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We are an independent financial services firm helping individuals create retirement strategies using a variety of investment and insurance products to custom suit their needs and objectives.

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**Ann Vanderslice Presents:**

# **Big Changes Coming to TSP - And What That Means For You!**



We are an independent financial services firm helping individuals create retirement strategies using a variety of insurance products to custom suit their needs and objectives.

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Understandable



Relatable



Useable

# WHAT YOU NEED TO KNOW

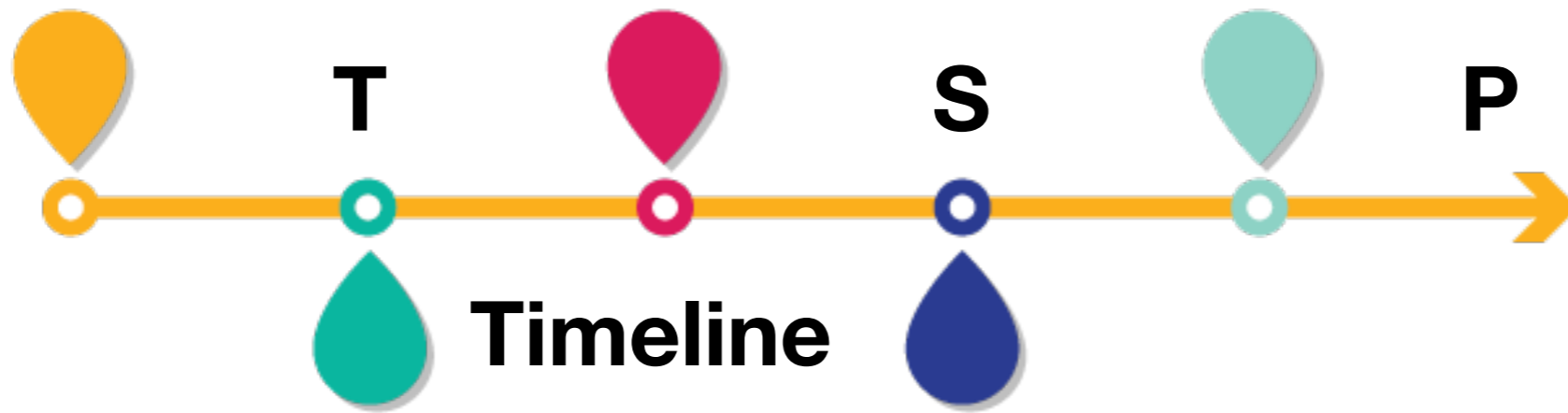


**History of Thrift Savings Plan**

**How it works now**

**What to look forward to**

TSP



**1986**  
FERS Act  
creates the  
Thrift Savings  
Plan

**January 1988**  
F and C  
Funds added  
to allocation  
options

**August 2005**  
Lifecycle  
Funds added  
to allocation  
options

**Sept 2019**  
New w/drawal  
options added

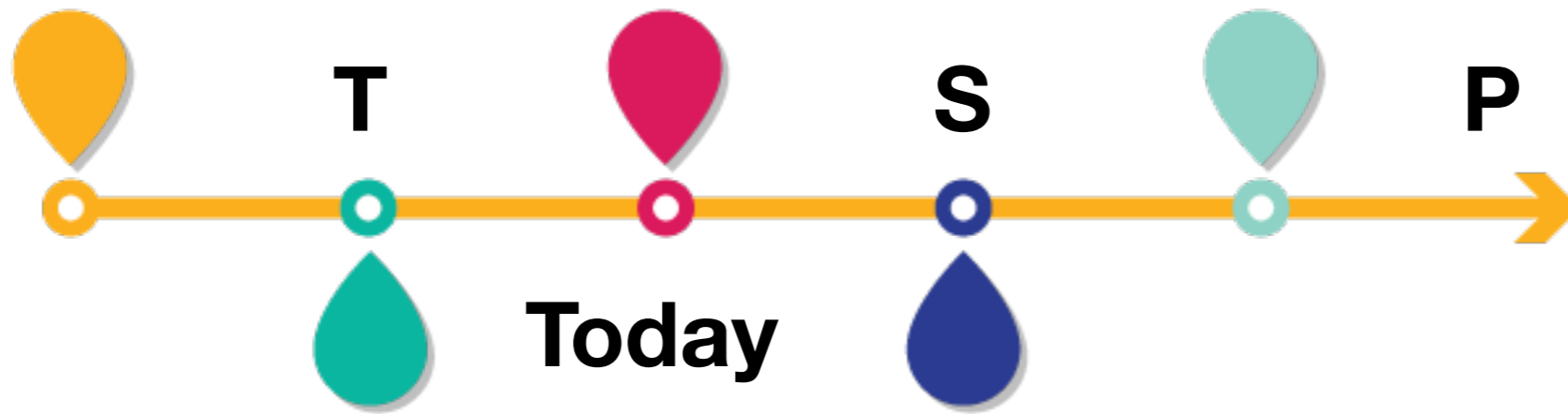
**June 2022**  
Major tech  
updates to  
website

