Your TSP Account:
What to Think About When Nearing Retirement or Considering Leaving the Government
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A Smart Investor:

- Verifies that an investment professional is licensed
- Conducts research on a product before investing
- Assesses the impact of fees when choosing an investment
- Understands that risk exists in all investments
- Avoids ‘get rich quick’ schemes
Have questions about investing?

Investor.gov has answers.

Explore our free tools, tips, and resources.

Play video
Your New TSP Withdrawal Options

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Federal Retirement Thrift Investment Board
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Agenda

• Introducing Flexible TSP Withdrawals
• Age-Based In-Service Withdrawals
• Post-Service Retirement Income Options
• RMDs, IRS Early Withdrawal Penalty, and TSP Expenses
• TSP Resources
Introducing Flexible TSP Withdrawals

Providing more access to your TSP account
Advantages of more flexible withdrawals

• The new rules apply to all active TSP accounts. You’re only gaining options. We’re not taking anything away.
• You’ll continue to benefit from our low fees through retirement as long as you have at least $200 in your TSP account.
• You can continue to take advantage of TSP investment options.
• You can adapt the way you use your savings as your life and circumstances change.
What changed?

• After you separate from service, you can take multiple post-separation single partial withdrawals.
• If you’re 59 ½ and still working in federal civilian or uniformed service, you can take up to four age-based in-service withdrawals each year.
• You can choose whether your withdrawal should come from your Roth balance, your traditional balance, or a proportional mix of both.
• You can start, stop, or make changes to your installment payments at any time.
• To request withdrawals you will use enhanced online tools in the My Account section of tsp.gov.
What didn’t change?

• You will still need to receive IRS required minimum distributions (RMDs).
• The financial hardship in-service withdrawal option does not change because of the new law.
  - TSP eliminated the six-month suspension of TSP contributions for participants who have taken a financial hardship in-service withdrawal on September 15, 2019.
New TSP Withdrawal Forms

- TSP-99, Withdrawal Request for Separated and Beneficiary Participants
- TSP-95, Changes to Installment Payments
- Participants will use the My Account section of tsp.gov to request withdrawals using the new TSP-99 and TSP-95 forms in addition to other updated TSP withdrawal forms.
TSP Withdrawal Online Tool

- Use of TSP Online Wizards
  - You will need to log into your TSP account via the My Account section of tsp.gov to request withdrawals.
  - The online wizards will increase processing accuracy & efficiency.
  - Call the TSP ThriftLine if you need help (877-968-3778)
A separated TSP participant may choose any combination of:

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

• 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
• This participant will need to print the PDF form, complete the missing 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 Wizard

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.
Age-Based In-Service Withdrawals

More access to your savings while you’re still employed.
Age-Based In-Service Withdrawals

- Participants age 59½ or older may take lump sum withdrawals while in service:
  - Up to four (4) Age-Based In-Service Withdrawals per calendar year
  - Does not affect the post-separation partial withdrawal option
- Minimum withdrawal is $1,000. Maximum is entire vested account balance.
- All or any portion may be transferred to an IRA or an eligible employer plan, if eligible.
- Participants can continue to make contributions to the TSP.
Post-Service Retirement Income Options

Better options for your post-service withdrawals
Post-Separation Withdrawal Options

Post-Service

Lump-Sum (Partial)
(all or a portion of the account balance)

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.
Single Partial Withdrawal

- Separated participants may take lump sum withdrawals of all or a portion of an account balance.
  - Flexibility to take one partial lump sum withdrawal every 30 days, if desired
  - No lifetime limit on number of withdrawals
  - May request partial withdrawal while receiving installment payments
- Minimum withdrawal is $1,000.
- All or any portion may be transferred to an IRA or an eligible employer plan, if eligible.
Installment Payments

- Separated participants may receive installment payments of all or a portion of an account balance over time.
  - Flexibility to take installments monthly, quarterly (every three months), or annually
  - Can start, stop, or change payment amount or installment frequency at any time
  - Choice of a fixed dollar amount or payments based on life expectancy
- Minimum installment amount is $25.
Life Annuity

• 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>
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<td>✓</td>
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<tr>
<td>Increasing payments</td>
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<td></td>
</tr>
<tr>
<td>Cash refund</td>
<td>✓</td>
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<td>✓</td>
</tr>
<tr>
<td>10-year certain</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
## Tax Withholdings & Portability

