

Loans

- Borrowed from personal account
- General Purpose Loan: Repay 1-5 Years
- Primary Residence Loan: Repay 1-15 Years.
- Minimum: \$1,000 / Maximum: the lesser of either ½ account balance or \$50,000
- Loan application through TSP service office (usually 6-8 weeks to process)
- Not a substitute for an emergency fund
- Must be repaid in full prior to separating from service

Withdrawals

- Withdrawals while on active duty very limited: documented financial hardship
- Upon separation from service, many withdrawal options for tax-deferred money
 - Cash out: Taxes and penalties prior to age 59½
 - Leave in TSP: Will continue to grow; can still move money around; cannot make additional contributions
 - Transfer to next employer's 401k
 - Transfer to Traditional IRA
 - TSP annuity option
- Tax-deferred contributions and earnings taxable when withdrawn

Forms

- TSP-U-1: Enrollment, increase contributions, decrease contributions, stop contributions
- TSP-U-3: Beneficiary designation
- TSP-U-50: Contribution allocation, interfund transfers (account reallocation)

Resources

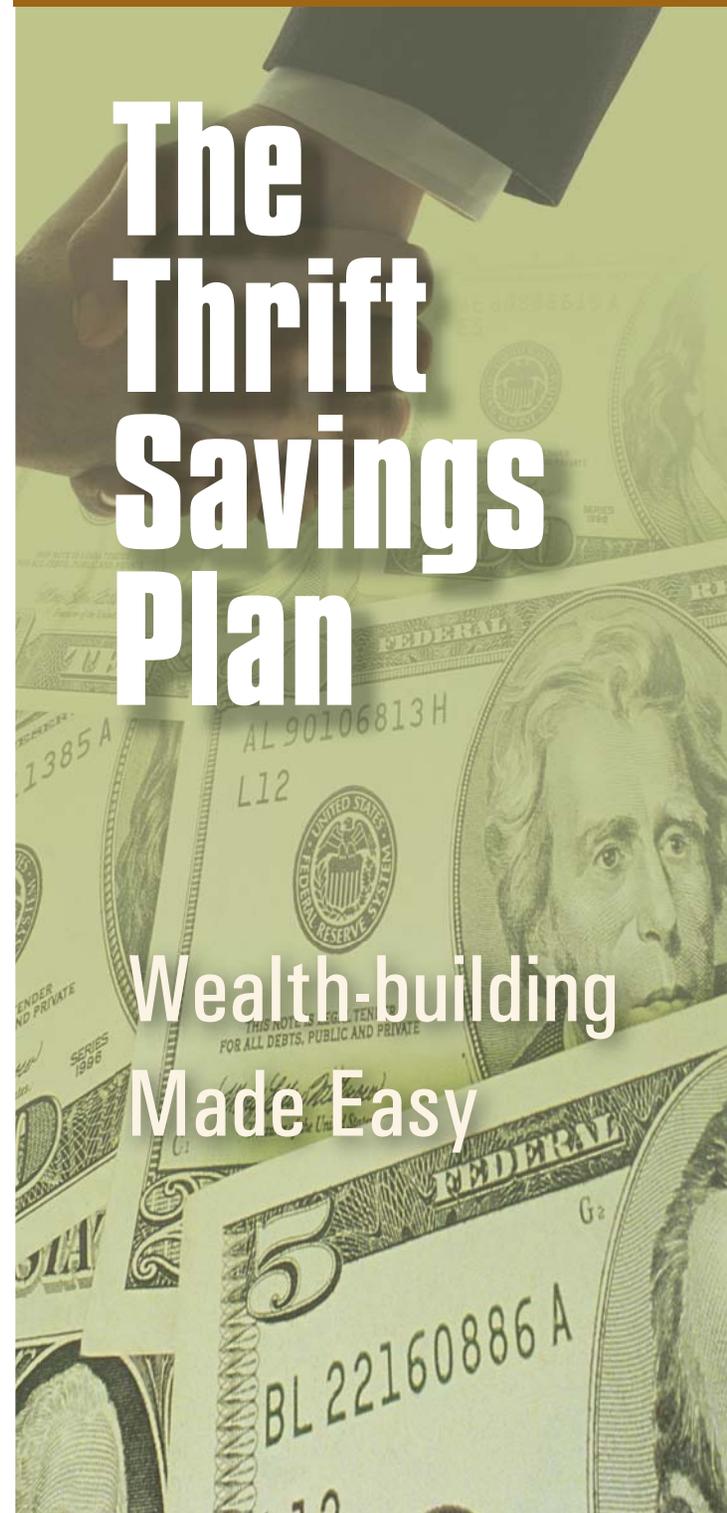
- www.tsp.gov: TSP website
- www.choosetosave.org/asec: financial calculators
- TSP Thriftline
 - 1-877-968-3778
 - 1-404-233-4400 (OCONUS)
- Command Financial Specialist (CFS)
- Financial Educator at FFSC
- Booklets available online at TSP Website:
 - Summary of TSP for the Uniformed Services
 - Guide to TSP Investments
 - TSP Loan Programs
 - TSP In-Service Withdrawals
 - TSP Annuities
 - Withdrawing Your TSP Account After Leaving Federal Service