**April 1987**  
First  
contribution  
to TSP is made  
to G Fund

**May 2001**  
S and I  
Funds added  
to allocation  
options

**May 2012**  
TSP Enhance.  
Act takes  
effect allowing  
for Roth TSP

**July 2020**  
5-year  
Lifecycle  
Funds added



**Largest defined contribution plan in the US with \$769 Billion\* in assets (up from \$557 Billion on 3/31/20, down from all-time high, \$803 Billion on 10/31/21) (of which \$34.2 billion is Roth TSP), 6.5 million participants (2 million use Roth) with 93% of FERS employees participating**

\* as of/ 2/28/2022 Source: [www.frtib.gov](http://www.frtib.gov)



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# Thrift Savings Plan Average Balances

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**The average employee in the FERS system has a balance of \$171,699\*. The average Roth account balance for these employees is \$21,930\*.**

**The average federal employee salary is \$91,645.\*\***

\* as of 02/28/2022 Source: [www.frtib.gov](http://www.frtib.gov)

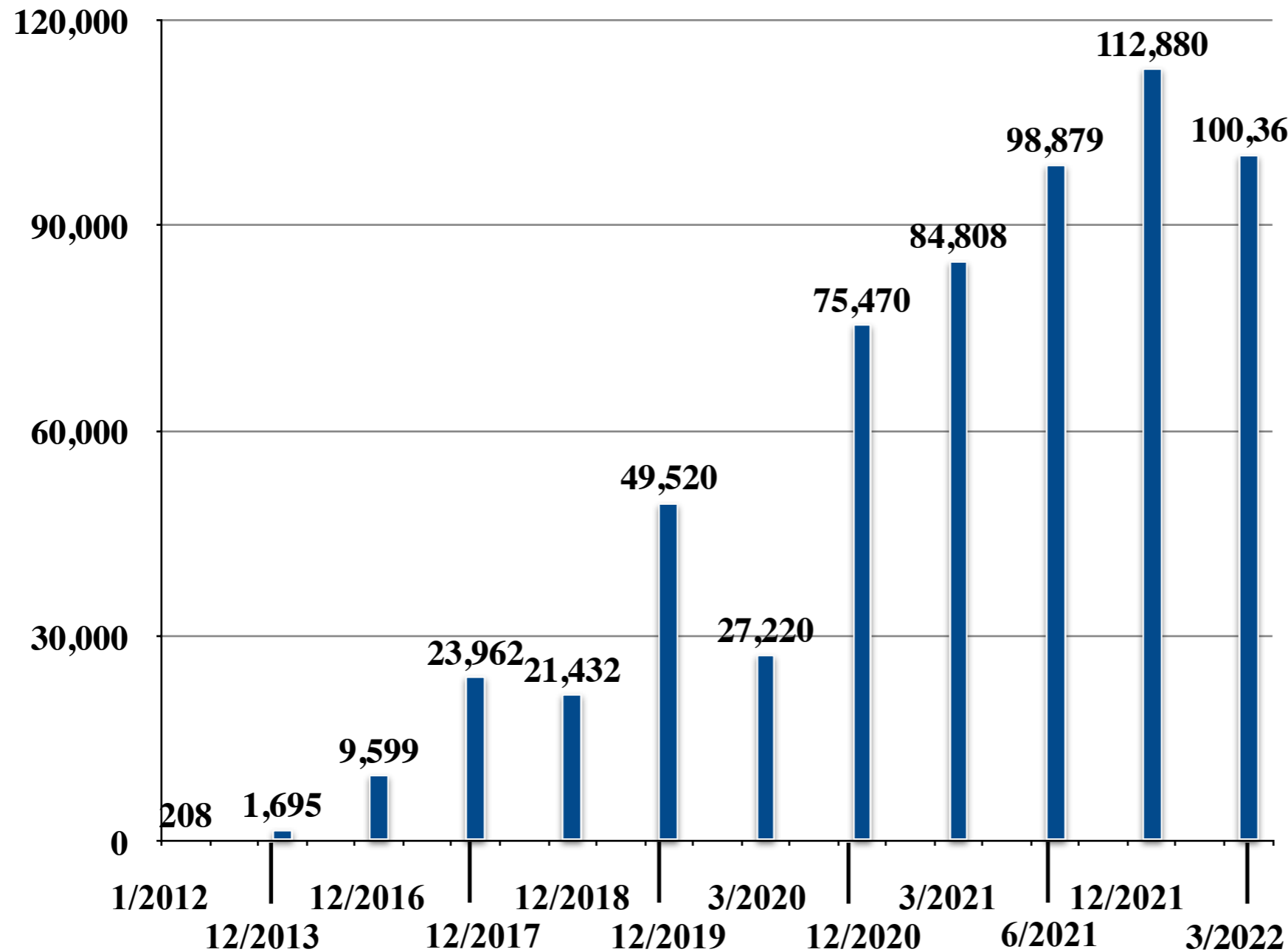
\*\* as of 6/30/21 Source: [www.fedsmith.com](http://www.fedsmith.com)

