

- Lifecycle Funds (L Fund)
 - Consists of five pre-packaged portfolios with professionally determined asset allocation
 - Returns on the F, C, S, I and L Funds are not guaranteed, and will fluctuate. Members allocating contributions to these funds will acknowledge that they are investing at their own risk on form TSP-U-50

Loans

- Borrowed from personal account
- **General purpose loan** – repay 1-5 years
- **Primary residence loan** – repay 1-15 years
- Minimum: \$1,000 / Maximum: the lesser of either ½ account balance or \$50,000
- Principal and interest (G rate) repayment to your account
- Loan application through TSP service office (usually 6-8 weeks to process)
- Not a substitute for an emergency fund
- Must be repaid in full prior to separating from service

Withdrawals

- Withdrawals while on active duty very limited: documented financial hardship
- Upon separation from service, many withdrawal options for tax-deferred money
 - **Cash out** – taxes and penalties prior to age 59 ½
 - **Leave in TSP** – will continue to grow; can still move money around; just can't make additional contributions



- Transfer to next employer's 401(k)
- Transfer to Traditional IRA
- TSP annuity options
- Tax-deferred contributions and earnings taxable when withdrawn

Forms

- **TSP-U-1** – enrollment, increase contributions, decrease contributions, stop contributions
- **TSP-U-3** – beneficiary designation
- **TSP-U-50** – contribution allocation, inter-fund transfers (account reallocation)

Resources

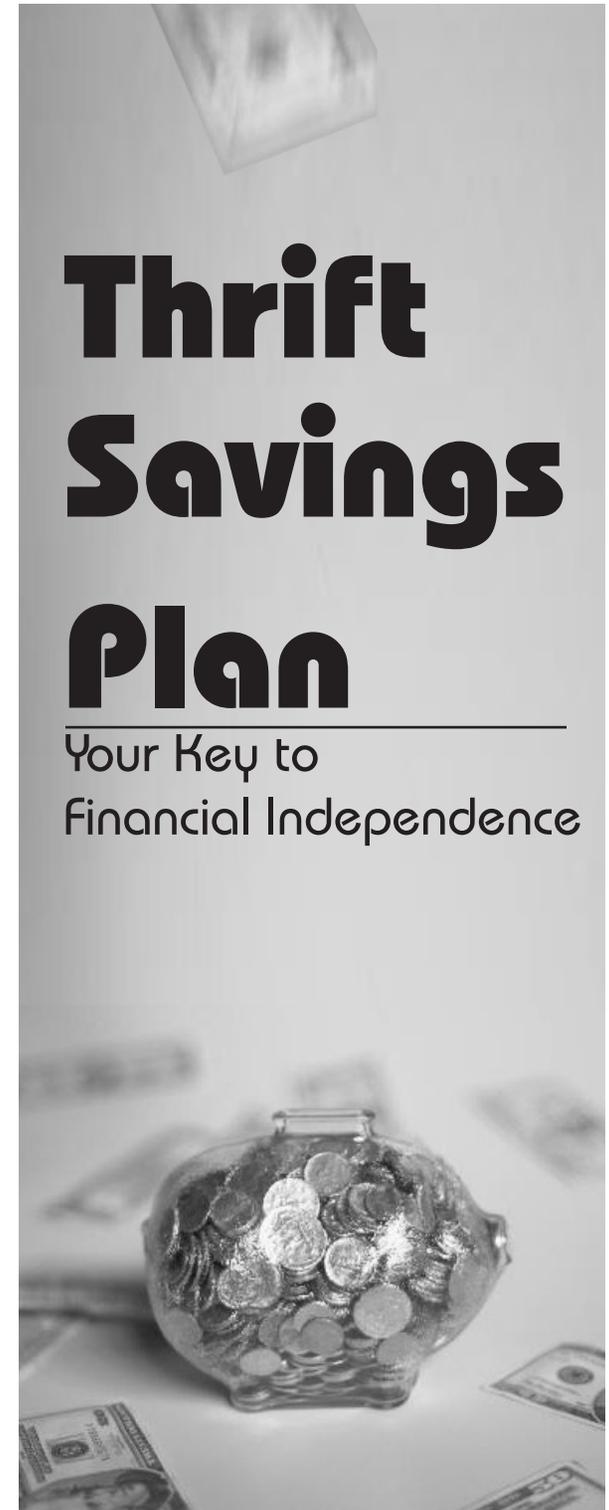
- www.tsp.gov – TSP website
- www.choosetosave.org/asec/ – variety of financial calculators
- TSP Thriftline
 - 1-877-968-3778 or 1-TSP-YOU-FRST
 - 1-404-233-4400 (Outside the U.S.)
- Command Financial Specialist (CFS)
- Financial Educators at FFSC
- Booklets Available Online (at TSP Website):
 - Summary of TSP for the Uniformed Services
 - Guide to TSP Investments
 - TSP Loan Programs
 - TSP In-Service Withdrawals
 - TSP Annuities
 - Withdrawing Your TSP Account After Leaving Federal Service



