



# Federal Benefits Made Simple<sup>®</sup>

A N E . A . B U C K C O M P A N Y

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## 2023 Contribution Limits

**\$22,500 + \$7,500 = \$30,000**

(under age 50)

(catch-up / age 50+)

Total  
2023

**FERS - 5% Government Match for 5% Contribution CSRS - No Match<sup>1</sup>**

## AS OF 12/31/2022

Only **94%** of FERS employees participate and of those...  
**25%** contribute less than **5%** and lose matching funds!<sup>2</sup>

Largest defined contribution plan in the world with **\$726\* Billion** in assets (of which \$39 billion is Roth TSP)<sup>2</sup>

## FUNDS\*

**G Fund** - Invested in short-term US Treasury securities specially issued to the TSP. Payment of principal and Interest is guaranteed by the US Government. There is no "credit risk."

**F Fund** - Offers the opportunity to earn rates of return that exceed those of money market funds over the long term with relatively low risk. The objective of the F Fund is to match the performance of the Bloomberg Barclays U.S. Aggregate Bond Index.

**C Fund** - Offers the opportunity to earn a potentially high investment return over the long term from a broadly diversified portfolio of stocks of large and medium-sized U.S. companies. The objective of the C Fund is to match the performance of the Standard and Poor's 500 (S&P 500) Index, a broad market index made up of stocks of 500 of the largest U.S. companies. The S&P 500 makes up approximately 84% of the value of the US stock markets.

**S Fund** - Offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of small and medium-sized U.S. companies. The objective of the S Fund is to match the performance of the Dow Jones US Completion Total Stock Market (TSM) Index, a broad market index made up of all actively traded common stocks of U.S. companies not included in the S&P 500 Index. The TSM makes up approximately 16% of the value of the US stock market.

**I Fund** - Offers the opportunity to earn a potentially high investment return over the long term by investing in the stocks of companies mostly outside the United States. The objective of the I Fund is to match the performance of the Morgan Stanley Capital International (MSCI) EAFE (Europe, Australasia, Far East) Index.

## ADVANTAGES OF USING TSP

- Choice of tax treatments between Traditional (pre-tax) and Roth (after tax) contributions
- Automatic payroll deduction makes saving easier
- A diversified choice of investment options
- Low Fees

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## Rule of Thumb

Save at least 10% in your TSP to maximize savings.  
(not including matching funds).

## Lifecycle Funds

The L Funds provide a convenient way to diversify TSP accounts among the G, F, C, S, and I Funds, using professionally determined investment mixes that are tailored to different time horizons. The "time horizon" is the typical date when the employee leaves Federal service and thinks they will need the money for income. There are currently 10 Lifecycle Funds to choose from - L Income being most conservative and L2065 being most aggressive.

**Fees** - Administrative fees for 2021 were .058% of the account balance or = \$.58 per thousand.<sup>3</sup>

## Thrift Saving Plan - Loans<sup>4</sup>

**General Purpose Loan:** 1-5 years to repay - requires no documentation.

**Residential Loan:** 1-15 years to repay - requires documentation that property will be your primary residence.  
May use for construction of primary residence.

- Apply Online or Paper Application (TSP-20).
- Current Interest Rate - will be the interest rate in effect when you request your loan. It will be the same as the G Fund's interest rate from the prior month.
- Amounts You Can Borrow- 50% of current vested balance up to \$50,000. Must borrow at least \$1,000.

## Thrift Saving Plan - Withdrawal Options / Creating Income

While working - after age 59 ½, an employee may withdraw from their TSP (up to 100% of the account balance) once every 90 days. These funds may either be transferred via a direct rollover into an IRA where the transaction would not be taxable, or the funds may go directly to a bank account where the withdrawal would trigger a taxable event.

When retired - 30 days after retirement, retiree may elect to:

- Take monthly payments that can be changed every 30 days
- Elect a lifetime annuity with MetLife currently paying 1.475%
- Take a partial withdrawal as frequently as every 30 days (can be done in conjunction with monthly payments)
- Make a full withdrawal at which point your TSP account would be closed

OR

Any combination of these four choices.

<sup>1</sup> <https://www.tsp.gov/making-contributions/contribution-limits/>

<sup>2</sup> <https://www.frtib.gov/pdf/minutes/2022/Dec/Att1-Thrift-Savings-Fund-Statistics-Nov-2022.pdf>

<sup>3</sup> <https://www.tsp.gov/tsp-basics/administrative-and-investment-expenses/>

<sup>4</sup> <https://www.tsp.gov/publications/tspb04.pdf>

\* For more detailed information on any of these funds and topics discussed, please check out the TSP website at: <https://www.tsp.gov/funds-individual>