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# TSP Millionaires

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1 TSP Participant has \$10,000,000



As of 3/31/2022 from  
[www.federalnewsnetwork.com](http://www.federalnewsnetwork.com)

# Thrift Savings Plan Millionaire Club

Account Balance	Number of Participants	Average Years of Participation
Under \$50,000	3,826,835	5.80
\$50,000 - \$249,999	1,557,047	15.12
\$250,000 - \$499,999	530,781	20.51
\$500,000 - \$749,999	211,747	23.35
\$750,000 - \$999,999	99,399	25.53
\$1,000,000 and over	100,364	28.64
<b>Total</b>	<b>6,326,173</b>	<b>10.63</b>
As of 3/31/2022 from <a href="https://www.fedsmith.com/2022/04/13/tsp-millionaires-march-2022/">https://www.fedsmith.com/2022/04/13/tsp-millionaires-march-2022/</a>		

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# Magic Numbers

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**Savings Amount Needed At Retirement**

**\$1,000,000**



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# Magic Numbers

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**Amount you need to save each year**

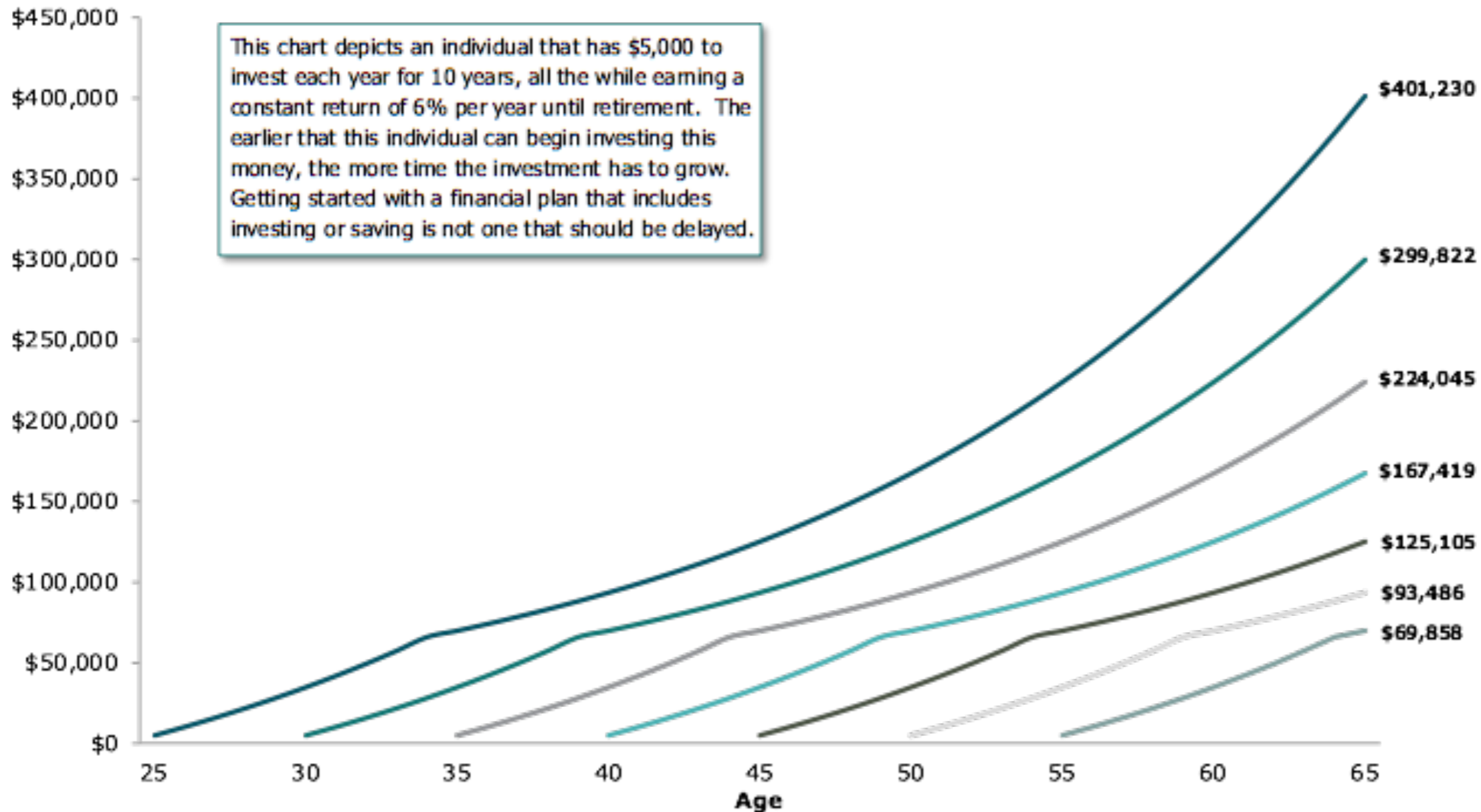
**10%**



# Why it Pays to Begin Investing Early

## The Power of Compounding Returns

This chart depicts an individual that has \$5,000 to invest each year for 10 years, all the while earning a constant return of 6% per year until retirement. The earlier that this individual can begin investing this money, the more time the investment has to grow. Getting started with a financial plan that includes investing or saving is not one that should be delayed.



Source: Baird research. For illustrative purposes only. Assumes that \$5,000 is invested at the beginning of each year for ten consecutive years. That investment earns a level 6% rate of return until the end of year 65.

