



# U.S. Public Health Service Nursing TIP of the Month April 2018



## Officers Military Pay /TSP Concerns

*It is never too early or too late to take advantage of TSP savings and how it can work for your financial future. Here are a few handy tools and information regarding the new BRS and TSP. The key is taking the first step and getting started.*

### Thrift Saving Plan (TSP) Automatic and Matching Contributions

An officer covered under the Blended Retirement System (BRS) will automatically receive a TSP contribution of an amount equal to 1% of basic pay after 60 days of service. Matching contributions will start at 3 years of service with a maximum matching of 4% through the completion of 26 years of service. At the start of 3 years of service, this contribution is the officer's to keep regardless of whether a 20 year or longer retirement is achieved. This means that if an officer separates before reaching retirement, they will leave with a portable retirement benefit (TSP), TSP is a supplement to your military retired pay. <https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html>  
[https://dcp.psc.gov/ccmis/bulletin/Blended\\_Retirement\\_System.aspx](https://dcp.psc.gov/ccmis/bulletin/Blended_Retirement_System.aspx)

### Blended Retirement System (BRS)

Available as of June 2, 2017, it is a method to integrate TSP and Active Duty Retirements. The BRS information is meant to help members of the uniformed services who will have fewer than 12 years of service on December 31, 2017 decide whether to opt into BRS or stay with their current system. See the fact sheet Questions and Answers about Opting into the Blended Retirement System (BRS) and the video "Opting into the Blender Retirement System (BRS)."

To learn more about the Blended Retirement System, visit <http://militarypay.defense.gov/BlendedRetirement/> TSP is a supplement to your military retired pay. TSP Website Reference <https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/contributionLimits.html>

How Much Can I Contribute? Calculator <https://www.tsp.gov/PlanningTools/Calculators/electiveContributions.html>

What Are My Retirement Needs? Investment Strategy: Think about the kind of life you expect to have in retirement, how long you expect to be in retirement, and what your income needs might be. <https://personal.vanguard.com/us/insights/retirement/saving/set-retirement-goals>

Early Career Retirement Planning Strategy: If you are in the first few years of your career, you can take advantage of the best asset available to you: time. When you start saving for your retirement early, you have many years to weather short-term market fluctuations and to gain the maximum benefit from the power of compounding. To illustrate the power of compounding over many years, click [TSP Calculator](#)

Note: The Vanguard Fund links are not an endorsement but for information purposes only.



When to Start Contributing The best time to start contributing to your TSP account is now. Make saving a habit. Also, you are "paying yourself first" by setting aside retirement funds before you are tempted to spend the money on other things. <https://investor.vanguard.com/retirement/savings/when-to-start>



### TSP Asset Allocation

The way in which you distribute your money among the TSP funds should reflect your time horizon and your risk tolerance. Since you have many years ahead of you, you can probably afford to take some risk. That is, you can consider investing in the TSP's stock funds (C, S, and I Funds) in addition to the G and the F funds. The TSP stock funds, while more volatile, offer the opportunity for potentially higher returns over time. The L Funds, or "Lifecycle" funds, use professionally determined investment mixes that are tailored to meet investment objectives based on various time horizons. The objective is to strike an optimal balance between the expected risk and return associated with each fund.

You have the option of making traditional (pre-tax) contributions and/or Roth (after-tax) contributions to your TSP account. For more information on these options, visit Tax Treatment of Your Contributions. How Much Should I Save? The TSP is one source of your retirement income. Beneficiary Participants. Spouses who are beneficiaries of deceased civilian and uniformed services TSP participants may inherit those assets. Spouses have almost the same benefits and privileges as separated TSP participants. If you want to stop your TSP contributions, complete [Form TSP-1, Election Form \(Form TSP-U-1](#) for uniformed services) or use your agency or service's automated system. This rule change is not retroactive and all other Form TSP-76 rules apply. Participants may only receive one hardship withdrawal under this change. If you have questions about this change, call the toll-free ThriftLine at 1-877-968-3778 or call 404-233-4400 (not toll free).

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TO REQUEST A MENTOR

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