

THE THRIFT SAVINGS PLAN

Federal employees and uniformed service members

The Thrift Savings Plan (TSP) is a voluntary retirement savings and investment plan for federal employees and members of the uniformed services. It offers participants benefits that are similar to what many private corporations offer their employees through 401(k) plans.

A participant can make annual contributions up to \$19,500, with an additional \$6,500 catch-up contribution if age 50 or older. Active duty service members receiving hazardous duty pay and stationed in a combat or combat support zone are entitled to an annual addition limit of \$57,000. This limit includes the \$19,500 standard contribution, but does not include the \$6,500 catch-up contribution.

The TSP offers both Traditional and Roth options. Contribution limits are the same whether you contribute to the Roth option, the Traditional option, or a combination of the two. The table below enumerates the features of both.

TRADITIONAL	ROTH
Contributions made pre-tax	Contributions made after-tax
Earnings compound on tax-deferred basis	Earnings compound on after-tax basis
Withdrawals taxed	Withdrawals not taxed*
Transfers in allowed from eligible employer plans and traditional IRAs	Transfers in allowed from Roth 401(k)s, Roth 403(b)s and Roth 457(b)s
Transfers out allowed to eligible employer plans, traditional IRAs and Roth IRAs (must pay taxes on pre-tax amount)	Transfers out allowed to Roth 401(k)s, Roth 403(b)s, Roth 457(b)s and Roth IRAs
Required minimum distributions (RMDs)	

Matching funds are pre-tax and go into the traditional account. New Participants will automatically be enrolled in the TSP at 5% of their pay. Blended Retirement System (BRS) participants are automatically re-enrolled at the 5% level annually on or after January 1 each year. This contribution level will allow new participants to get the full matching contributions from their agency or service.

**Provided minimum eligibility requirements are met.*

Investment options

There are multiple index funds and multiple Lifecycle (L) funds (which are comprised of index funds). The L Funds have various degrees of risk, ranging from the most aggressive L 2065 Fund to the most conservative L Income Fund. Contributions may be allocated among these options:

TSP FUND	INVESTED IN/BENCHMARK INDEX
G Fund: Government Securities Investment Fund	Invested In: Short-term U.S. Treasury securities
F Fund: Fixed Income Index Investment Fund	Benchmark: Barclays Capital U.S. Aggregate Bond Index
C Fund: Common Stock Index Investment Fund	Benchmark: Standard & Poor's 500 Stock Index
S Fund: Small Capitalization Stock Index Investment Fund	Benchmark: Dow Jones U.S. Completion TSM Index
I Fund: International Stock Index Investment Fund	Benchmark: Morgan Stanley Capital International EAFE Stock Index
L Funds: Lifecycle Funds	Invested In: Mix of G, F, C, S and I Funds

FERS employees and uniformed service members in the BRS

- After 60 days of service, the employing federal agency of FERS participants and uniformed service members will begin making Agency Automatic Contributions equal to one percent of pay even if the employee does not participate.
- All new hires automatically have 5% of their basic pay contributed to the appropriate Lifecycle Fund unless they opt out.
- After two years of service, participating FERS employees and uniformed service members participating in the BRS will begin receiving Agency Matching Contributions on a dollar-for-dollar basis for the first 3% of pay contributed and a fifty-cents-on-the-dollar basis for the next 2% of pay contributed.

Typically an employee's contribution amount remains fixed unless they change it. One of the unique aspects of BRS is that participants are considered to "re-enroll" each year and their contribution amount gets reset to the 5% default level.

Withdrawals

With the passing of the TSP Modernization Act in 2018, the withdrawal options available to TSP participants were substantially expanded. Here's a summary of these expanded options as they apply to four specific categories.

- Partial withdrawals
 - You can take up to four age-based in-service withdrawals per calendar year.
 - There is no limit of the number of partial withdrawals you can take after separating from federal service, but withdrawals cannot be made any more frequently than every 30 days.
- Roth, Traditional or both
 - When making withdrawals, you'll have the

option of specifying that they come only from your Roth balance, only from your Traditional balance, or that they be made from both on a pro rata basis (in percentages equal to the amount you have in each).

- Withdrawal deadline
 - There is no requirement that you fully withdraw your funds from the TSP at any age, but you are required to begin taking IRS-required minimum distributions beginning the year after you turn 72.
- Installment payments
 - You can receive distributions, or payments, from your TSP account on a monthly, quarterly or annual basis.
 - You can change the amount or frequency of your payments at any time during the year.
 - You can stop your monthly payments at any time.

Other provisions and restrictions

- Participants may borrow from their accounts subject to restrictions.
- Hardship withdrawals are allowed subject to restrictions.
- Participants in CSRS and military service members in the traditional retirement system receive no matching contributions.

Choosing what's right for you

At First Command, we believe that decisions about the TSP should be made in the context of a comprehensive financial plan that reflects your values, addresses your individual circumstances, and is structured to help you pursue your financial goals. Should you contribute to the TSP? If so, how much and to what funds? Your First Command Financial Advisor can help you answer all those questions.

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TSP accounts have very low administrative and investment expenses. Expenses can have a significant impact on your investment returns over time.

Prior to requesting a rollover from your Thrift Savings Plan (TSP) account to an Individual Retirement Account (IRA), you should consider whether the rollover is suitable for you. There may be important differences in features, costs, services, withdrawal options and other important aspects between your TSP account and IRA.

For additional information regarding TSP, visit www.tsp.gov.

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