



HIGHLIGHTS

July 2013

The Retirement Income Calculator:

Another Tool for Your Retirement Toolbox



If you want to explore your options when it comes to monthly income from your TSP account, you should check out the TSP's newest calculator: **The Retirement Income Calculator**. This calculator will replace the TSP's Annuity Calculator, and will give you a broader understanding of all of your monthly income choices, including TSP monthly payments and annuities.

The Retirement Income Calculator can help you decide how you might want to receive monthly income from your TSP account after you separate from Federal service. After you answer a few short questions, the calculator will display an interactive graph that shows you how various monthly income options impact how much you will receive each month, and how long those payments will last.

You can find the Retirement Income Calculator in the Planning & Tools section of the TSP website.



Making Sense of Annuities

Once you separate from Federal service, you can either leave your money in the TSP (where it has an opportunity to grow at a very low cost) or withdraw it using one (or a combination) of any of the TSP's full withdrawal options. If you decide that you want to receive monthly income from your TSP account, you have two choices: **TSP monthly payments** and a **life annuity**.

With **TSP monthly payments**, you can either receive a fixed dollar amount of your choice, or ask the TSP to compute your payments based on your life expectancy. Your money remains invested in the TSP while you are receiving TSP monthly payments. When you die, any remaining money in your account will be paid to your beneficiary(ies).

A **life annuity**¹, on the other hand, is an insurance product that provides a monthly benefit paid to you for life no matter how long you live. There is no age requirement to start receiving annuity payments. Although having guaranteed monthly income for life is appealing, the decision to purchase an annuity is not one that should be taken lightly. **Once an annuity has been purchased from the TSP's annuity provider, it cannot be changed, refunded, or cancelled.**² If you are interested in annuities, ask yourself the following questions as you figure out which annuity is right for you:

Do you want a single life or a joint life annuity?

Single Life Annuity — Provides a monthly benefit only to you for as long as you live.

Joint Life Annuity — Provides a monthly benefit to you while you and the person with whom you choose to share your annuity (your "joint annuitant") are alive. Your joint annuitant can be your spouse or someone other than your spouse who has an insurable interest³ in you.

How much do you want paid to the survivor when you or your joint annuitant dies?

100% Survivor Annuity — The monthly annuity payment to the survivor is the same as the annuity payment made while you and your joint annuitant are alive.

50% Survivor Annuity — The monthly annuity payment to the survivor — whether the survivor is you **or** your joint annuitant — is half (that is, **50%**) of the annuity payment made while you and your joint annuitant are alive.

How do you want your monthly benefit paid to you?

Level Payments — The amount of the monthly annuity payment remains the same every year.

Increasing Payments — The amount of the monthly annuity payment can increase each year on the anniversary date of the first payment based on the change in inflation, but not by more than 3%.

¹ The TSP life annuity is **not** the basic annuity that you may be eligible to receive from the Office of Personnel Management (OPM) when you retire, or the retired pay you may be eligible to receive as a member of the uniformed services.

² The amount used to purchase an annuity must be \$3,500 or more. If you have both a traditional and a Roth balance, the \$3,500 minimum applies to each balance separately.

³ This means that the person is financially dependent on you and could reasonably expect to derive financial benefit from your continued life.

Do you want beneficiaries to receive a payment from your annuity when you (and your joint annuitant, if applicable) die?

Cash Refund Feature— 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 named beneficiary(ies) in a lump sum payment.

10-Year-Certain Feature— If you die before receiving annuity payments for a 10-year period, your named beneficiary(ies) will continue to receive monthly annuity payments until the 10-year period is met. If you live beyond the 10-year period, you will continue to receive payments, but no annuity payments will be made to your named beneficiary(ies) when you die.

Remember that your monthly annuity payment amount will depend on the features you choose. To learn more, read the TSP booklet *Withdrawing Your TSP Account After Leaving Federal Service* as well as the Life Annuities section of the TSP website. You may also want to speak with a qualified financial planner before you make a decision. 

SUMMARY OF ANNUITY OPTIONS

	Single Life	Joint Life with Spouse*	Joint Life with Other Survivor
Survivor Benefit	—	100% -or- 50%	100%** -or- 50%
Type of Payments	Level -or- Increasing	Level -or- Increasing	Level only
Payment to Beneficiary(ies)	Cash Refund -or- 10-Year-Certain	Cash Refund only	Cash Refund only

* If you are a married FERS or uniformed services participant with a total TSP account balance of more than \$3,500, and you make a full withdrawal of your account, your spouse is entitled by law to an annuity with a 50% survivor benefit, level payments, and no cash refund. If you choose any other withdrawal option (or combination of options), your spouse must sign your withdrawal form waiving his or her right to that annuity.

** This option is available only if your joint annuitant is no more than 10 years younger than you.

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
Mar	2.71	2.44	2.12	1.69	0.73	0.13	0.07	3.75	4.69	0.88
April	2.41	2.13	1.91	1.58	0.67	0.12	1.02	1.93	0.65	5.32
May	0.53	0.51	0.43	0.33	0.19	0.12	-1.78	2.34	2.71	-3.12
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