



Exploring TSP Withdrawal Options

A NARFE Federal Benefits Institute Webinar

Presented by Tammy Flanagan



How Does the TSP Fit in Your Retirement Plan



Monthly
Income



Pay off
Debt



Rainy
Day
Fund



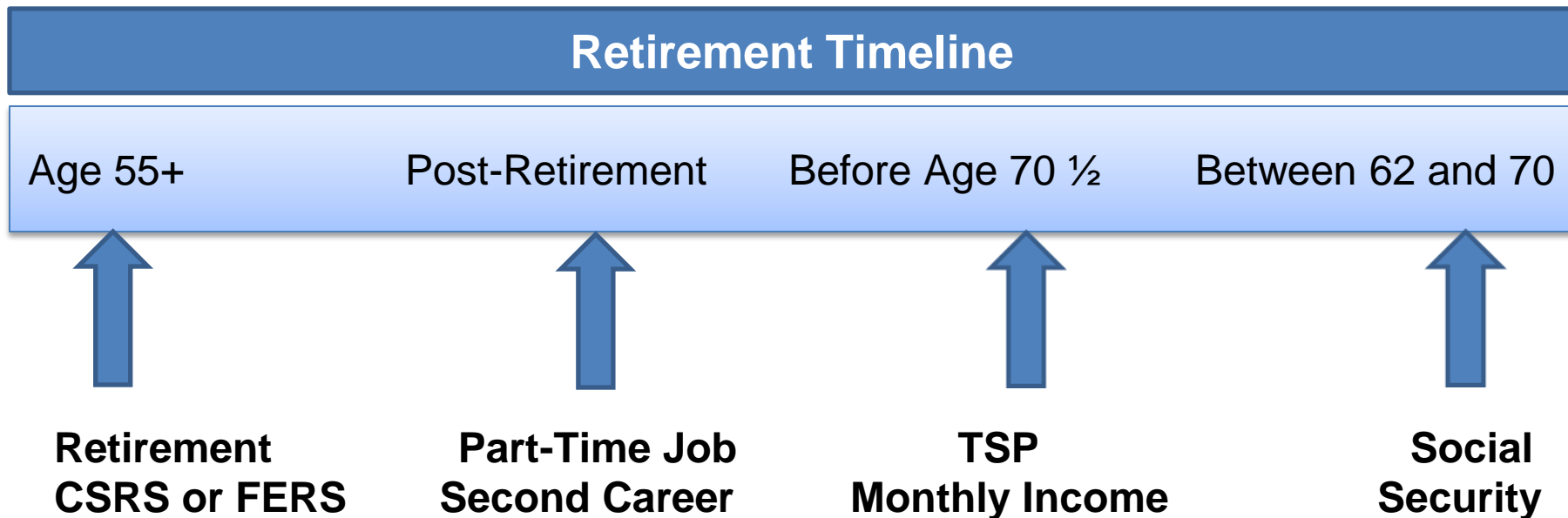
Leave
to My
Heirs



