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Agenda

• First Steps: Preparing for Separation
• Turning Savings to Income: The TSP Retirement Income Options
• Withdrawal Rules: Other Considerations
• Planning Your Legacy: TSP Death Benefits
• Getting Help: Resources for Participants

What’s Different About the TSP?

Defined Contribution Plans (Thrift Savings Plan)
- Retirement income based on account balance at retirement
- Employee makes investment decisions and bears the risks

Defined Benefit Plans (pension or military retirement)
- Retirement income based on a predetermined formula
- Employer makes investment decisions and bears the risk

It’s YOU that has the most input here
Preparing for Separation
First Steps

Contribution Considerations

There is a $19,500 annual limit on your regular TSP contributions and a $6,500 annual limit on “Catch-up” contributions.

All contributions you make to employer plans* (including the TSP) during the same calendar year count toward the IRS elective deferral limit.

You CAN contribute the maximum amount over LESS than the full tax year**

*Governmental 457(b) plans have separate limit

**For any pay periods a FERS or BRS participant does not make a contribution, there will be no corresponding matching agency/service contribution.

Source: TSP.gov: Plan Participation, Eligibility and Contributions, Contribution Limits
**Catch-Up Contributions**

Participants can begin making Catch-Up contributions any time during the calendar year they turn 50

- In addition to the regular TSP contributions
- Dollar amount only
- Require a separate election
  - A new election must be submitted for each calendar year
- Electronic election or TSP-1-C/TSP-U-1-C
- Maximum contribution for 2020 is $6,500
  - Must self-certify intent to make regular contributions up to elective deferral limit
- No agency matching on catch-up contributions

**Uniformed Services Contribution Rules**

- Contribute 1% to 100% of basic pay
- Plus any percentage from incentive, special, and bonus pay
- Contributions are subject to the Internal Revenue Code annual limitations
  - Elective deferral, §402(g), limit ($19,500 for 2020)
  - Annual additions, §415(c), limit ($57,000 for 2020)
- Contributions deducted from Combat Zone Tax Exclusion (CZTE) pay are subject to section 415(c) limits but not 402(g)

Source: TSP.gov: Plan Participation, Eligibility and Contributions, Types of Contributions
Annual Additions Limit

- $57,000 for 2020 includes:
  - All elective deferrals (Traditional, Roth and tax-exempt TSP contributions)
  - Agency/service matching contributions
  - Agency automatic (1%) contributions
  - Does not include catch-up contributions
- Maximum contribution for officers in a combat zone cannot exceed $8,578.50 per month (basic pay of the most senior enlisted member) plus $225 Hostile Fire/Imminent Danger Pay

*2018 Pay data – Final pay data for 2020 still pending as of Nov 8, 2019

Source: TSP.gov: Defense Finance and Accounting Service and Military Compensation

TSP Contribution Rules

Participant Contributions
- All new and rehired employees auto-enrolled at 3% (can opt out)
- Any whole dollar amount or percentage up to IRS elective deferral limit
- No vesting rule

Agency/Service Contributions (FERS/BRS)
- Agency/Service Automatic (1%) Contributions
  - Subject to vesting
- Agency/Service Matching Contributions®
  - Based on first 5% of employee contributions per pay period, whether traditional or Roth
  - No vesting rule
  - Uniformed Services members under BRS may not receive matching contributions until 2 years and 1 day past their PEBD

Source: TSP.gov: Plan Participation, Eligibility and Contributions, Types of Contributions
Maximizing Your Match (FERS)

- Ed earns $3,000 gross pay per pay period and contributes 30%
- Susan earns $3,000 gross pay per pay period and contributes $750

### ED

<table>
<thead>
<tr>
<th>PC #1 to #21</th>
<th>30% EC</th>
<th>4% Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>$900 each</td>
<td>$120 each</td>
<td></td>
</tr>
<tr>
<td><strong>Total of 21 Contributions</strong></td>
<td><strong>$18,900</strong></td>
<td><strong>$2,520</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PC #22</th>
<th>40% (20%)</th>
<th>4% Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>$600 each</td>
<td>$120 each</td>
<td></td>
</tr>
<tr>
<td><strong>PC #22 to 26</strong></td>
<td><strong>$100</strong></td>
<td><strong>$120</strong></td>
</tr>
<tr>
<td><strong>Total of 26 Contributions</strong></td>
<td><strong>$19,500</strong></td>
<td><strong>$2,640</strong></td>
</tr>
</tbody>
</table>

