

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 2021 it is \$19,500.

👉 **But wait!** The IRS contribution limit for TSP increases when in a Combat Zone Tax Exclusion area or a Direct Support Area. In 2021, the annual limit will increase to \$58,000. You can contribute up to \$19,500 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.

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

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

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, but regular contributions must cease when you leave or retire.

Have Questions? Contact Us:
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