35  
HAPPY  
BIRTHDAY









\$20,500 – before age 50

+\$ 6,500 – catch-up contributions age 50 or better

\$27,000 TOTAL 2022

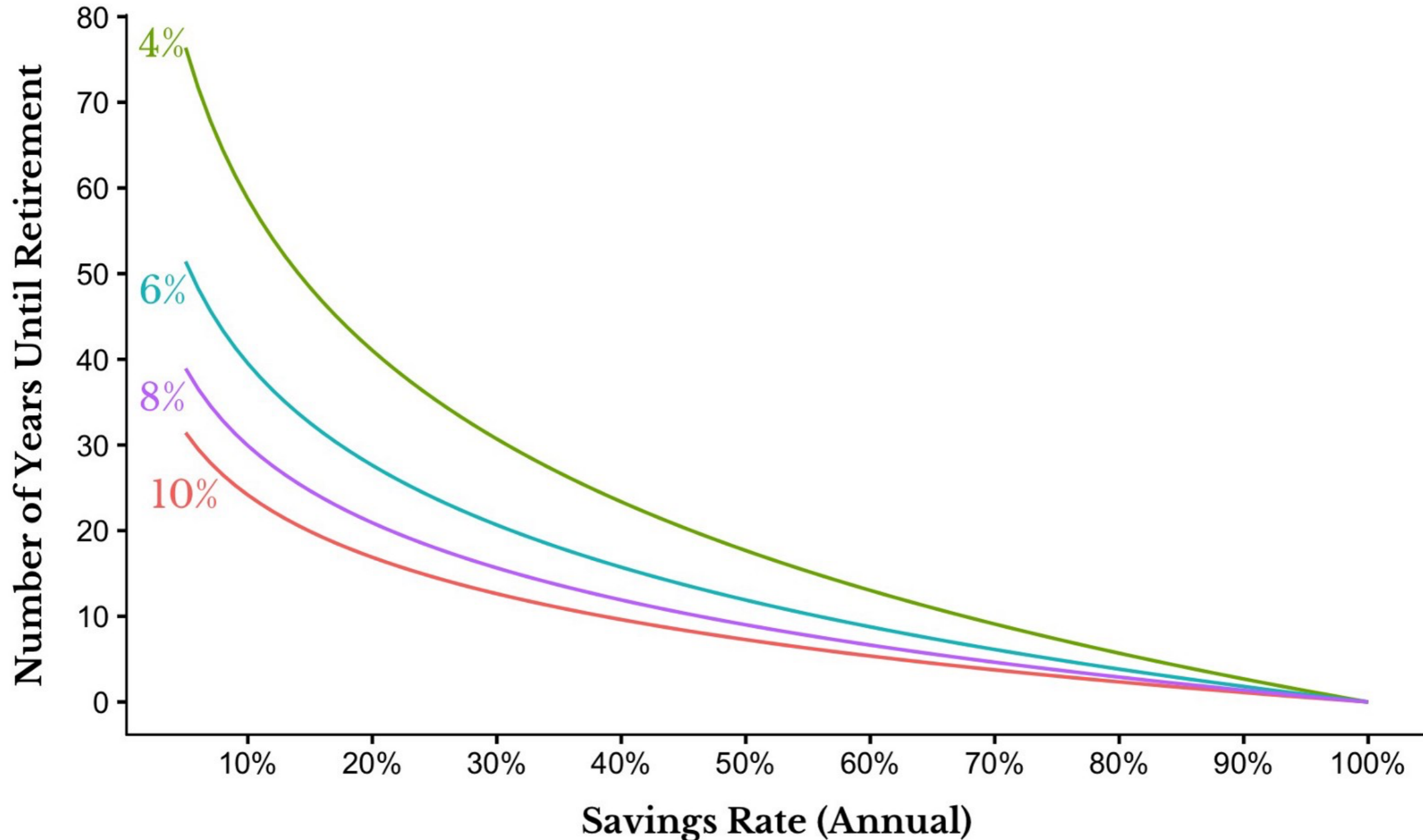
FERS - 5% Government Match for 5% Contribution

CSRS - No Government Match

One of the tricky things about defined-contribution retirement plans is that although you know how much you're putting in, you can never be sure how much you'll get out in the end.