### SUSAN

<table>
<thead>
<tr>
<th>PC #1 to #21</th>
<th>30% EC</th>
<th>4% Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>$750 each</td>
<td>$120 each</td>
<td></td>
</tr>
<tr>
<td><strong>Total of 21 Contributions</strong></td>
<td><strong>$15,750</strong></td>
<td><strong>$2,520</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PC #22</th>
<th>40% (20%)</th>
<th>4% Match</th>
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<tbody>
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<td><strong>$750</strong></td>
<td><strong>$120</strong></td>
</tr>
<tr>
<td><strong>Total of 26 Contributions</strong></td>
<td><strong>$19,500</strong></td>
<td><strong>$3,120</strong></td>
</tr>
</tbody>
</table>

Source: TSP Fact Sheet - Annual Limit on Elective Deferrals

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Comparison of TSP’s Net Administrative Expenses

<table>
<thead>
<tr>
<th>TSP</th>
<th>Average 401(k) Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.40 per $1,000¹</td>
<td>$4.10 per $1,000²</td>
</tr>
</tbody>
</table>

¹. Net administrative expenses charged to the TSP participant across all funds, 2018
². Median estimated 401(k) plan fees. Source: 12th Annual NEPC Defined Contribution Plan & Fee Survey Webinar, Sep 2017
Moving Money From Other Plans Into TSP

Transfer (Direct)

Eligible Employer Plans (Traditional or Roth)
- 401(k), 403(b), 457(b)
- SEP IRA, SIMPLE
Traditional IRA (Pre-tax only)
NOT Roth, Education or Inherited IRAs

Money moves directly from an eligible plan or retirement account into the TSP
Participant does not have use of the money

Rollover (Indirect)

Eligible Employer Plans (Traditional only)
- 401(k), 403(b), 457(b)
- SEP IRA, SIMPLE
Traditional IRA (Pre-tax only)

Participant has use of the money for 60-days
May result in tax withholding and early withdrawal penalty if under age 59.5

Need to complete:
1. Withdrawal process from eligible plan
2. TSP-60/TSP-60R

Combining TSP Accounts

- If you have both a uniformed services and a civilian TSP account AND are separated from the service associated with one of them, you can transfer your balance out of that account and into the other account
- You may transfer in either direction if separated from both

Note: A tax-exempt balance in a uniformed services account cannot be transferred to a civilian TSP account

Source: Summary of the Thrift Savings Plan, Moving Money From Other Plans Into the TSP, p. 10
Source: Summary of the Thrift Savings Plan, Combining TSP Accounts, p. 19
**TSP Loans**

- **TSP Account**
  - Agency contributions and earnings
  - Your contributions and earnings

  - Loan repayment is through payroll deduction and includes an interest charge equal to the G fund rate when the loan was processed and is fixed for life of loan

  - You may make additional payments directly

  - Multiple Reamortizations

  - Loans are taken only from your own contributions and earnings

  - Loan Amount: -$50 loan fee

Source: TSP.gov: My Account, Account Information, Statements

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**Loans and Separation from Federal Service**

- TSP loans must be settled within 90 days of separation to avoid a taxable distribution
- Participant may re-amortize or make additional payments prior to separation
- No post-service withdrawals will be processed until loan has either been paid in full or a taxable distribution of remaining balance has been declared

- **Agency payroll sends TSP record keeper separation code for participant**

- **TSP sends separated participant a notice with 90 days to pay the outstanding loan balance**

- **Participant may accelerate the taxable distribution date by signing the intent block on the notice and sending back to TSP**

- **Participant may make a full payment or make partial payments during the 90 day period**

- **TSP declares a taxable distribution upon expiration of the 90-day period and reports to IRS**

Source: TSP.gov: Plan Participation, Loans and Withdrawals, TSP Loans: Taxable Distributions
Age-Based In-Service Withdrawals