<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: Age-based and single partial withdrawals, final withdrawal following a series of installment payments</td>
<td>Yes</td>
<td>20% (mandatory) unless transferred</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 IRS life expectancy table</td>
<td>No</td>
<td>As if married w/3 (may be changed or waived)</td>
</tr>
</tbody>
</table>

Source: TSP Tax Notice – [Important Tax Information About Payments From Your TSP Account](https://www.gop gay.com/tsp/tax-info.htm)
Updated Withdrawal Calculators

- TSP Payment and Annuity Calculator
- TSP Installment Payment Calculator
RMDs, IRS Early Withdrawal Penalty, and TSP Expenses
Required Minimum Distributions (RMD)

- Age 70 ½ and separated must receive (and pay taxes on) income from the TSP every year.
- TSP will send you what remains of your first year’s RMD if not satisfied by March 1 of your second distribution year.
- In subsequent distribution years the RMD will be automatically issued in December if there is no withdrawal election on record during the calendar year.
  - Partial and installment payments received in a calendar year will be used to satisfy the RMD requirement.
  - TSP will issue a supplemental payment for any remaining RMD amount in December.
- See TSP tax notice: *Important Tax Information About Your TSP Withdrawal and Required Minimum Distributions* for more information.
Required Minimum Distributions (RMD) Schedule

1st Distribution Year

- Participant is separated and reaches age 70 ½

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)
IRS Uniform Lifetime Table

RMD = Previous year’s account balance divided by distribution period

Source: TSP-775, Important Tax Information About Your TSP Withdrawal and RMDs
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
TSP’s Net Administrative Expenses

• For 2018, the average net expense was $0.40 per $1,000 invested.

• Your share of TSP average net administrative expenses is based on the size of your account balance.
  • For example, the G Fund’s expense ratio for 2018 was .040%. Therefore, if you invested in the G Fund in 2018, earnings were reduced by 40 cents per $1,000 of your G Fund balance.
TSP Resources
Access “My Account”
Contacting the TSP

You may also visit TSP.GOV and log in "My Account" to perform many of these instructions and inquiries.

ThriftLine
1-877-968-3778

Contact TSP
Automated Response System
Available 24 hours a day, 7 days a week.

Participants can get the following information:
- Information about your TSP account
- Contributions, estimated earnings, and Federal Retirement Supplement
- Contributions, earnings, and Federal Retirement Supplement if you are a private sector employee
- Payroll deductions and employer contributions
- Status of your contributions

TSP Mailing Address
Thrift Savings Plan
P.O. Box 385021
Birmingham, AL 35238

ThriftLine - 1-877-968-3778

Email: thriftline@tsp.gov
Website: tsp.gov

Contact Options
- ThriftLine
- Fax and Mail Services
- Login Problems
- Contact TSP
- Secure Message Center (If you need a response)
- TSP.gov Website
- Feedback on Our Publications
TSP Webinars

- Our Office of Communications and Education is hosting TSP webinars to supplement TSP training events hosted by agencies and services.
- Our mission is to create educational outreach for participants who are unable to attend live events or webinars hosted by agencies and services.
- For more information: www.tsp.gov/webinars
- For recorded TSP webinars: www.youtube.com/user/TSP4gov/playlists
Questions?
Your TSP Account: What to Think About When Nearing Retirement or Considering Leaving the Government

Lori Schock, SEC
Randy Urban, FRTIB
Tom Manganello, SEC

October 1, 2019
Considerations if Planning to Move Money from TSP

I. Risk and Fees
II. Red Flags of Fraud
III. Tips to Avoid Fraud
IV. SEC Resources
I. Risk and Fees

All investments have risk.
Investment Risks/Returns

Short Term Goals

Lower Returns

Cash

Higher Returns

Bonds

Long Term Goals

Higher Risk

Stocks

Lower Risk

Investor.gov
Time—Friend or Foe?

US Large Stock Returns 1926 - 2018

Source: Ibbotson/Morningstar IA S&P500 US Large Stock TR USD Ext Index
All investments have fees. And they matter.
Impact of Fees

Portfolio Value from Investing $100,000 over 20 Years
Five Questions to Ask About Fees

• What are the total fees to purchase, maintain and sell this investment?
• Are there ways to reduce or avoid some of these fees?
• Are there similar products that I can purchase that have lower fees?
• How much does this investment have to increase in value before I break even?
• What are the ongoing fees to maintain my account?
II. Red Flags of Fraud

- **It sounds too good to be true:** Any investment that sounds too good to be true probably is.