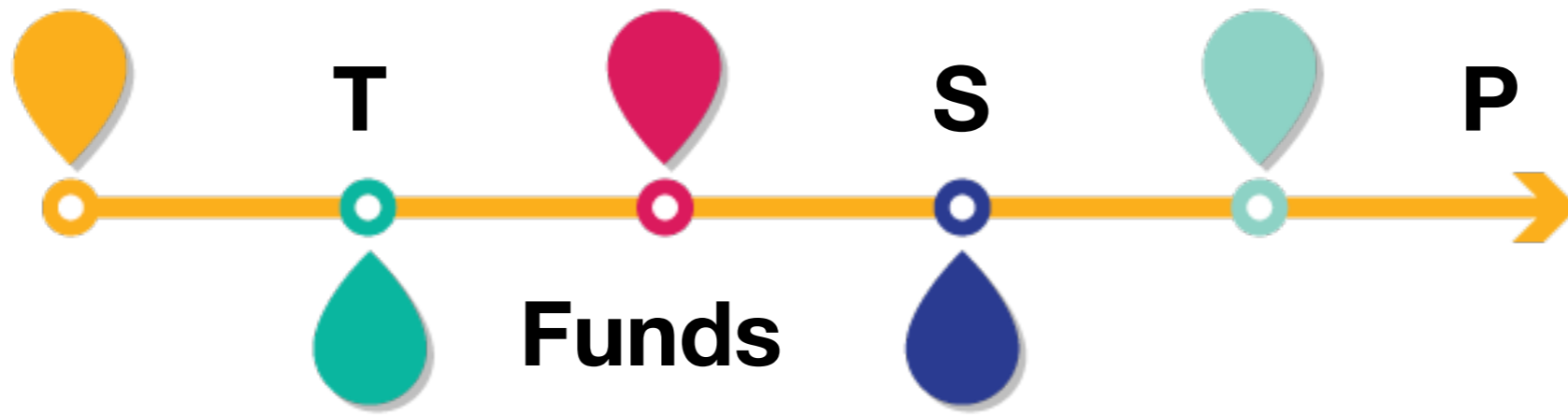
Source: TSP.org

# As You Increase Your Savings Rate, Your Returns Become Less Important



Source: Simulated data (OfDollarsAndData.com)

Note: Assumes you save the same after-tax amount annually until retirement. Retirement is achieved once the annual returns from your total savings are the same as the amount of after-tax income you require to live on.