- Participants age 59½ or older may take a lump sum withdrawal while in service
  - Up to four (4) Age-Based In-Service Withdrawals per calendar year
  - Does not preclude the post-separation partial withdrawal option
- Minimum withdrawal is $1,000; maximum is entire vested account balance
- May choose the source of withdrawal (traditional, Roth, or pro-rata)
- All or any portion may be transferred to an IRA or an eligible employer plan, if eligible
- Can continue to make contributions to the TSP

In-Service Withdrawals Online Tool

Withdrawals: Civilian

<table>
<thead>
<tr>
<th>Active Participants</th>
<th>Separated Participants</th>
</tr>
</thead>
</table>
| **Age-Based In-Service “59½” Withdrawal**
  Request a withdrawal of all or a portion of your vested account balance. You must be age 59½ or older to qualify. | **Withdrawal Request for Separated and Beneficiary Participants**
  Request a withdrawal of part or all of your account balance as installment payments, a single payment, an annuity, or a combination of these options. |
| **Financial Hardship In-Service Withdrawal**
  Request a withdrawal for an immediate and specific financial need. Taking a hardship withdrawal does not stop or suspend your employee contributions or any Agency contributions that are made to your account each pay period. You must wait six months after taking financial hardship withdrawal before being eligible to take another one. | **Changes to Instalment Payments**
  Make changes to your installment payments or the way they are handled. You can change the frequency, dollar amount, source, payment method, transfer information, or tax withholding. You must currently be receiving installment payments to make these changes. |
In-Service Withdrawals Online Tool – Age-Based

TSP-75, Age-Based In-Service "59½" Withdrawal Request:
Civilian

Use this online tool to request an age-based in-service "59½" withdrawal from your TSP account. Depending on your circumstances, you may be able to complete this transaction entirely online.

If you would like to transfer all or a portion of your payment to an IRA or eligible employer plan, or your signature or your spouse’s signature is required, you won’t be able to complete the process entirely online. You’ll be given a summary of your request, which you—and your spouse if necessary—will need to sign, have notarized, and then you will send to us.

Effects on Your Account of an Age-Based In-Service "59½" Withdrawal

When you make an in-service withdrawal, you permanently deplete your retirement savings of the amount you withdraw and any future earnings on that amount. This is especially important if you are covered by the Federal Employees Retirement System (FERS) or the Blended Retirement System (BRS), because the TSP is a critical component of your federal retirement benefits and may represent a significant part of your retirement income.

Read the TSP booklet In-Service Withdrawals and the "TSP" tax notice Important Tax Information About Payments From Your TSP Account for more information before you complete your request.

If you are in pay status and eligible for a TSP loan, you may want to consider that option. Learn more.

Important Notes:
• You are limited to four withdrawals of this type per calendar year.
• If we receive information from your agency or service indicating that you are separated before your in-service withdrawal request is processed, your request will be canceled. You will then be eligible for a post-separation withdrawal.

In-Service Withdrawals Online Tool – Age-Based

TSP-75, Age-Based In-Service "59½" Withdrawal Request:
Civilian

1 ABOUT YOU
2 SPOUSE INFORMATION
3 WITHDRAWAL REQUEST
4 ADDITIONAL WITHDRAWAL INFORMATION
5 REVIEW WITHDRAWAL REQUEST
6 CERTIFICATION
7 CONFIRMATION

Please enter your daytime phone number: 77777777

Unless you choose direct deposit to your checking or savings account, your payment will be mailed to the address shown below. If you want to receive a check in the mail for your withdrawal and this address is incorrect, have your agency or service personnel or payroll office correct your address before you request a withdrawal.

400 COCHRAN RD. #207
BETHESDA, MD 208140000
Withdrawals Based on Tax Treatment

TSP Balance
Traditional & Roth

Traditional Only
Roth Only
Pro-Rata Traditional/Roth

TSP Withdrawal Online Tool

Your request cannot be completed online because:
• You must submit additional documentation to purchase a joint life annuity. See the instructions included with your withdrawal request for more information about acceptable documentation.
• Your spouse must consent to this request by signing the form.

To complete your request, you must open and print the PDF form, complete all missing information, and mail or fax the completed documents to:

Thrift Savings Plan
P.O. Box 36093
Birmingham, AL 35236
Or fax to: 1-866-817-7023

Note: Do not mail and fax your request. The TSP will automatically cancel the second request it receives.