Future
Health
Care

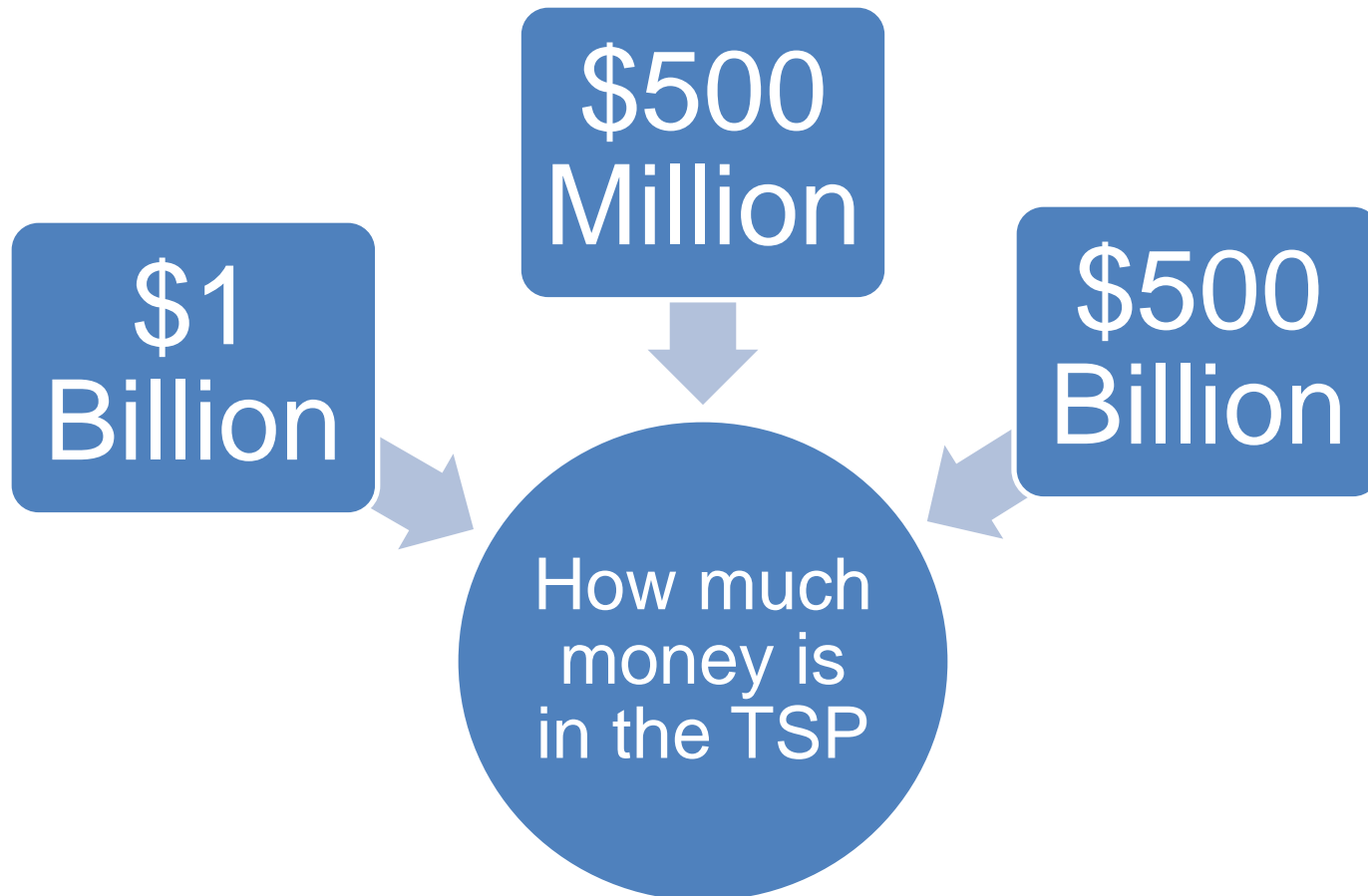


How Does the TSP Fit in Your Retirement Plan



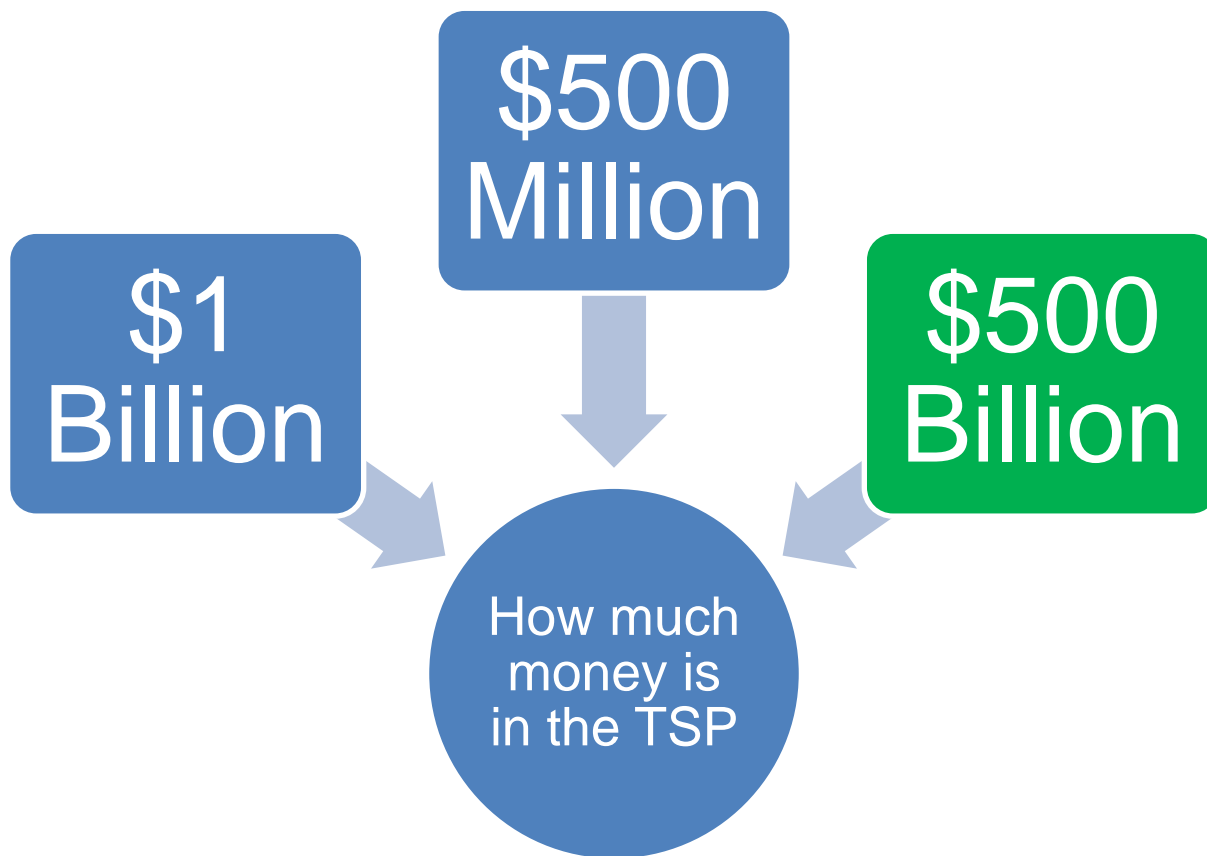


Test Your Knowledge:





Test Your Knowledge:





TSP by the Numbers

Participation

- CSRS: 63.3% participation rate
- FERS: 88.9% participation rate
- 4,863,139 participants

Plan Balance

- All: \$447,859,000,000
- Roth: \$3,723,000,000

Post-Separation Withdrawals

- New Monthly Payments: > 25,000
- New Partial Withdrawals: > 25,000
- Ongoing Monthly Payments: > 90,000
- Annuities: <10,000



