

WHAT IS TSP?

Long-term, tax-qualified, defined-contribution retirement savings and investment plan for members of uniformed services and federal employees.

ACCOUNT OPTIONS

- Traditional (pre-tax) – Taxes on contributions and earnings deferred until withdrawal
- Roth (after tax) – Taxes paid upfront; earnings are tax-free. Groups that may benefit most from using Roth TSP:
 - Those expecting a higher tax bracket at retirement
 - Those wanting to diversify tax risk
 - Younger participants
 - Deployed service members
- You can have both Traditional and Roth TSP accounts



SERVICE MEMBER CONTRIBUTIONS

- Service members under BRS (Blended Retirement System)
 - Automatically enrolled in a Traditional account at 60 days of service
 - Automatic 5% contribution of basic pay after 60 days
 - Automatically invested in an age-appropriate L Fund
 - Can make changes to contribution amount and type of investment fund in myPay or Direct Access
 - Service members can contribute up to 100% of incentive, special, or bonus pay (if contributing from basic pay)
- Catch-up Contributions (age 50 & older)
 - From basic pay only
 - Stops when the contribution limit is reached or end of the calendar year, whichever is first
 - Contribution Limits (2025)
 - Elective Deferral Limit (EDL): \$23,500
- Catch-up Contribution Limits (separate from EDL):
 - Ages 50-59: \$7,500
 - Ages 60-63: \$11,250
 - Age 64+: \$7,500

SERVICE CONTRIBUTIONS (FOR BRS MEMBERS)

- Service contributes 1% of monthly basic pay to the account after 60 days of service
- Service matches member contributions at the end of year 2 until separation, retirement, or completion of 26 years of service
- First 3% of member contributions matched dollar-for-dollar
- Next 2% of member contributions matched 50%
- Service matching is always to Traditional account

Check deposits at: <https://www.tsp.gov/login/>

COMBAT ZONE PAY CONTRIBUTIONS

- Annual Additions Limit: \$70,000 (2025)
- Traditional TSP Account
 - While serving in a combat zone and contributing to a traditional account, TSP keeps tax-exempt pay separate from original traditional account
 - Tax-free contributions
 - Tax-free withdrawals on contributions
 - Any earnings from tax-exempt pay are taxable upon at withdrawal
- Roth TSP Account
 - Catch-up contributions allowed
 - Qualified withdrawals are tax-free
 - Must be open for 5 years
 - Must be age 59 ½ or older, permanently disabled, or deceased
 - No early withdrawal penalty on tax-exempt combat pay contributions

Details: <https://www.tsp.gov/publications/tspbk08.pdf>

INVESTMENT FUNDS (6 CATEGORIES)

- G Fund – Government securities (low risk)
- F Fund – Fixed income (low to moderate risk)
- C Fund – Common stock (moderate risk)
- S Fund – Small cap stock (moderate to high risk)
- I Fund – International stock (moderate to high risk)
- L Funds – Lifecycle funds (varied risk based on target retirement date)
 - 11 options: L Income through L 2070
 - Each L Fund uses a mix of other 5 fund categories for its particular time horizon

AVAILABILITY OF ASSETS

- TSP Loan
 - Eligibility: Must be in pay status
 - Loan Amount:
 - Minimum: \$1,000
 - Maximum is lessor of:
 - Own contributions and earnings on those contributions, or
 - 50% of vested balance
 - \$50,000 (minus outstanding loan balance)

- Repayment: Through payroll deduction
- Interest Rate: Equal to G Fund return at loan processing
- Loan Types:
 - General Purpose Loan (\$50 fee, no documentation required, 1-5 year repayment)
 - Primary Residence Loan (\$100 fee, documentation required, 1-15 year repayment)
- Spousal consent required
- Withdrawals
 - In-Service Age-Based Withdrawal (age 59 ½ or older)
 - No early withdrawal penalty
 - Up to 4 per calendar year
 - In-Service Withdrawals (Under age 59½)
 - Minimum: \$1,000
 - Cannot return money to TSP account
 - Subject to income tax
 - May incur 10% IRS early withdrawal penalty
 - Spousal consent required
 - Financial Hardship Withdrawal
 - Limited to amount of financial need
 - Can only withdraw own contributions + earnings
 - 10% federal tax withholding (Traditional only)
 - 10% early withdrawal penalty (if under 59½)
 - Only 1 withdrawal per 6-month period
 - Contributions continue

Details: <https://www.tsp.gov/publications/tspbk12.pdf>

UPON LEAVING MILITARY SERVICE

- Options
 - Leave funds in TSP
 - Rollover other qualified funds into TSP
 - Transfer TSP to another qualified account
 - Multiple withdrawal options
- Required Minimum Distributions (RMDs)
 - Born before 6/30/1949: age 70½
 - Born 7/1/1949 – 12/31/1950: age 72
 - Born 1/1/1951 – 12/31/1959: age 73
 - Born 1/1/1960 or later: age 75

Details: <https://www.tsp.gov/publications/tspbk26.pdf>