Do not alter any of the preprinted information, or your form will be rejected. If you need to make a change or correction to the request, click Cancel below and start a new request.

Your next installment payment date will depend on when your form is processed and the changes you have made.

• You may need to print the PDF form to provide required information and mail or fax it to the TSP
• Some withdrawal requests can be completed entirely online
The TSP Retirement Income Options

Turning Savings to Income
Delayed Withdrawal (Leave It In – Let It Grow)

Your TSP account doesn’t expire:

- Make the most of your account. Leave your savings in the plan and do nothing
  - Income taxes are deferred until you begin receiving income distributions
  - Minimum account balance is $200
- May still transfer IRAs and/or eligible retirement plans into the TSP
- Separated participants can continue to make active investing decisions, including two unrestricted interfund transfers per month
  - Account will continue to get market returns depending on investment mix
- Keep more of what you save because of the TSP’s low administrative costs

Post-Separation Withdrawal Options

- **Post-Service**
  - Lump-Sum (Partial)
    - (all or a portion of the account balance every 30 days)
  - Installments^:
    - Monthly Payments
    - Quarterly Payments
    - Annual Payment
- Life Annuity (MetLife)
  - (all or a portion of the account balance)

^Option to start, stop or change installment payments at any time.
Partial withdrawal (post-separation)

- Separated participants may take a lump sum withdrawal, all or a portion of the balance
  - Flexibility to take one partial lump sum withdrawal every 30 days, if desired
  - No lifetime limit
  - Request partial withdrawal while receiving installment payments
- Minimum withdrawal is $1,000
- May choose the source of withdrawal (traditional, Roth, or pro-rata)
- All or any portion may be transferred to an IRA or an eligible employer plan, if eligible

TSP Withdrawal Online Tool
Installment Payments

<table>
<thead>
<tr>
<th>Fixed Dollar</th>
<th>Based on Life Expectancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Amount specified by participant</td>
<td></td>
</tr>
<tr>
<td>- Frequency: monthly, quarterly or annually</td>
<td></td>
</tr>
<tr>
<td>- Minimum payment $25</td>
<td></td>
</tr>
<tr>
<td>- May transfer payments to an IRA or another eligible plan (if payments expected to last less than 10 years)</td>
<td></td>
</tr>
<tr>
<td>- May adjust amount of tax withholding (if payments expected to last 10 years or more)</td>
<td></td>
</tr>
<tr>
<td>- May change direct deposit information</td>
<td></td>
</tr>
<tr>
<td>- May request a final single payment anytime</td>
<td></td>
</tr>
<tr>
<td>- Payments are computed by TSP</td>
<td></td>
</tr>
<tr>
<td>- Amount automatically adjusts annually</td>
<td></td>
</tr>
<tr>
<td>- May adjust amount of tax withholding</td>
<td></td>
</tr>
<tr>
<td>- May make a one-time change to fixed dollar amount</td>
<td></td>
</tr>
<tr>
<td>- May request a final single payment anytime</td>
<td></td>
</tr>
</tbody>
</table>
TSP Withdrawal Online Tool – Installment Payments

What type of withdrawal would you like?

- Withdraw PART of my account
- I want to receive income regularly from my TSP account through INSTALLMENT PAYMENTS. (MOST FLEXIBLE OPTION)
- I want to receive a SINGLE WITHDRAWAL of part of my TSP account. (This withdrawal is irrevocable.)
- I want to purchase an ANNUITY with part of my TSP account. (This purchase is irrevocable.)
- Withdraw ALL of my account

