tax-free earnings. You can transfer traditional (pre-tax) money into a Roth IRA, but you must pay taxes on the funds you transfer to a Roth IRA; the tax liability is incurred for the year of the transfer.

**Securities**— A general term describing a variety of financial instruments, including stocks and bonds.

**Single Payment**— A payment made at one time. Sometimes referred to as a "lump sum."

**Stocks**— Equity securities issued as ownership in a publicly held corporation.

**Tax-Exempt Contributions**— Contributions that your deceased spouse made to his or her traditional balance from tax-exempt pay. Such contributions can be made to the TSP by members of the uniformed services from pay that is covered by the combat zone tax exclusion.

**ThriftLine**— The TSP's automated voice response system. It provides general news about the TSP and allows beneficiary participants to access certain information and perform some transactions over the telephone. You can also use the ThriftLine to contact Participant Service Representatives at the TSP. To access your account through the ThriftLine, you will need your TSP account number and ThriftLine PIN.

**Time Horizon**— The investment time you have until you need to use your money.

**Traditional Balance**— The portion of your account made up of your deceased spouse's pre-tax (and any tax-exempt) TSP contributions, plus agency contributions and accrued earnings.

**Traditional IRA**— A traditional individual retirement account described in § 408(a) of the Internal Revenue Code (IRC), or an individual retirement annuity described in IRC § 408(b). (It does not include a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (formerly known as an education IRA).)

**TSP Monthly Payments**— Payments that the beneficiary participant elects to receive each month from his or her TSP account.

**Uniformed Services**— Uniformed members of the Army, Navy, Air Force, Marine Corps, Coast Guard, Public Health Service, and the National Oceanic and Atmospheric Administration serving on active duty, and members of the Ready Reserve or National Guard of those services in any pay status.

**User ID**— See "Customized User ID."

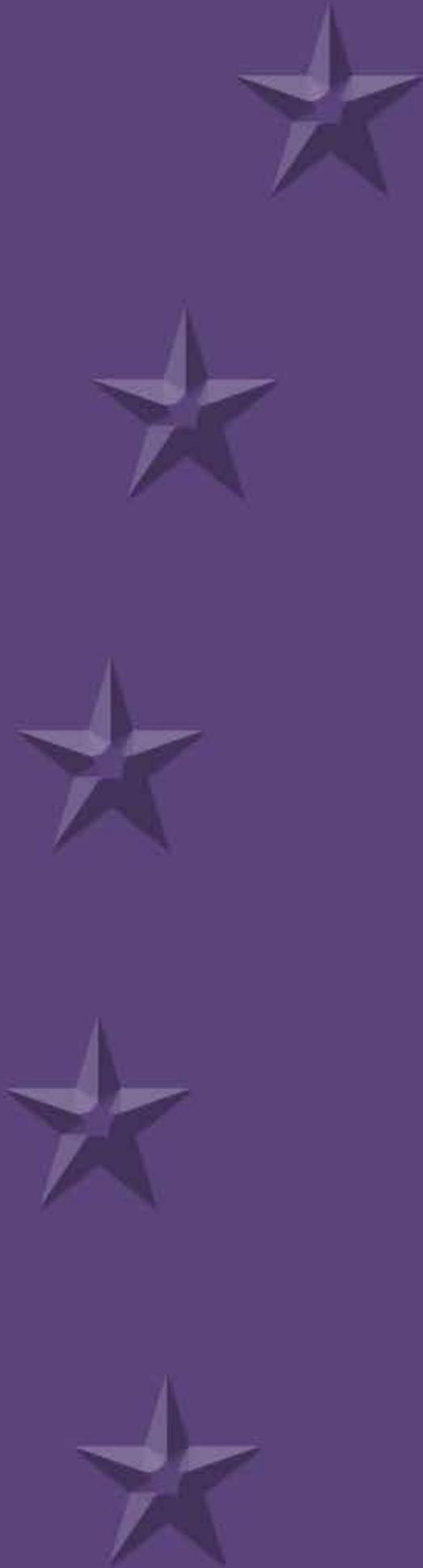
**Volatility**— See "Risk."

**Withdrawal**— A general term for a disbursement that a participant requests from his or her account.

# Resources for Beneficiary Participants

TSP forms and materials are available from the Forms & Publications section of the TSP website at [tsp.gov](http://tsp.gov) or from the toll-free ThriftLine at 1-877-968-3778 or the TDD at 1-877-847-4385. (Callers outside the U.S. and Canada who cannot use the toll-free numbers should call 404-233-4400.)

Topic	Where to get information
Account Balance	TSP website, ThriftLine, quarterly or annual participant statement
Account Number	Page 1; Welcome letter
Address (change of)	Page 16
Annuity	Page 9
Bankruptcy	Fact Sheet: <i>Bankruptcy Information</i>
Court Orders and Legal Processes	Page 16; TSP Booklet: <i>Court Orders and Powers of Attorney</i> ; Tax Notice: <i>Tax Treatment of TSP Payments Made Under Qualifying Orders</i>
Customized User ID	Page 2
Death Benefits	Page 14; Tax Notice: <i>Important Tax Information About TSP Death Benefit Payments</i>
Designation of Beneficiary	Page 14; TSP Booklet: <i>Death Benefits</i> ; Form TSP-3, <i>Designation of Beneficiary</i>
Fund Information for TSP Funds	Page 3; Fund Information sheets (TSP website)
Interfund Transfers	Page 5; TSP website; ThriftLine
Participant Statements (quarterly and annual)	Page 15; Leaflet: <i>How to Read Your Quarterly TSP Participant Statement for Beneficiary Participants</i> ; Leaflet: <i>How to Read Your Annual TSP Participant Statement for Beneficiary Participants</i>
Required Minimum Distributions (RMD)	Page 14; Tax Notice: <i>Tax Information About TSP Withdrawals and Required Minimum Distributions for Beneficiary Participants</i>
Shares/Share Prices	Fact Sheet: <i>Your Shares in the TSP Funds</i> ; TSP website (current and historical prices); ThriftLine (current prices)
ThriftLine Personal Identification Number (PIN)	Page 2
Web Password	Page 1
Withdrawals	Page 8; Tax Notice: <i>Important Tax Information About Payments From Your TSP Account</i> ; Form TSP-90, <i>Withdrawal Request for Beneficiary Participants</i>



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