



## FACT SHEET

### Thrift Savings Plan (TSP)

Last Reviewed: May 18, 2018

#### Background

This Fact Sheet is an introduction to the Thrift Savings Plan (TSP), a retirement savings and investment plan for federal employees and Uniformed Service members. It offers savings and tax benefits similar to private sector 401(k) plans and acts as a supplement to military retirement pay.

#### Eligibility

- ▶ Actively employed by the Federal Government, in pay status, working full-time or part-time. Matched contributions are available to officers in the [Blended Retirement System \(BRS\)](#); for additional information, please refer to [Commissioned Corps Instruction 662.01](#) and the additional resources listed at the end of this Fact Sheet.
- ▶ Spouse beneficiaries of deceased uniformed services TSP participants will have a TSP account set up in their own name if their share of the account is \$200 or more.
- ▶ Additional details at <https://www.tsp.gov/PlanParticipation/EligibilityAndContributions/index.html> and <https://www.tsp.gov/PDF/formspubs/tspfs01.pdf>

#### Highlights

- ▶ **Traditional or Roth Contributions:** For your regular employee contributions, you can make traditional (pre-tax), or Roth (after-tax) contributions; you can choose to make Roth contributions regardless of your income level. All contributions can come from your basic pay, incentive pay, special pay, or bonus pay (Form [TSP-U-1](#)). As long as you contribute from basic pay, you also can contribute from these other types of pay. For 2018, your regular employee contribution for the year cannot exceed the IRS limit of \$18,500.
- ▶ **Catch-Up Contributions:** Beginning in your fiftieth year of life, you may contribute an additional \$6,000 each year over the regular employee contribution limit (Form [TSP-U-1-C](#)). You must already be contributing an amount that will reach the regular employee contribution limit by the end of the year. Catch-up contributions can come from basic pay but not incentive pay, special pay, or bonus pay.
- ▶ **Investment Options:** You can select one or more of the following funds in the Table (more information [online](#)). As a Uniformed Service member, all contributions to your account are deposited into the G fund until you indicate otherwise [online](#) or by calling [ThriftLine](#) (1-TSP-YOU-FRST or 1-877-968-3778).

Investment Options	Description
<b>Individual Mutual Funds</b>	
G Fund	Invests in U.S. Treasury securities guaranteed by the U.S. government, so this fund earns interest income without losing money
F Fund	Index fund of government, corporate, and mortgage-backed bonds designed to match the performance of the Bloomberg Barclays U.S. Aggregate Bond Index
C Fund	Index fund of stocks of large to medium-sized U.S. companies designed to match the performance of the Standard & Poor's 500 Stock Index (S&P 500)
S Fund	Index fund of stocks of small to medium-sized U.S. companies (not included in the C Fund) designed to match the performance of the Dow Jones U.S. Completion Total Stock Market Index
I Fund	Index fund of international stocks in over 20 developed countries designed to match the performance of the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index
<b>Diversified Mutual Funds</b>	
L Income, L 2020, L 2030, L 2040, and L 2050	Each L fund is a professionally-determined mix drawn from the five individual TSP funds above, tailored to meet investment goals based on a specific time horizon ( <i>i.e.</i> , the future date at which you plan to start withdrawing money)

- ▶ **How to Start, Change, or Stop TSP Contributions:** For regular employee contributions, mail a completed Form [TSP-U-1](#) to the Compensation Branch (CB); for catch-up contributions, mail a completed Form [TSP-U-1-C](#). If CB receives your form on or before the 10<sup>th</sup> of a month, that form will become effective that month. If CB receives your form after the 10<sup>th</sup> of a month, that form will become effective in the following month.
- ▶ **Transferring money from your other retirement accounts into TSP:** You can move money from other eligible retirement accounts (e.g., IRAs or eligible employer plans) to your existing TSP account (details [here](#)).
- ▶ **Ways to get your money:**
  - **Loan:** You may take out a *general purpose loan* (repay within 5 years) or a *residential loan* (repay within 15 years). TSP charges a \$50 processing fee per loan. This loan is repaid with interest. Additional details [here](#).
  - **In-service withdrawal** (while still employed by the Federal Government): For a *financial hardship-based withdrawal* you must demonstrate [financial hardship](#). *Age-based withdrawals* (without penalty) are available to officers aged 59½ years or older. Additional details [here](#).
  - **Post-separation withdrawal** (withdrawal after separation from service — additional details [here](#)):
    - A *partial* withdrawal of \$1,000 or more, leaving a remaining balance in the TSP until a later date. You may only make one partial withdrawal from your account.
    - The *full* withdrawal may be made as a single payment of your entire TSP account balance, a series of monthly payments, a life annuity, or a combination of any two or more of these options.
    - If you are separated from service, you are required to make a withdrawal (your “required minimum distribution”) in the calendar year you reach 70½ years of age (details [here](#)). Alternatively, if you are still employed at age 70½, your account will immediately be subject to IRS minimum distribution requirements after you separate from federal service.

Note: Your age upon leaving Federal Service, your chosen withdrawal option, and its timing determines whether the taxable portion of your withdrawal is subject to the IRS [10% Early Withdrawal Penalty Tax](#).

- ▶ **Death beneficiary:**
  - Unless you specifically designate an alternative distribution by completing Form [TSP-3](#) and sending it to TSP, account distributions after your death will follow this order of precedence:
    - To your spouse;
    - If none, to your child or children equally, and to descendants of deceased children (a child includes a natural or adopted child but does not include a stepchild who has not been adopted);
    - If none, to your parents equally or the surviving parent (this does not include a stepparent, unless your stepparent has adopted you);
    - If none, to the appointed executor or administrator of your estate;
    - 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.
  - If you file Form [TSP-3](#) with TSP, only beneficiaries listed on the form will be honored. For example, if you used the form to designate your first child as a beneficiary but forgot to update the form after the birth or adoption of your second child, only the child named on the form would receive benefits from your TSP account — even if your will named both children as beneficiaries.
  - For your beneficiaries to receive your account balance, they (or their representatives) must complete [Form TSP-17](#) and submit it along with a copy of a certified death certificate.

## Resources

- ▶ Commissioned Corps TSP memorandum: [https://dcp.psc.gov/ccmis/PDF\\_docs/TSPAnnouncementfor2008.pdf](https://dcp.psc.gov/ccmis/PDF_docs/TSPAnnouncementfor2008.pdf)
- ▶ TSP main website (login to your personal TSP account here): <https://www.tsp.gov/index.shtml>
- ▶ Other TSP website pages: [Frequently Asked Questions](#); [Help with Life Events Affecting Your Account](#)
- ▶ [Thriftline](#), an automated TSP phone service: (877) 968-3778

---

**Note:** Feedback and suggestions for this fact sheet are welcome and may be sent to [PPACBenefitsSC@gmail.com](mailto:PPACBenefitsSC@gmail.com).

**Disclaimers:** This fact sheet is provided for informational purposes only and is not an official policy document. The presence of external hyperlinks (or the information, products, or services contained therein) in this fact sheet does not constitute endorsement by the USPHS or the PPAC. In addition, the information provided here is based on publicly available information as of the date this fact sheet was last reviewed, which might not always reflect the most recent or emerging changes on the topic covered. When researching a topic, the reader should also be aware that some publicly available USPHS documents on benefits are outdated and contain information that will require verification.