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Life Expectancy Payments

**Single Life Table**

<table>
<thead>
<tr>
<th>Age</th>
<th>Distribution Period</th>
<th>Approximate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>60</td>
<td>25.2</td>
<td>3.97%</td>
</tr>
<tr>
<td>61</td>
<td>24.4</td>
<td>4.10%</td>
</tr>
<tr>
<td>62</td>
<td>23.5</td>
<td>4.26%</td>
</tr>
<tr>
<td>63</td>
<td>22.7</td>
<td>4.41%</td>
</tr>
<tr>
<td>64</td>
<td>21.8</td>
<td>4.59%</td>
</tr>
<tr>
<td>65</td>
<td>21</td>
<td>4.76%</td>
</tr>
<tr>
<td>66</td>
<td>20.2</td>
<td>4.95%</td>
</tr>
<tr>
<td>67</td>
<td>19.4</td>
<td>5.15%</td>
</tr>
<tr>
<td>68</td>
<td>18.6</td>
<td>5.38%</td>
</tr>
<tr>
<td>69</td>
<td>17.8</td>
<td>5.62%</td>
</tr>
</tbody>
</table>

Account Balance ÷ Distribution Period = % of account balance that must be withdrawn during calendar year
You may need to print the PDF form to provide required information and mail or fax it to the TSP.

Some withdrawal requests can be completed entirely online.
Withdrawals Based on Tax Treatment

TSP Balance Traditional & Roth

- Traditional Only
- Roth Only
- Pro-Rata Traditional/Roth

TSP.gov Payment and Annuity & Installment Payment Calculators

Planning & Tools
Learn more about designing your investment plan

Investment Strategy
Reviews a list of questions you should ask yourself before you retire, and find out how to maximize your retirement savings using the benefits of compounding tax deferred, and account consolidation.

Calculators
Use these calculators to help you plan for a comfortable retirement.
- How Much Should I Save (Retirement Estimator)
- How Much Will My Retirement Benefit Be?
- How Much Can I Contribute?
- How Much Can I Contribute (Dependent)?
- Contribution Comparison Calculator
- TSP Payment and Annuity Calculator
- TSP Installment Payment Calculator
- Estimate Loan Payments

Retirement Planning Phases
It's important to retire or the life to take advantage of what the TSP has to offer. Consider how to make your TSP savings work for you through contributions, catch-up contributions, and asset allocations throughout your career and into your retirement.

Living in Retirement
Consider how to adjust your asset allocation and determine an effective retirement strategy to meet your unique needs during retirement.

Source: TSP.gov: Planning and Tools, Calculators
Modeling Monthly Payments

TSP Monthly Payments

<table>
<thead>
<tr>
<th>Type of Payment</th>
<th>Eligible for transfer or rollover?</th>
<th>Federal income tax withholding rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump sum distributions:</td>
<td>Yes</td>
<td>20% (mandatory) unless transferred</td>
</tr>
<tr>
<td>Single payments, age-based and partial</td>
<td></td>
<td></td>
</tr>
<tr>
<td>withdrawals, final withdrawal following a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>series of installment payments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installment payments for less than 10 years</td>
<td>Yes</td>
<td>20% (mandatory) unless transferred</td>
</tr>
<tr>
<td>Installment payments for 10 years or more</td>
<td>No</td>
<td>As if married w/3 (may be changed or waived)</td>
</tr>
<tr>
<td>Installment Payments based on life</td>
<td>No</td>
<td>As if married w/3 (may be changed or waived)</td>
</tr>
<tr>
<td>expectancy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: TSP Tax Notice – Important Tax Information About Payments From Your TSP Account
TSP Life Annuity

- Income is assured for the life of the annuitant(s)
- Funds are transferred from TSP to the annuity provider, and benefits are “locked in” when the request is processed.

<table>
<thead>
<tr>
<th>Life Annuity</th>
<th>Single Life</th>
<th>Joint Life with Spouse</th>
<th>Joint Life with Other Survivor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survivor benefit (50% or 100%)</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Level payments</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Increasing payments</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Cash refund</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>10-year certain</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TSP Withdrawal Online Tool – Annuity Payments

What type of withdrawal would you like?

- Withdraw PART of my account

Choose all that apply:
- [ ] I want to receive income regularly from my TSP account through INSTALLMENT PAYMENTS. (MOST FLEXIBLE OPTION)
- [ ] I want to receive a SINGLE WITHDRAWAL of part of my TSP account. (This withdrawal is irrevocable.)
- [x] I want to purchase an ANNUITY with part of my TSP account. (This purchase is irrevocable.)

The minimum threshold to purchase an annuity is $3,500. This threshold applies to each of your balances (traditional and Roth) separately. You may choose to purchase an annuity from one balance or both, depending on the purchase amount you choose for the annuity.