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**Current
Income**

**Retirement
Income**

- Taxes

- Savings

- Retirement

- Insurance

TSP

- taxes

CSRS or FERS

- Reductions
Taxes and Insurance

Social Security

- Taxes and Medicare



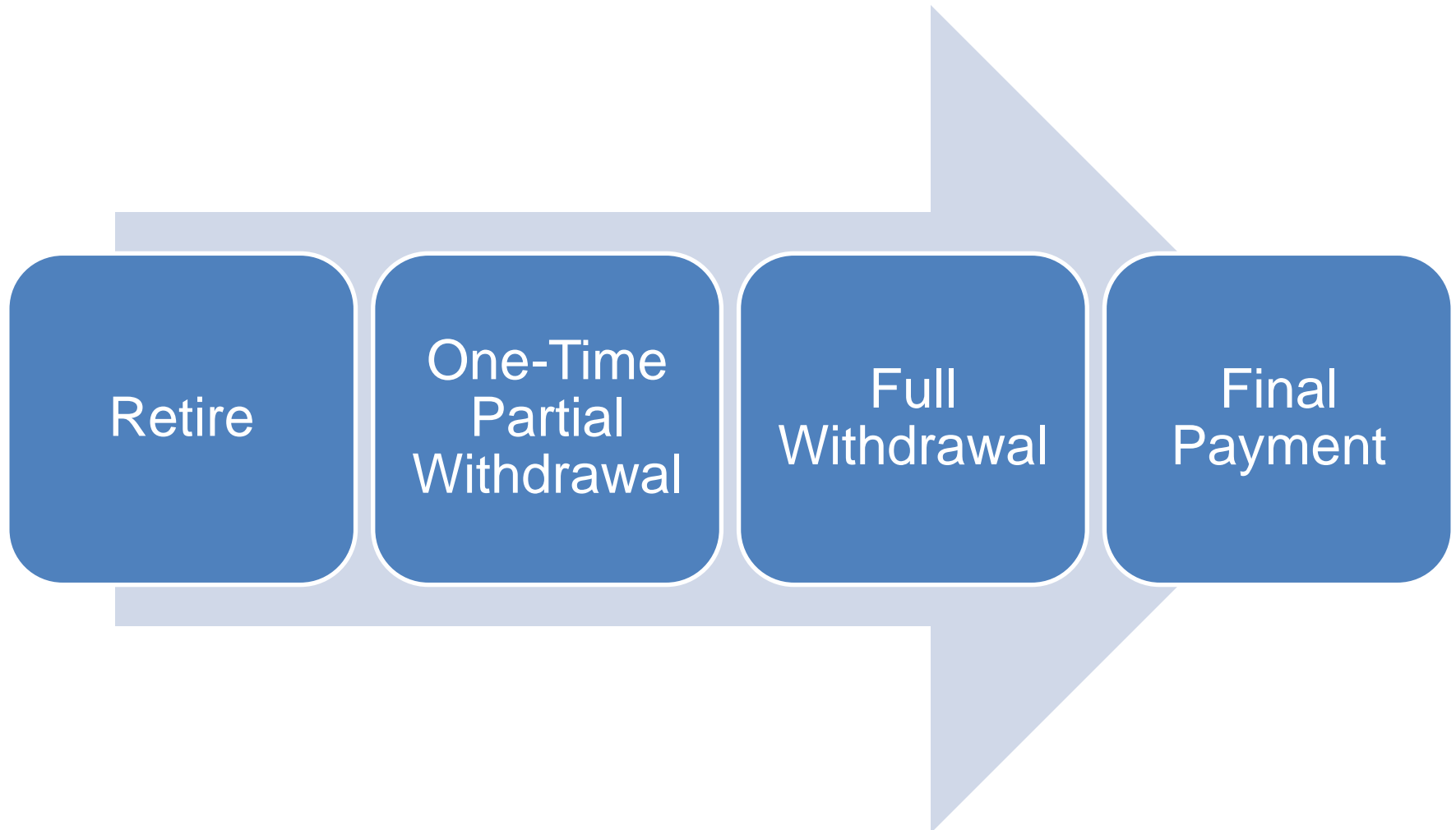
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Estimated Net Retirement Income Compared to Net Salary: All figures are MONTHLY

Income and Withholdings	Retirement	Income and Withholdings	current salary
Unreduced CSRS benefit	+ \$5,546.26	Gross Monthly Salary	+ \$8,366.80
Reduction for survivor annuity	- \$554.52	CSRS Retirement Contributions	- \$585.68
		Medicare Tax	- \$119.06
CSRS (or FERS) Retirement Income	+\$4,991.74	OASDI Tax (FICA)	- \$0.00
Insurance: FEHB	- \$156.24	Insurance: FEHB	- \$156.24
Insurance: FEGLI	- \$33.48	Insurance: FEGLI	- \$33.48
Federal and State Income Tax	- \$998.20	Federal and State Taxes	- \$998.75
Social Security Retirement	+ \$576.00		
Federal Income Tax	- \$73.00		
Medicare Part B Premium (age 65)	- \$121.80		
TSP Monthly Income	+ \$800.00	TSP Contributions	- \$1,500.00
Federal and State Income Tax	- \$160		
Net Retirement Income (CSRS, SSA and TSP)	\$4,825.02	Net Monthly Income	\$4,973.53



TSP Withdrawal Timeline





TSP Withdrawal Options

Directly From TSP

Monthly
Payments

Cash
Payment

Annuity

Dollar
Amount

Life
Expectancy

Transfer to IRA

As
needed

Monthly
Payments

Annuity



Insert Video Here

<https://youtu.be/xrH0l-HA58o>



Taxes and Tax Penalties

Taxes

- Federal
- State
- No Tax: Roth

Penalties

- Before 59 ½
 - Exceptions
- After 70 ½

Unpaid Loan Balance

- 90 days to repay
- Taxable Distribution Form 1099
- Roll Over

Withholdings

- >10 years or life expectancy: Your Choice
- Lump sum or < 10 years: Mandatory 20% or more
- Required Minimum Distribution: 10% or more (W4-P)



Use the Wizard!

2 pages | Last Printed 4/2012

See how easy it is to complete this form.

Let our online wizard help you with your partial withdrawal request. Based on your answers to a series of questions, it will prefill the appropriate sections of your form and help you avoid mistakes that could cause your form to be delayed or rejected.

