Thrift Savings Plan

TSP Contributions: *Take Control of Your Future*

Presented by:
Federal Retirement Thrift
Investment Board
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New TSP Features: Summer 2022

- Participant services when and how you want it
- A new My Account interface designed with you in mind
- The official TSP Mobile App for on-the-go access to My Account
- Complete more transactions online
- Personalized support for rolling money into your TSP account
- More ways to invest your money

tsp.gov/forward
New Service Provider – Key Transition Dates 2022

• Some key transactions will be temporarily unavailable beginning Tuesday, May 16.
  • These include submitting a request for a loan, withdrawal, or distribution from your TSP account.

• All transactions and services, including My Account and the ThriftLine, will be temporarily unavailable after Thursday, May 26, and until the first week of June, when the transition period ends.
New Service Provider – Your Investments During Transition

• During this transition period, your money will remain invested in the TSP funds you’ve chosen.

• There will be a short period—beginning at noon eastern time on Thursday, May 26, and ending the first week of June—when we’ll need to suspend changes to TSP investments.

• This means that your TSP investments will still be subject to market gains and losses during this brief period, and you won’t be able to make changes until after the transition to the new service provider.
New Service Provider – After Transition

• When the transition period ends the first week of June, you’ll have several options for accessing and managing your TSP account.
  • My Account—with a new look and feel, new tools, and more ways to connect with us through live chat and virtual assistance.
  • Official TSP Mobile App with the option to use your device biometrics, such as fingerprint or facial recognition, to secure and access your account.

• When you access your account for the first time after the transition, you’ll need to set up new login credentials.
New Service Provider – More Information

• For more information online see:
  
  tsp.gov/forward

• As the transition period gets closer, we’ll be updating our website with more details about these new features and other changes.

• These updates will include a specific date for the end of the transition period and any dates that might shift.
Why is This Important?
Your TSP Contribution Defined

*Your TSP Contribution*

- a deduction from your pay by your agency or service, which will be invested in your TSP as you save for retirement.
You are saving for the future

A 1% increase could make a real difference

<table>
<thead>
<tr>
<th>Annual pay:</th>
<th>$45k</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of contributions:</td>
<td>30 yrs</td>
</tr>
<tr>
<td>Expected salary increase:</td>
<td>3%</td>
</tr>
<tr>
<td>Expected annual return:</td>
<td>6%</td>
</tr>
</tbody>
</table>

Go to [tsp.gov/calculators](http://tsp.gov/calculators) to see what impact a change could have on your account!
View Your Account Balance on tsp.gov

Your contribution will be deposited and invested in your TSP.
Learning Objectives

• Determine if your contribution election is right for you

• Understand how to receive the full match if eligible

• Recognize the impact of reaching the contribution limits early

• Determine when you’d like to pay taxes on your TSP contributions

• Locate resources to learn more about the TSP
Have you looked at your TSP contribution election recently?
Your contribution election is based on either

- Automatic Enrollment (5% for new participants)
- Your Payroll System Entry
- Paper Form (TSP-1/TSP-U-1)
To change your contribution amount

Use your payroll system or form TSP-1/TSP-U-1 to select:

$ or % per pay period
Contributions continue unless you

- Make a new election to change the amount
- Choose to stop your contributions
- Reach the IRS contribution limit
Don’t miss out on Agency/Service contributions

<table>
<thead>
<tr>
<th>Your Contribution</th>
<th>Agency/Service Matching Contribution</th>
<th>Total Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>2%</td>
<td>2%</td>
<td>5%</td>
</tr>
<tr>
<td>3%</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>4%</td>
<td>3.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>5%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>More than 5%</td>
<td>Your contribution + 5%</td>
<td></td>
</tr>
</tbody>
</table>
## Agency/Service contribution considerations

### FERS, FSPS, and BRS Participants Only

<table>
<thead>
<tr>
<th>Contribution Type</th>
<th>Agency/Service Matching Contribution</th>
<th>Total Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Your Contribution</strong></td>
<td><strong>Automatic (1%) Contribution</strong></td>
<td></td>
</tr>
<tr>
<td>Traditional and/or Roth</td>
<td>Always traditional</td>
<td></td>
</tr>
<tr>
<td>No vesting requirement</td>
<td>Requires vesting</td>
<td>No vesting requirement</td>
</tr>
<tr>
<td>FERS receive immediately</td>
<td>FERS eligible immediately</td>
<td></td>
</tr>
<tr>
<td>BRS after 60 days of service</td>
<td>BRS eligible after 2 years</td>
<td></td>
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</table>
Receiving the Full Agency or Service Contributions

You will receive the full Agency or Service Matching contribution for each pay period you contribute 5% (or more) of your basic pay.