- [ ] Withdraw ALL of my account

Buttons: Cancel, Previous, Continue
A separated TSP participant may choose any combination of:

1) Annuity Purchase
2) Single Partial Withdrawal
3) Installment Payments

After making a selection, a summary screen will appear showing the participant’s:

- Tax withholding
- Annuity type, if applicable
- Payment method, and
- Other relevant information
TSP Withdrawal Online Tool

- You may need to print the PDF form to provide required information and mail or fax it to the TSP
- Some withdrawal requests can be completed entirely online

The form provides a summary of the request with instructions
- This participant is married and will need notarized signatures
  - If your signature or your spouse’s signature is required, you’re purchasing an annuity, or you’re transferring any part of your withdrawal, you won’t be able to complete the process online
  - If you are requesting an annuity, an additional Annuity information form is required
TSP Withdrawal Online Tool

The Timing of Your Withdrawal

It generally takes between 7 to 10 business days to process your request once you’ve properly completed and submitted it. We disburse withdrawals each business day. You can check My Account at tsp.gov or call the ThriftLine to find out the status of your withdrawal request, including whether the payment has been made. We will also notify you after your payment has been disbursed.

• Your former agency or service must provide us with your separation date before the TSP can process a withdrawal request
• If you have an outstanding loan, the online tool will ask you if you want to keep the unpaid balance and have it declared as a taxable distribution before allowing you to proceed

Required Minimum Distributions

• After separation, you must receive your first “Required Minimum Distribution” (RMD) for the calendar year in which you turn 70½, but you have until April 1 of the following year to make the withdrawal
  • There is no requirement to take all of your money out after you separate
• RMDs are determined using the IRS Uniform Lifetime Table
• You must continue to receive RMDs from your TSP account each year thereafter so long as you have a remaining balance
• RMD automatically issued at end of calendar year, if necessary to ensure full amount is withdrawn by December 31st
• If you are still a Federal employee employed at age 70½, your required withdrawal must begin by April 1 of the year following the year you separate

Source: TSP Tax Notice – Important Tax Information About Your TSP Withdrawals and Required Minimum Distributions
Required Minimum Distributions (RMD) Schedule

1st Distribution Year

- Participant is separated and reaches age 70 1/2

2nd Distribution Year

- March 1 - TSP automatically issues 1st year RMDs
- April 1st - Required Withdrawal Date

In the 2nd Distribution Year and subsequent years, RMDs must be satisfied by December 31 of each year. (TSP will continue to automatically send the RMD if no election on file and participant is separated)

Uniform Lifetime Table

<table>
<thead>
<tr>
<th>Age</th>
<th>Distribution Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>27.4</td>
</tr>
<tr>
<td>71</td>
<td>26.5</td>
</tr>
<tr>
<td>72</td>
<td>25.6</td>
</tr>
<tr>
<td>73</td>
<td>24.7</td>
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<td>74</td>
<td>23.8</td>
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<td>75</td>
<td>22.9</td>
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<td>76</td>
<td>22.0</td>
</tr>
<tr>
<td>77</td>
<td>21.2</td>
</tr>
<tr>
<td>78</td>
<td>20.3</td>
</tr>
<tr>
<td>79</td>
<td>19.3</td>
</tr>
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<th>Age</th>
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<td>2.1</td>
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<td>115+</td>
<td>1.9</td>
</tr>
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</table>

Source: TSP-775, Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions
Other Considerations
Withdrawal Rules

Exceptions for IRS Early Withdrawal Penalty

The 10% IRS Early Withdrawal Penalty does not apply to payments if:

- Received at age 59½ or later
- Received after you separate/retire during or after the year you reach age 55 (or the year you reach age 50 if you are a public safety employee as defined in section 72(t)(10)(B)(ii) IRC
- TSP monthly payments based on life expectancy
- Annuity payments
- Ordered by a domestic relations court
- Made because of death
- Made from a beneficiary participant account
- Received in a year you have deductible medical expenses that exceed 10% of your adjusted gross income (7.5% if you or your spouse is 65 or over)
- Received as a result of total and permanent disability*

* Participant must provide the justification to IRS when they file their taxes

Thrift Savings Plan
Submitting Withdrawal Requests

- Separated participants will not be permitted to submit withdrawal requests until officially separated and the separation code (S or P) is received by the TSP.
- Married participants must print their withdrawal form from the TSP website:
  - Provide notarized participant signature
  - Return the withdrawal request to the TSP for processing.