YES,
take me to the Withdrawal Wizard.

No thanks, just download Form TSP-70.

our

al by
SP.

ment

amount.

2 pages | Last Printed 8/2013



One-Time Partial Withdrawal

Request for Partial Withdrawal When Separated (2/2015) - Google Chrome
Federal Retirement Thrift Investment Board [US] <https://www.tsp.gov/PDF/formspubs/tsp-77.pdf>

THRIFT SAVINGS PLAN REQUEST FOR PARTIAL WITHDRAWAL WHEN SEPARATED TSP-77

I. INFORMATION ABOUT YOU

1. This request applies to my: Civilian Account **OR** Uniformed Services Account

2.
Last Name First Name Middle Name

3. 4. / / 5. _____
TSP Account Number Date of Birth (mm/dd/yyyy) Daytime Phone (Area Code and Number)

6. Foreign address?
Check here. 7.
Street Address or Box Number (For a foreign address, see instructions on back.)

Street Address Line 2

8. 9. 10. -
City State Zip Code

II. PARTIAL WITHDRAWAL REQUEST

11. Amount you want to withdraw: \$, , .00 (amount must be \$1,000 or more)

III. TRANSFER ELECTION

12. I would like to **transfer** all or a portion of my withdrawal request to an IRA or eligible employer plan. (Note: You must include the completed applicable transfer page(s) from this form with your withdrawal request package.)



Full Withdrawal Form TSP-70

(אמריקאי, 1111111111)

IV. WITHDRAWAL ELECTION — This section is required. Choose one or more methods. Indicate percentages in whole numbers. If choosing monthly payments, include the dollar amount of each payment **or** choose to have the TSP compute your payments based on your life expectancy.

23. I would like to withdraw my entire account balance as follows:

a. .0% Single Payment

b. .0% Life Annuity (Must equal \$3,500 or more. Also complete Page 6.)

c. .0% TSP Monthly Payments → Tell us how to pay your monthly payments:

100 % (Total a, b, and c)

\$, .00 per month (\$25.00 or more)

OR

Compute my payments based on my life expectancy.



Compute Payment Scenarios

https://www.tsp.gov/PlanningTools/Calculators/retirementCalculator.html

Home | Site Help | What's New | Forms & Publications | Contact TSP

Thrift Savings Plan

My Account | Plan Participation | Investment Funds | **Planning & Tools** | Life Events | Participant Support

Investment Strategy | Retirement Planning Phases | Living in Retirement | **Calculators**

Home > Planning & Tools > Calculators > Retirement Income Calculator

Calculators

- How Much Should I Save (Ballpark Estimate)?
- How Much Will My Savings Grow?
- How Much Can I Contribute?
- Paycheck Estimator
- Contribution Comparison Calculator
- Retirement Income Calculator**
- TSP Monthly Payment Calculator
- Estimate Loan Payments

Retirement Income Calculator

- 1 INTRODUCTION
- 2 RETIREMENT INCOME
- 3 LENGTH OF RETIREMENT
- 4 MONTHLY INCOME
- 5 ANNUITY OPTIONS

About TSP Monthly Payments and Life Annuities

If you want monthly income from your TSP account when you separate from Federal service, you have two options: **TSP monthly payments** and a **life annuity** ([View Feature Comparison Chart](#)).

This calculator will help you decide whether receiving monthly income is right for you by comparing the available features that might meet your needs. (If you are currently receiving TSP monthly payments and you want to choose a different payment amount, use the [Monthly Payment Calculator](#).)

[Get Started](#)

[See examples of possible monthly retirement income choices.](#)

DISCLAIMER: This calculator is provided for informational purposes only. It is not intended to provide retirement used as an investment advisory tool or as a guarantee of monthly payment amounts or a final account balance.