What does this mean for me?

If you hit your annual limit early or stop contributing for any reason, you will not receive matching contributions for those pay periods.
What is the max you can contribute to the TSP?
Annual Elective Deferral Limit

$20,500 for 2022 IRS Annual Elective Deferral

☑️ All Ages

• This is the total of your traditional and Roth contributions.

• This does not include Agency/Service contributions.
Catch-up Limit

$6,500 for 2022
IRS Catch-up limit

Age 50 and over

• Beginning in the year you turn 50, you may make additional contributions above the Annual Elective Deferral limit.

• Once you exceed the elective deferral, your contributions automatically start counting toward the catch-up limit.

• These contributions will qualify for the match up to 5% of your salary.
Annual Addition Limit

$61,000 for 2022 IRS Annual Addition limit

☑️ All Ages

The total amount of all contributions made in a calendar year.

• Can impact members of the Uniformed Services receiving tax-exempt pay.
• Does not include catch-up contributions.
• Catch-up contributions are no longer matched if you hit the Annual Addition Limit.
Looking to contribute up to your maximum limit this year?

Use the “How much can I contribute” calculator to determine your maximum contribution amount to not exceed your limit before the end of the year.

Be prepared with
• Your most recent Leave and Earnings statement or payslip.
• The number of salary payments you have left for the year.
What will you decide?

For FERS/BRS participants, contributing 5% or more will get you the full match.

Remember:

• The more you contribute, the greater your TSP balance will be at retirement.

• If you hit your annual limit or stop contributing for any reason, you will no longer receive matching contributions for those pay periods.

• Use your payroll system or form TSP-1/TSP-U-1 to make contribution changes.
Roth vs. Traditional: Which choice is best for you?
Do you need the tax benefit *now or later*?

<table>
<thead>
<tr>
<th>Traditional Contributions</th>
<th>Roth Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>...are made before taxes are taken out, which means you’ll pay taxes <em>when you withdraw your money</em>.</td>
<td>...are when <em>you pay taxes up front</em>, so during retirement, you’ll receive qualified Roth distributions tax-free.</td>
</tr>
</tbody>
</table>

It’s your choice.
Roth earnings become qualified (tax-free) if:

5 years have passed since January 1 of the year you made your first Roth contribution,

And

You have reached age 59½, have a permanent disability, or are deceased.
Prior participation in a Roth 401(k) transferred into TSP counts toward the 5 years.

Nonqualified earnings are tax deferred and subject to IRS 10% early withdrawal tax unless participant meets an exception.

The Roth TSP is not a Roth IRA.
## Roth TSP vs. Roth IRA Limits 2022

<table>
<thead>
<tr>
<th>Roth Employer Plans (e.g., Roth TSP)</th>
<th>Roth IRA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2022 Income Limits</strong></td>
<td><strong>Not available to taxpayers with income above certain limits:</strong></td>
</tr>
<tr>
<td>Available to all participants regardless of income</td>
<td>MFJ - $204,000 to $214,000</td>
</tr>
<tr>
<td></td>
<td>MFS - $0 to $10,000</td>
</tr>
<tr>
<td></td>
<td>All others - $129,000 to $144,000</td>
</tr>
<tr>
<td><strong>2022 Contribution Limits</strong></td>
<td><strong>$6,000</strong></td>
</tr>
<tr>
<td>$20,500 (plus, an additional $6,500 if turning age 50 or older)</td>
<td>($7,000 if turning age 50 or older)</td>
</tr>
</tbody>
</table>
To change your contribution type

Use your payroll system or form TSP-1/TSP-U-1 to select:

Traditional and/or Roth

Note: Your contributions are automatically traditional unless you choose Roth.
What will you decide?

You choose whether to make Roth or traditional contributions.

Remember:

• This is a tax decision that you get to make.

• The Roth TSP is NOT a Roth IRA.

• Agency/Service contributions are always traditional, even if you are making Roth contributions.

• Use your payroll system or form TSP-1/TSP-U-1 to make a change.
What if you want to know more?
TSP Contribution Resources

- Managing Your Account for Civilian Federal Employees
  Booklet

- Contributions Toward the Catch-Up Limit
  Fact Sheet

- Managing Your Account for Members of the Uniformed Services
  Booklet

- Summary of the Thrift Savings Plan
  Booklet

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https://www.surveymonkey.com/r/8NTPNSH