- **Pressure to buy RIGHT NOW:** Don’t be pressured into buying an investment before you have a chance to investigate the “opportunity”.

- **Lack of documentation:** Be skeptical of investments without documentation reflecting the promoter’s claims.
Unsolicited Investment Offers

- If you receive a “can’t miss” offer from someone you don’t know, your best move may be to pass up the “opportunity”

- Remember: investment fraudsters often look for victims through social media

NO THANKS
Affinity frauds target members of identifiable groups.

Fraudsters often are members of the group or pretend to be.

Always “Ask and Check” even if you know the person making the investment offer.

Remember: the person telling you about the investment might have been scammed.

See our alerts on Investor.gov!
SEC brought an action against Federal Employee Benefit Counselors (FEBC), whose mission was purportedly “to help” federal employees optimize benefits. SEC alleges:

• FEBC fraudulently induced federal employees to roll over holdings from TSP accounts into private variable annuities.

• FEBC created false impression it was affiliated with or approved by the federal government.

• FEBC deceived investors about fees and attractiveness of annuities.
III. Tips to Avoid Fraud
Fraud in the Movies

[Image of a scene from a movie]

Wolf of Wall Street Clip
Check Any Investment Professional

➢ Are they licensed/registered?

➢ Check their background:
  • Any disciplinary actions
  • A history of customer complaints
  • Previous employment
Check Your Investment Professional
Check Your Investment Professional

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For a complete compilation of Investment Adviser Firms currently registered with the SEC and states securities regulators, download the Investment Adviser Data.

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You can also search for an individual investment adviser representative and view that individual's professional background and conduct, including current registrations, employment history, and disclosures about certain disciplinary events involving the individual. The information about investment adviser representatives that appears on this website is collected from individual Investment Adviser Representatives, Investment Adviser firm(s), and/or securities regulator(s) as part of the securities industry's registration and licensing process. Individuals that are Registered Representatives of a Brokerage firm that are listed in FINRA's BrokerCheck system will also appear in search results.

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You can call 240-386-4948 for technical assistance.
Check Your Investment Professional

JORDAN ROSS BELFORT
CRD#: 1736122

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Previous Registered Broker
Is the Product Registered?

- Scams often involve unregistered companies
- Find out whether the company is registered with the SEC – this provides access to important information about the company
- Investors can check EDGAR, the SEC’s online database of corporate filings
Recent Investor Alerts

- Saving and Investing for Military Personnel
- How to Select an Investment Professional
- Self-Directed IRAs and the Risk of Fraud
- Ponzi Schemes Targeting Seniors
- Questions to Ask when Hiring an Investment Professional
- Credit Cards and Investments: A Risky Combination
- Initial Coin Offerings
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Available on Investor.gov
Twitter: @SEC_Investor_Ed

Pyramid scheme or legitimate business? Learn how to spot the differences here: ow.ly/TvPj30gbqKg

SEC Investor Ed 🔄 @SEC_Investor_Ed · Oct 29

Pyramid schemes: Watch out for these red flags

- Promises of high returns in a short time period
- No genuine product or service sold
- Primary emphasis on recruiting
Facebook: @SECInvestorEducation

SEC Office of Investor Education and Advocacy
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Fraud doesn’t take a summer vacation.
Know the warning signs that an investment “opportunity” might be a scam:
https://www.investor.gov/howeycoins
#FirstDayofSummer #SummerSolstice

PRE-ICO SALE IS LIVE

15% BONUS ENDS IN

014 : 11 : 29 : 50

Day(s) Hours(s) Minute(s) Second(s)

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100 F Street NE, Washington, DC 20549-0213

Investor Assistance: 800-732-0330 | help@sec.gov

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Contacting the TSP

Thrift Savings Plan

tsp.gov

You may also visit TSP.GOV and log into “My Account” to perform many of these transactions and inquiries.

ThriftLine
1-877-968-3778
Available 24 hours a day, 7 days a week.

TSP4gov is the official YouTube channel of the Thrift Savings Plan

TSP IS NOW ON TWITTER! FOLLOW US @TSP4GOV

Secure Message Center: Civilian

The answers to many of your questions can be found right here in the Message Center. If you don’t see your question in the list of frequently asked questions, you can search for the answer using our search tool below.

Find an Answer

Go
Questions?