Compute Payment Scenarios

Monthly Payments

- Specific Dollar Amount
- Life Expectancy

Changes

- Change dollar amount annually
- One-time only: life expectancy to dollar amount
- Final cash payment



Monthly Payments

Age	Fixed Dollar		Life Expectancy	
	Payment	Year-End Balance	Payment	Year-End Balance
64	\$2,000.00	\$605,354.84	\$2,293.58	\$601,737.20
65	\$2,000.00	\$610,977.42	\$2,387.85	\$602,399.59
66	\$2,000.00	\$616,881.14	\$2,485.15	\$601,896.11
67	\$2,000.00	\$623,080.05	\$2,585.46	\$600,131.38
68	\$2,000.00	\$629,588.90	\$2,688.76	\$597,005.51
69	\$2,000.00	\$636,423.19	\$2,794.97	\$592,414.55
70	\$2,000.00	\$643,599.19	\$2,903.99	\$586,250.64
71	\$2,000.00	\$650,562.91*	\$1,843.56	\$592,845.77
72	\$2,000.00	\$656,725.38*	\$1,929.84	\$598,707.45
73	\$2,000.00	\$661,996.79*	\$2,019.93	\$603,752.08
74	\$2,000.00	\$666,281.25*	\$2,113.98	\$607,890.00
75	\$2,000.00	\$669,476.35*	\$2,212.12	\$611,025.48
76	\$2,000.00	\$671,472.97*	\$2,314.49	\$613,056.25



Compute Payment Scenarios

Purchase Life Annuity

- MetLife holds contract
- Interest rate index: 1.75% (May 2016)

Be Aware

- Permanent election
- Monthly payment depends on:
 - Age at time of purchase
 - Interest rate index
 - Annuity options (survivor benefit / inflation)



Annuity Election

Age 66 (annuitant and spouse), \$600,000 account balance, 1.75% interest rate index

Age	Level Payments		Increasing Payments	
	100% survivor w/ Cash	50% survivor w/cash	100% survivor w/cash	50% survivor w/cash
66	\$2,517.00	\$2,986.00	\$1,606.00	\$1,977.00
67	\$2,517.00	\$2,986.00	\$1,654.00	\$2,036.00
68	\$2,517.00	\$2,986.00	\$1,703.00	\$2,097.00
69	\$2,517.00	\$2,986.00	\$1,754.00	\$2,160.00
70	\$2,517.00	\$2,986.00	\$1,807.00	\$2,225.00
71	\$2,517.00	\$2,986.00	\$1,861.00	\$2,292.00
72	\$2,517.00	\$2,986.00	\$1,917.00	\$2,360.00
73	\$2,517.00	\$2,986.00	\$1,975.00	\$2,431.00
74	\$2,517.00	\$2,986.00	\$2,034.00	\$2,504.00
75	\$2,517.00	\$2,986.00	\$2,095.00	\$2,579.00
76	\$2,517.00	\$2,986.00	\$2,158.00	\$2,656.00



Manage TSP in Retirement



Advantages

- Fiduciary
- L Funds
- C, F, G, S, I
- Do-it-yourself
- Low expense
- Simplicity
- Protect from creditors

Advantages

- Diversify more specifically
- Holistic plan
- Fiduciary
- Control withdrawals



Manage TSP in Retirement



Disadvantages

- Pro-rata distributions
- Limited partial distributions
- Change once / year

Disadvantages

- Cost \$.29 / \$1,000 / year vs. \$1.25 / \$1,000 / year or more!
- No guarantee to perform better
- Surrender fees / back-end charges
- Annual fees, commissions, or charges



Move Other Retirement Into TSP

Take advantage of low cost, simplicity,
withdrawal options

You may transfer or roll over a traditional IRA
(not a Roth IRA)