**G Fund**  
 Opportunity to earn interest without risk of loss of principal

**F Fund**  
 Opportunity to earn returns that exceed money markets over time

**C Fund**  
 Opportunity for potentially high returns over the long term

**S Fund**  
 Opportunity for potentially high returns over the long term

**I Fund**  
 Opportunity for potentially high returns over the long term

**Low Risk**

**High Risk**

**G Fund**  
 Designed to outpace 90-day T-bill and inflation

**F Fund**  
 Risk is related to interest rates and credit risk

**C Fund**  
 Diversified portfolio of 500 large and medium size companies

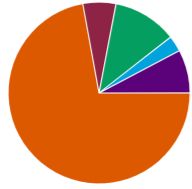
**S Fund**  
 Diversified portfolio of ~4,500 medium and small size companies

**I Fund**  
 Diversified portfolio of companies in developed countries outside US

# Thrift Savings Plan Lifecycle Funds

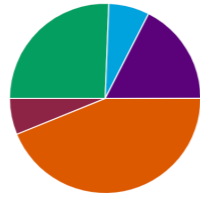
As of April 2022

L Income



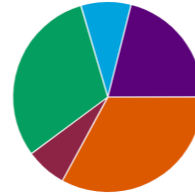
<b>G Fund – 70.53%</b>
<b>F Fund - 5.72%</b>
<b>C Fund - 12.45%</b>
<b>S Fund - 2.99%</b>
<b>I Fund - 8.31%</b>

L 2025



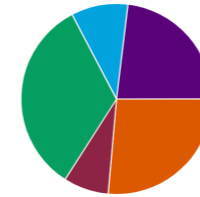
<b>G Fund – 51.91%</b>
<b>F Fund - 6.16%</b>
<b>C Fund - 21.78%</b>
<b>S Fund - 5.48%</b>
<b>I Fund - 14.67%</b>

L 2030



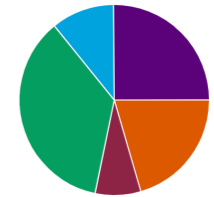
<b>G Fund – 33.45%</b>
<b>F Fund - 6.43%</b>
<b>C Fund - 31.05%</b>
<b>S Fund - 8.03%</b>
<b>I Fund - 21.04%</b>

L 2035



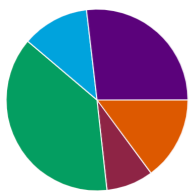
<b>G Fund – 26.84%</b>
<b>F Fund - 7.22%</b>
<b>C Fund - 33.89%</b>
<b>S Fund - 8.97%</b>
<b>I Fund - 23.08%</b>

L 2040



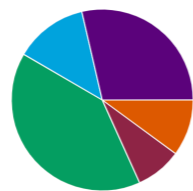
<b>G Fund – 20.79%</b>
<b>F Fund - 7.46%</b>
<b>C Fund - 36.70%</b>
<b>S Fund - 9.94%</b>
<b>I Fund - 25.11%</b>

L 2045



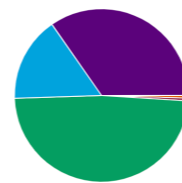
<b>G Fund – 15.28%</b>
<b>F Fund - 7.97%</b>
<b>C Fund - 38.95%</b>
<b>S Fund - 10.94%</b>
<b>I Fund - 26.86%</b>

L 2050



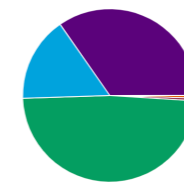
<b>G Fund – 10.48%</b>
<b>F Fund - 7.77%</b>
<b>C Fund - 41.32%</b>
<b>S Fund - 11.82%</b>
<b>I Fund - 28.61%</b>

