



## FACT SHEET

### Thrift Savings Plan (TSP)

Last Reviewed: July 29, 2015

### **Background**

The Thrift Savings Plan (TSP) is a retirement savings and investment plan for Federal employees and members of the uniformed services. It offers savings and tax benefits similar to private sector 401(k) plans and acts as a supplement to military retired pay.

### **Eligibility**

- ▶ Actively employed by the Federal Government, in pay status, working full-time or part-time
- ▶ 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 may be found at <https://www.tsp.gov/planparticipation/eligibility/participantEligibility.shtml>

### **Highlights**

- ▶ **Traditional or Roth Contributions:** You can choose between two tax treatments - Traditional or Roth. Contributions can only come from your basic pay, incentive pays, special pays, and bonuses. Your total yearly contribution from all types cannot exceed the IRS limit \$18,000 for 2015.
- ▶ **Catch-Up Contributions:** If age 50 years or older, you may contribute an additional \$6,000 for 2015 over the usual annual limit. You must already be contributing an amount that will reach the IRS elective deferral limit by the end of the year. Catch-up contributions cannot come from incentive pay, special pay, or bonus pay.
- ▶ **Multiple Fund Investment Options:**
  - L Funds: Invested through a professionally designed mix of stocks, bonds, and Government securities
  - Individual Funds: Make your own decisions about your investment by choosing the individual TSP investment funds (see Table below).

Mutual Fund Investment Options	Description
G Fund	Government securities (specially issued to the TSP) provide interest income without risk of loss of principal
F Fund	Government, corporate, and mortgage-backed bonds match the performance of the Barclays Capital U.S. Aggregate Bond Index
C Fund	Stocks of large and medium-sized U.S. companies match the performance of the Standard & Poor's 500 Index
S Fund	Stocks of small to medium-sized U.S. companies (not included in the C Fund) match the performance of the Dow Jones U.S. Completion TSM Index
I Fund	International stocks of 22 developed countries match the performance of the Morgan Stanley Capital International EAFE (Europe, Australasia, Far East) Index
L Fund	Invested in the G, F, C, S, and I Funds; provides professionally diversified portfolios based on various time horizons using the G, F, C, S, and I Funds

- ▶ **There are three ways to get your money:**
  - **Loan:** You may take out a *general purpose loan* (repayment period of 1 to 5 years) or a *residential loan* (repayment period of 1 to 15 years).
  - **In-service withdrawal:** For a *financial hardship-based* withdrawal, you must have financial need that arises from either a recurring negative monthly cash flow, medical expenses, legal expenses associated with separation or divorce, or personal casualty loss. *Age-based withdrawal* can be requested any time after you reach age 59½ years in the amount of \$1,000 or more up to your entire account balance.
  - **Post-separation withdrawal:**
    - A *partial* withdrawal of \$1,000 or more, leaving a remaining balance in the TSP until a later date
    - 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 mixed (a combination of any two or three options).
    - The Internal Revenue Code requires that you receive a portion of your TSP account (your “**required minimum distribution**” or “**RMD**”) beginning in the calendar year when you become age 70½ **and** are separated from service. In other words, if you do not begin receiving payments from your account **or** withdraw your entire account balance, the TSP is required to make the required distribution to you by April 1 of the following year.
- ▶ **Death beneficiary:** In the event of your death, your account will be distributed to the beneficiary or beneficiaries designated on the TSP’s Designation of Beneficiary form. If you do not designate beneficiaries to receive your account, it will be disbursed according to the following order of precedence required by law:
  - To your spouse
  - If none, to your child or children equally, and to descendants of deceased children by representation
- ▶ **How to Enroll:** At the CCMIS webpage (<http://dcp.psc.gov/ccmis/>) go to *Compensation* and select *TSP Information* from the menu. Click on the link to *Election Form (TSP-U-1)* on page 3 or *Catch-up Contribution Election Form (TSP-U-1-C)* on page 4. Upon completion, submit the form to the Compensation Branch.
- ▶ **Deductions:** The first deduction for TSP will become effective the same month if it is received in the Compensation Branch on or before the 10th of a given month. For elections received in the Compensation Branch after the 10th of a given month, the first deduction for TSP will be made in the following month.

## Resources

- ▶ Booklet describing TSP, includes contact information for specific inquiries: [www.tsp.gov/PDF/formspubs/tspbk08.pdf](http://www.tsp.gov/PDF/formspubs/tspbk08.pdf)
- ▶ TSP Information for Active Duty Officers: [http://dcp.psc.gov/ccmis/PDF\\_docs/TSPAnnouncementfor2008.pdf](http://dcp.psc.gov/ccmis/PDF_docs/TSPAnnouncementfor2008.pdf)
- ▶ TSP website (log into your personal TSP account here): <https://www.tsp.gov/index.shtml>
- ▶ Thriftline, an automated phone service: (877) 968-3778

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**Note:** Feedback and suggestions for this fact sheet are welcome and may be sent to [PPACBenefitsSC@gmail.com](mailto:PPACBenefitsSC@gmail.com). While we do not respond to emails, we do read them and will consider all comments received.

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