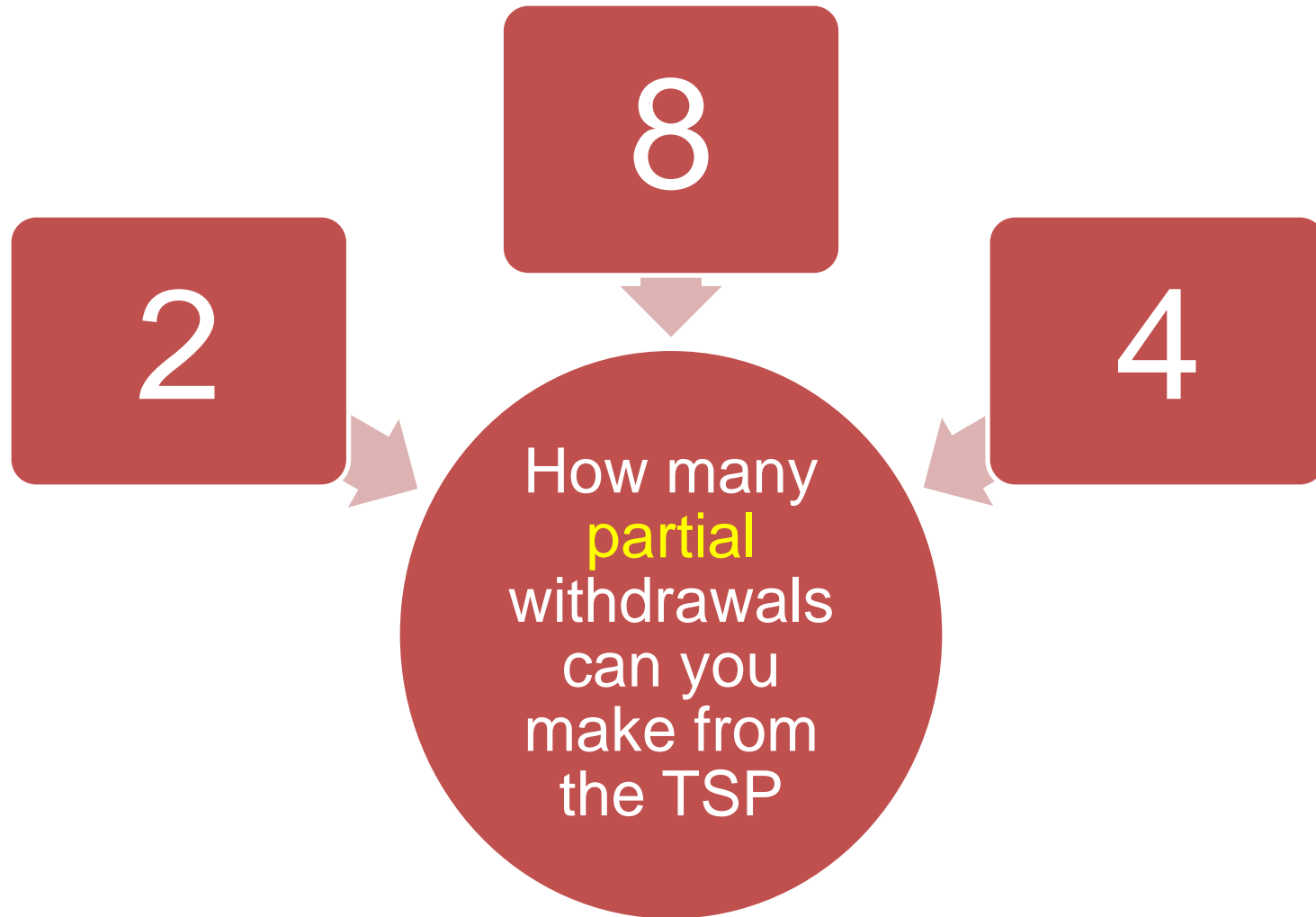
Roth or traditional 401(k), 403(b), or 457(b)
into the Roth or traditional TSP