Spouse’s Rights

<table>
<thead>
<tr>
<th>Retirement Plan</th>
<th>Requirement*</th>
<th>Exceptions†</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERS or Uniformed Services</td>
<td>Notarized spouse signature required**</td>
<td>Whereabouts unknown or exceptional circumstances - TSP-16 or TSP-U-16 required</td>
</tr>
<tr>
<td>CSRS</td>
<td>Spouse is entitled to notification of the participant’s withdrawal election</td>
<td>Whereabouts unknown or exceptional circumstances - TSP-16 required</td>
</tr>
</tbody>
</table>

*If account balance is less than $3,500, spouse’s signature/notice is not required
**If married but no spouse signature: Spouse entitled to Joint Life Annuity with 50% Survivor Benefit, Level Payments, and no cash refund feature
†Waiver of spouse’s signature/notice valid for 90 days from approval

Eligible Rollover Distributions

Traditional IRA, eligible employer plan, or Roth IRA

Transfer (any whole % from 0-100%)

Traditional IRA or eligible Roth employer plan

Transfer (any whole % from 0-100%)

Roth IRA or eligible Roth employer plan

Distribution to Participant
Whatever isn't transferred will be distributed and the Traditional balance is eligible to be rolled over within 60 days

Source: TSP Tax Notice – Important Tax Information About Payments From Your TSP Account

Keeping Score?
Thinking about moving your TSP savings to another plan?
Ask the provider these 7 questions first and see how the answers compare to the TSP’s.

<table>
<thead>
<tr>
<th>Question</th>
<th>Plan X</th>
<th>TSP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  What is the average net expenses I’ll pay for every $1,000 I invest?</td>
<td></td>
<td>$0.40* (0.004%)</td>
</tr>
<tr>
<td>2  How much will I pay in annual fees, commissions, or charges not included in the average net expense?</td>
<td></td>
<td>$0.05** (0.0005%)</td>
</tr>
<tr>
<td>3  What profit do you make if I invest with you?</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>4  Do you have a responsibility (fiduciary obligation) to put my interests ahead of your own?</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>5  Will your plan protect my retirement funds from creditors’ claims?</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>6  When I retire, can I schedule my income payments without giving up control of my account?</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>7  Can I change my investments or take withdrawals without being subject to surrender fees or back-end charges?</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>

* The 2018 net administrative expenses charged to TSP participants per $1,000 invested
** The 2018 fee paid to the investment manager. It is the asset-weighted average of the fees shown by fund in the most recent quarterly Highlights.
TSP Death Benefits
Planning Your Legacy

TSP Death Benefits – Beneficiaries

• By default, death benefits are disbursed according to “statutory order of precedence:"
  1) Spouse
  2) Natural and adopted children
  3) Parents
  4) Appointed executor or administrator of your estate
  5) Next of kin
• Alternatively, you may designate beneficiary(ies) on Form TSP-3, Designation of Beneficiary
  • Can be: spouse, other individual(s), trust, estate, legal entity/corporation
• Death is reported to the TSP on Form TSP-17, Information Relating to Deceased Participant
• The beneficiary will receive IRS Form 1099-R reporting the distribution

Source: TSP.gov: Plan Participation, Beneficiary Participants, Death Benefits, Beneficiaries
Death Benefits: Update

Beneficiaries: Civilian

You do not have a valid Form TSP-3, Designation of Beneficiary, on file. Your account will be distributed according to the statutory order of precedence required by law. ONLY complete Form TSP-3, Designation of Beneficiary, if you want distribution to be made in a way other than the following order of precedence:

1. To your spouse
2. If none, to your child or children equally, with the share due any deceased child divided equally among that child’s descendants
3. If none, to your parents equally or to the surviving parent
4. If none, to the appointed executor or administrator of your estate
5. If none, to your next of kin who would be entitled to your estate under the laws of the state in which you reside at the time of your death

As used here, “child” means either a biological child or a child adopted by the participant. It does not include your stepchild unless you have adopted the child. Nor does it include your biological child if that child has been adopted by someone other than your spouse.

