

TSP Quicksheet



The Thrift Savings Plan, or TSP, is a defined-contribution retirement plan that is accessible only to federal employees and members of the uniformed services. It's the government equivalent of a civilian employer's 401(k) plan.

How to Access:

- If you joined the uniformed services on or after January 1, 2018 OR opted in to the Blended Retirement System between January 1, 2018 and December 31, 2018
→ You were automatically enrolled in TSP after 60 days of service.
- If you are not covered by the Blended Retirement System
→ You must make a contribution to TSP through payroll to establish your account.

Types of TSP Accounts:

Traditional

- Contributions are not taxed at the time of deposit.
- Contributions and earnings are taxed as ordinary income at the time of withdrawal.

Roth

- Contributions are taxed at the time of deposit.
- Contributions and earnings are not taxed at the time of withdrawal.

Exception! If you are in a Combat Zone Tax Exclusion area or a Direct Support Area, any money you contribute to your TSP – regardless of whether the account is traditional or Roth – is invested tax-free during any month or partial month in which you are deployed. If you elect to contribute to your traditional TSP account, contributions will be tax-free when you withdraw them, though you will have to pay taxes on any earnings. Withdrawal of Roth contributions made in a combat zone or Direct Support Area and any associated earnings will remain tax-free.

Contributions:

How much?

You can contribute any whole percentage of your pay up to the annual limit set by the IRS – in 2023 it is \$22,500.

But wait! The IRS contribution limit for TSP increases when in a Combat Zone or a Direct Support Area. In 2023, the annual limit is \$66,000. You can contribute up to \$22,500 to your Roth TSP; the remaining contributions must be categorized as traditional.

Automatic Contributions: Blended Retirement System members will receive an automatic contribution of 1% of their basic pay each pay period from their agency. This starts after 60 days of having an open account.

Matching Contributions: Blended Retirement System members will receive matching contributions from their agency after completing two years of service.

Your Contribution	Service Matching Contribution
0%	0%
1%	1%
2%	2%
3%	3%
4%	3.5%
5%	4%
>5%	4%

Withdrawal Options:

✓ Once you turn 59 ½ years old, or earlier in some instances, and become retirement eligible and have left the service, you can choose to receive payments in four different ways:

- **Fixed-Dollar Installments:** Choose an amount (at least \$25) you want to receive in each monthly, quarterly, or annual payment. Payments will continue until your account balance is zero unless you stop them.
- **Life Expectancy Installments:** TSP will compute your payment amount based on how often you want to receive a payment and your life expectancy. The initial payment amount is based on your age and account balance.
- **Single Withdrawal:** You can take out any amount of \$1,000 or more in a single payment. TSP will process one payment in a 30-day period.
- **Annuity:** TSP will purchase an annuity on your behalf with money from your account (at least \$3,500). This lets you pay now to receive monthly payments that last for the rest of your life.

Be sure to designate a beneficiary using Form TSP-3 or funds will be distributed in the order that follows:

- Wholly to your spouse, or
- Equally to your children, or
- Equally to your surviving parents, or
- Wholly to the appointed executor of your estate, or
- To your next of kin as established by your estate

✓ **Fun fact!** You can retain your TSP account after separating from the military. Regular payroll contributions must cease when you leave or retire, but you can contribute through rollovers from other eligible retirement accounts.

For the most current TSP updates, visit www.tsp.gov.

Have Questions? Contact Us:
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