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Thrift Savings Plan

Your Key to Financial Independence





Thrift Savings Plan (TSP)

What is TSP?

- Federal government sponsored retirement savings & investment plan designed to supplement, not replace, military retirement check

Why?

- Provide retirement income in addition to military retirement and Social Security
- Provide financial stability and independence at retirement

Description/Benefits

- Defined contribution plan — like 401(k)
- Immediate vesting
- Portable
- Tax break on contributions (tax-deferred)
- Tax deferred earnings
- Not subject to attachment for commercial debt
- Choice of investment options
- Flexible withdrawal/transfer options upon separation from service
- Individual accounts
- Self-directed investments between 5 funds based on personal objectives, time horizon, risk tolerance, return objectives, diversification
- Personal pin number for account access
- Beneficiary designation
- Opportunity to build wealth
- All funds are index-based
- Monies are invested at all times
- Advantages: wide diversification, low investment costs, no risk of significantly under-performing market averages, no risk of “political factors” influencing fund investment choices
- No sales charges or account fees; very low fund expenses

Participation Rules

- Uniformed service members
- Minimum contribution: 1% of base pay
- Maximum contribution: 100% of base pay (for 2009) PLUS the total amount of special pays/bonuses (not to exceed Internal Revenue regulations per year)
- Direct contributions from pay (no outside contributions)
- Tax-free zone contributions up to \$49,000 per year
- Tax-free zone contributions accounted for separately — once tax free, always tax-free

Investment Options

- Government Securities Investment Fund (G Fund)
 - Managed by Thrift Investment Board
 - US Treasury securities
 - Rate set monthly by Treasury Dept.
 - Never has had a negative return
 - Generally lowest returns over long run; 10-year average (1999-2008): 4.92%
- Fixed Income Investment Fund (F Fund)
 - Managed by Barclays Global Investors
 - Tracks Lehman Brothers US Aggregate (LBA) bond index

- High quality notes & bonds (no junk bonds) representing all areas of investment-grade bond market
- Some interest rate risk; moderate return; 10-year average (1999-2008): 5.69%
- Common Stock Index Investment Fund (C Fund)
 - Managed by Barclays Global Investors
 - Tracks S&P 500 index
 - Common stocks of 500 largest US corporations
 - Represents all sectors & industries of the US stock market (about ¾ of total market)
 - Moderate/high risk; high potential reward; 10-year average (1999-2008): -1.40%
- Small Capitalization Stock Index Investment Fund (S Fund)
 - Managed by Barclays Global Investors
 - Tracks Wilshire 4500 index
 - Represents all listed public companies in US stock market outside S&P 500
 - Weighted toward medium sized growth companies (i.e.: technology & health care)
 - High risk; high potential reward; 10-year average (1999-2008): 1.74%
- International Stock Index Investment Fund (I Fund)
 - Managed by Barclays Global Investors
 - Tracks Morgan Stanley EAFE Index (Europe, Australasia, Far East)
 - Wide diversification over countries and industries
 - Additional political risk and foreign currency risk
 - Highest risk; high potential reward; 10-year average (1999-2008): 0.84%