The term “parents” does not include stepparents who have not adopted you.

Spouse Beneficiaries

- BPA account owner will have same investment and withdrawal options as separated TSP participants
- BPA accounts cannot accept transfers or rollovers from other plans or IRAs
- Interfund transfers follow same rules that apply to all account holders

Source: TSP.gov: My Accounts, Personal Information, Beneficiaries

Source: TSP.gov: Plan Participation, Beneficiary Participants, Your Beneficiary Participant Account
**Beneficiary Participant Account Rules**

- Spouse may designate beneficiaries using Form TSP-3
- Death benefit payments from a BPA are single (non-periodic) payments to the designated beneficiaries
  - Subject to 10% federal withholding
  - Cannot be transferred or rolled over to an IRA (to include inherited IRA) or eligible employer plan
- Required Minimum Distributions from BPA:
  - Begin date is based on age of the deceased TSP participant
  - Amount is based on age of the beneficiary

**Non-Spouse Beneficiaries**

**Inherited IRAs**

- Allows non-spouse beneficiaries to take the IRC Required Minimum Distribution amount based on their age
- The remaining balance continues to grow
- Each year the IRC minimum required distribution increases slightly
- Beneficiaries may want to seek assistance of a tax professional to discuss options

Paid as a single payment

Taxable portion of payments to beneficiaries are subject to 20% tax withholding

Payments transferred to an Inherited IRA account are not subject to withholding

Source: TSP.gov: Plan Participation, Beneficiary Participants, Death Benefits, Beneficiaries

Source: Death Benefits – Information for Participants and Beneficiaries
Court Orders and Legal Processes

- Your TSP account can be:
  - Divided in an action for divorce, annulment, or legal separation, or
  - Garnished to satisfy a legal process associated with past-due alimony, child support obligation, IRS tax levy, or victims restitution pursuant to the Mandatory Victims Restitution Act

Source: Court Orders and Powers of Attorney and Internal Revenue Service Tax Levies and Criminal Restitution Orders and Qualifying Legal Process

To Help Your Transition Go Smoothly…

- Read the withdrawal booklet and tax notice
- Ensure that personal (indicative) data on file with the TSP is correct
- Make sure your agency reports your separation code (S or P) to the TSP before submitting withdrawal forms
- If you have a TSP loan, it must be repaid or declared a taxable distribution before your withdrawal can be submitted and processed
- Consider using the online withdrawal wizards to ensure that forms are complete and in good order – and keep a copy for your records

Source: Thrift Savings Plan
**Remember . . .**

- Married FERS and uniformed services participants must print their withdrawal form from the TSP website, and provide notarized participant and spousal signatures
- Stay in touch! You are responsible for updating your TSP address once you are separated
  - Via TSP-9, Website or ThriftLine

**Resources for Participants**

Getting Help
Access Your TSP Account

- View account balance
- View Annual & Quarterly Statements
- Change contribution allocation
- Request interfund transfers
- Request loans and withdrawals
- Create (or change a user ID)
- Change or request a Web password
Contacting the TSP

ThriftLine - 1-877-968-3778
Talk to a Participant Service Rep
Available Monday-Friday 7:00 a.m. to 9:00 p.m., Eastern time.
Press 3 to speak to a Participant Service Representative (PSR) when calling the ThriftLine. PSRs handle questions about loans, contribution allocations, interfund transfers, designations of beneficiaries, and withdrawals.

Note: Our call volume is highest on Monday and Tuesday mornings. You may experience longer wait times if you call during these hours.

TSP Publications

You may also visit TSP.GOV
Survey

Thank you for taking the time to complete this short survey about your recent TSP training event. Your participation in this survey is voluntary but keep in mind the FRTIB (TSP) Education and Outreach Division uses these to improve the learning experience for TSP Participants, Beneficiaries, Agency and Service Representatives.

Please consider your answers carefully. This survey will be used to improve our services and provide you with information that is timely, relevant, and informative.

https://www.surveymonkey.com/r/2YFWDJB

Questions?