

What Is the TSP Mutual Fund Window?



Federal employees and members of the uniformed services have access to the [Thrift Savings Plan](#) (TSP), the defined-contribution retirement plan of the United States government. All individuals covered by the Blended Retirement System are automatically enrolled in TSP after 60 days of service; those not covered by the Blended Retirement System must make a contribution through payroll to open a TSP account.

In 2022, TSP introduced a new investment feature called the “[mutual fund window](#).” This window allows certain TSP account holders to gain access to a larger variety of investment choices than are typically available through TSP. To qualify, an account must have a minimum balance of \$40,000 and be able to make an initial transfer of at least \$10,000 to purchase mutual funds. The initial transfer must total no more than 25% of the account’s balance. Furthermore, no more than 25% of the account’s total balance can be invested in mutual funds at any given time.

Money that is invested in the mutual fund window is withdrawn from TSP and deposited into a separate investment account provided by TSP’s vendor. Within that account, individuals are able to buy and sell mutual funds.

Note that any transfer to or from these mutual funds counts toward the maximum of two fund transfers allowed within an account in a calendar month. After this limit is reached, any additional transfers can be made into the TSP G Fund only. Funds invested in your mutual fund window account are not available for loans, distributions, or withdrawals; money must be transferred back to TSP before it can be used to take advantage of other TSP programs.

Participation in the mutual fund window is not free and increases the expenses associated with an investor’s TSP account. Fees for this feature include:

- An annual maintenance fee of \$95.00



- An additional annual administrative fee of \$55.00 to ensure that TSP costs stay low for account holders who do not invest in mutual funds
- A trade fee of \$28.75 per transaction
- Additional mutual fund-specific administrative fees, which may vary depending on the funds selected

You can open a mutual fund window account through your TSP account.

Mutual Funds

A mutual fund is made up of money sourced from many individual investors that is pooled together and invested by a single entity into a portfolio of stocks, bonds, and other assets for the purpose of producing income for each investor. Mutual fund portfolios can consist of anywhere from 20 to 200 different investments.

When you invest in a mutual fund, you are essentially giving the portfolio manager – the person making investment decisions with your money – a sum of money to invest as they see fit within a designated range of investment options. Other investors do the same thing, so the amount of money that the portfolio manager can invest is much more than what any individual investor contributes.

Mutual funds allow investors to diversify their portfolios, but a fund's performance is only as good as its portfolio manager and the market's experience as a whole. Consider whether the higher fees required by the mutual fund window and the additional risks associated with investing in mutual funds is worth exercising the option to move money out of your TSP account.

TSP Funds

TSP offers [five core funds](#) (G, F, C, S, and I) for you to choose from. Each fund offers a different investment strategy and type of investment, as well as varying levels of risk and anticipated return. For example, the G Fund has a low risk level, but correspondingly lower potential returns on your investment. The S Fund offers the potential for much higher return, but is associated with a correspondingly higher level of risk.

- **G Fund:** This is a short-term fund with the most modest potential for gain. However, the payment of G Fund principal and interest is guaranteed by the U.S. government, meaning that the U.S. government will always make the required payments, effectively eliminating investors' risk of loss.
- **F Fund:** F Fund investors are rewarded with the opportunity to earn higher rates of return over the long term than they would receive from investments in short-term securities such as the G Fund.
- **C Fund:** C Fund investors are provided with the opportunity to experience gains from equity ownership in large and mid-sized U.S. company stocks.
- **S Fund:** S Fund investors are given the opportunity to experience gains from equity ownership in small-to-mid-sized U.S. companies.
- **I Fund:** I Fund investors receive the opportunity to experience gains from equity ownership in non-U.S. companies.



Lifecycle funds (L funds) are a mix of the five core funds and offer professional management based on your “target date” – or when you plan to use the money. They are designed to maximize your return while reducing the amount of risk based on your target date, so the mix of investments trends less risky as your target date approaches. The portfolio is readjusted every three months.

Core funds and lifecycle funds are available to all TSP account holders.

Navy Mutual exists to provide more than just life insurance. A core element of our mission is to educate servicemembers and their families on financial security and service benefits. If you have questions about TSP or the mutual fund window, our Education and Veterans Services team is available to provide answers. They can be reached at [888-298-4442](tel:888-298-4442).