You and the retirement plan custodian must
complete form

TSP-60, TSP-60R
Request for a Transfer Into the TSP

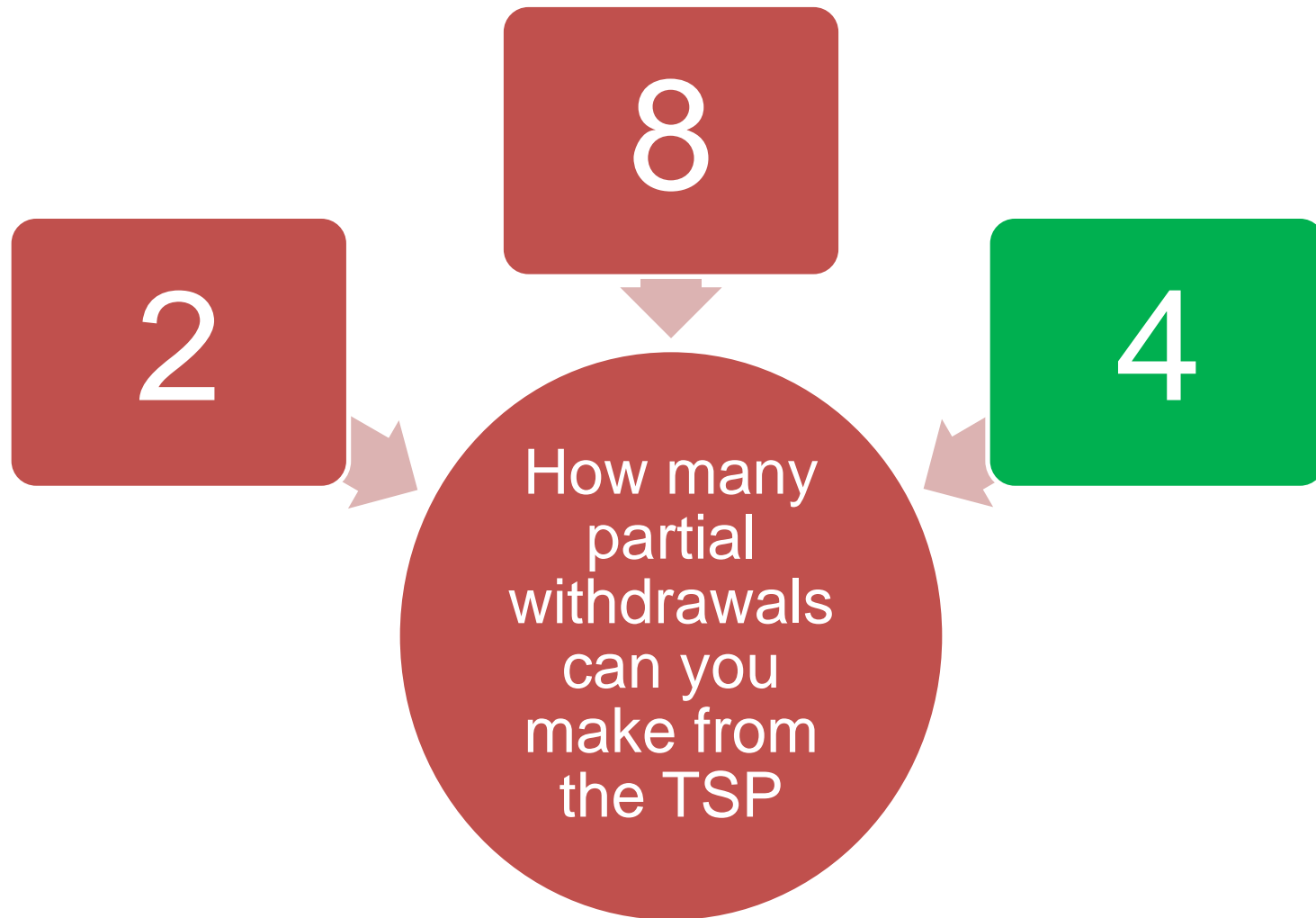


Test Your Knowledge:





Test Your Knowledge:





How Many Partial Withdrawals?

In-Service Withdrawal or Post-Separation Partial Withdrawal

TSP-75

TSP-77



Unpaid TSP loan balance does not count as a partial distribution



Full Withdrawal: Percentage as Lump Sum

TSP-70

0-100%



Final Lump Sum Payment

TSP-79

Series of Monthly Payments



Beneficiary Participant Accounts

Advantages

- G Fund
- Eligible for interfund transfers
- All TSP withdrawal options

Disadvantages

- Not eligible for TSP loans
- Cannot accept transfers or rollovers into BPA
- Death benefit payments: single payments
- Cannot be transferred to an IRA

Basic Information

- Required distributions based on age of deceased participant
- Designate beneficiaries using Form TSP-3
- Reference TSPBK33



Uniformed Services
Retirement Modernization

More Flexible Withdrawal
Options

**Coming Attractions
Most Require
Congressional Action**

Mutual Fund Window

American Savings Act



Cybersecurity Is a Big Deal

Cybersecurity is a major priority under FRTIB's plan.

Auditors specifically pointed to FRTIB's systems authorizations and continuous monitoring programs as needing attention.

FRTIB's cybersecurity challenges and improvements carry more weight as the agency continues to see higher enrollment.



Resources: www.tsp.gov

Withdrawal

- TSP 77
 - Partial Withdrawal
- TSP 70
 - Full Withdrawal
- Withdrawal Booklet
- Retirement Income Calculator

Taxes

- Required Minimum Distributions
- Important Tax Information Pamphlet
- Death Benefit Payments

Post Retirement

- Beneficiary Participants
- Change Address
- Change Monthly Payment
- Cash Out
- Beneficiary Designation



Questions