FFSC Logo
here



The Thrift Savings Plan

Wealth-building
Made Easy



Thrift Savings Plan (TSP)

The Thrift Savings Plan is a retirement savings and investment plan designed to supplement (not replace) the military retirement check. It can provide retirement income in addition to your military pension and Social Security, helping build financial stability and independence at retirement.

Description and Benefits

- Defined contribution plan, like a 401k
- Optional for participants
- All contributions and earnings belong to the owner
- Portable—you can take it with you to another employer or tax-deferred plan
- Contributions go in pre-tax and earnings are tax-deferred
- Not subject to attachment for commercial debt
- Choice of investment options
- Flexible withdrawal/transfer options upon separation from service
- Individual accounts
- Personal pin number for account access
- Beneficiary designation
- Money is invested at all times
- No sales charges or account fees; very low fund expenses
- Can join at any time

Participation Rules

- Open to Uniformed service members
- Can contribute up to 100% of base pay per year (2007) (“Elective Deferral”)
- Can contribute up to 100% of Special and Incentive pays (including bonuses) per year (2007) (“Elective Deferral”)
- Total annual contributions cannot exceed \$15,500 (IRS Regulations)
- Contributions come directly from pay (unless Traditional IRA rolled into TSP)

- Tax-free zone contributions up to \$45,000 per year
- Tax-free zone contributions accounted for separately (once tax-free, always tax-free)

INVESTMENT OPTIONS

G Fund: The Government Securities Investment Fund

- Managed by Thrift Investment Board
- U.S. Treasury Securities
- Rate set monthly by Treasury Department
- No negative return in its history
- Generally lowest returns over long-term: 10-year average 5.312% (2006)

F Fund: The Fixed Income Investment Fund

- Tracks Lehman Brothers US Aggregate (LBA) bond index
- High quality notes and bonds (no junk bonds) representing all areas of investment-grade bond market
- Some interest rate risk, moderate return: 10-year average 6.25% (2006)

C Fund: The Common Stock Index Investment Fund

- Tracks S&P 500 Index
- Common stocks of 500 largest U.S. corporations

- Represents all sectors and industries of the U.S. Stock market (about 75% of the total market)
- Moderate/high risk, higher potential return: 10-year average 8.37% (2006)

S Fund: The Small Cap Stock Index Investment Fund

- Tracks Wilshire 4500 Index
- Represents all listed public companies in the U.S. Stock market not in the S&P 500
- High risk, potentially higher return: 10-year average 9.56% (2006)

I Fund: The International Stock Investment Fund

- Tracks Morgan Stanley EAFE Index
- Diversified holdings from 21 countries in Europe, Australia, Asia and the Far East
- Additional political risk and foreign currency risk
- Highest risk, high potential return: 10-year average 7.53% (2006)

L Funds: The Lifecycle Funds

- Five different funds that are different mixes of the G, F, C, S, and I Funds
- Mixes are tailored to different time horizons based on year of retirement
- L funds introduced in 2005
- Diversification across other funds provides the highest possible rate of return for the amount of risk taken.
- 2006 returns: L2040 – 16.53%; L2030 – 15.00%; L2020 – 13.72%; L2010 – 11.09%; L Income – 7.59%