L 2055



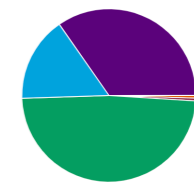
<b>G Fund – .51%</b>
<b>F Fund - .49%</b>
<b>C Fund - 49.95%</b>
<b>S Fund - 14.40%</b>
<b>I Fund - 34.65%</b>

L 2060



<b>G Fund – .44%</b>
<b>F Fund - .55%</b>
<b>C Fund - 49.95%</b>
<b>S Fund - 14.40%</b>
<b>I Fund - 34.65%</b>

L 2065



<b>G Fund – .37%</b>
<b>F Fund - .63%</b>
<b>C Fund - 49.95%</b>
<b>S Fund - 14.40%</b>
<b>I Fund - 34.65%</b>

But Wait...  
**THERE'S  
MORE!**

<https://www.barrons.com/articles/thrift-savings-plan-retirement-esg-funds-51624647597>







**alight**

**5,000 Funds**

**May 2022**

<https://www.barrons.com/articles/thrift-savings-plan-retirement-esg-funds-51624647597>

## Key transition dates

To ensure a smooth transition when adding new TSP features, we'll need to temporarily suspend certain transactions and services. You need to know how this transition might affect you, especially if you were planning to request a transaction soon. [See the full calendar of key dates and deadlines.](#)

### **Expected transition dates**

May 16 to the first week of June

### **All transactions temporarily unavailable**

May 26 to the first week of June

### **Full access and transactions restored**

First week of June

### **Contributions and payments will continue:**

- During the transition period, your TSP savings will remain invested in the TSP funds you've chosen.
- Payroll contributions and loan payments will continue.
- Installment payments scheduled to be paid May 24 – May 31 will be disbursed early on May 23.

**Source: [https://www.tsp.gov/new-tsp-features/?utm\\_source=website&utm\\_medium=banner&utm\\_campaign=getexcited1](https://www.tsp.gov/new-tsp-features/?utm_source=website&utm_medium=banner&utm_campaign=getexcited1)**

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# Thrift Savings Plan Transition Dates

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**Download historical documents:** Documents and messages currently available in My Account will not transfer to the new system. You may want to download your historical statements and save any messages so you have easy access to them in your records. If you need any historical statements after the transition, you'll be able to call the ThriftLine and request to have them mailed to you. Statements that post after the transition will be available to you in My Account going forward.

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# Thrift Savings Plan Mutual Fund Window

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**Designed for TSP participants who are interested in greater investment flexibility.**

\* Initial investment must be at least \$10,000, and can't be more than 25% of overall account balance

\* Higher fees include:

\$55 annual fee for administrative expenses

\$95 annual maintenance fee

\$28.75 per trade fee

Any additional mutual fund expenses

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# Thrift Savings Plan Participant Services

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## Greater access to participant services

- \* Virtual assistant 24/7
- \* Live-agent chat

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# Thrift Savings Plan Account Interface

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**New look when signed into your account on [www.tsp.gov](http://www.tsp.gov)**

- \* Investment summary shows investments clearly
- \* New navigation menu
- \* You'll need to set up a new user login
- \* Customizable homepage
- \* TSP mobile app (allows you to use device's ID software to sign on)
- \* Access to virtual assistant

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# Thrift Savings Plan

## Moving Money Within TSP

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### **Moving from two to three investment transactions:**

- \* Contribution allocation will now be called **Investment Election** (posts immediately-effective next day)
- \* Interfund transfer will now be called **Reallocation** (you choose % you want invested in each account)
- \* New option - **Fund Transfer** moves money from one or more specific funds without affecting the rest of the account

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# Thrift Savings Plan

## Moving Money Within TSP

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### **Moving funds will still:**

- \* Occur the same day if processed before noon EST
- \* Only be allowed 2 times per month. Additional reallocations or fund transfers may only be done if going to the G Fund.



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# Thrift Savings Plan Online Transactions

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**Many transactions will be available with electronic signature:**

- \* Withdrawals
- \* Required minimum distributions
- \* Ability to request transactions, upload forms
- \* Available in TSP Mobile App, too

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# Thrift Savings Plan Loans

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## Changes to current TSP loan provisions:

- \* May have 2 outstanding loans (only 1 may be residential)
- \* Loan fees are \$50 for general purpose and \$100 for residential
- \* May use direct debit for non-payroll loan payments
- \* If you leave federal service, you'll be able to continue making payments by direct debit

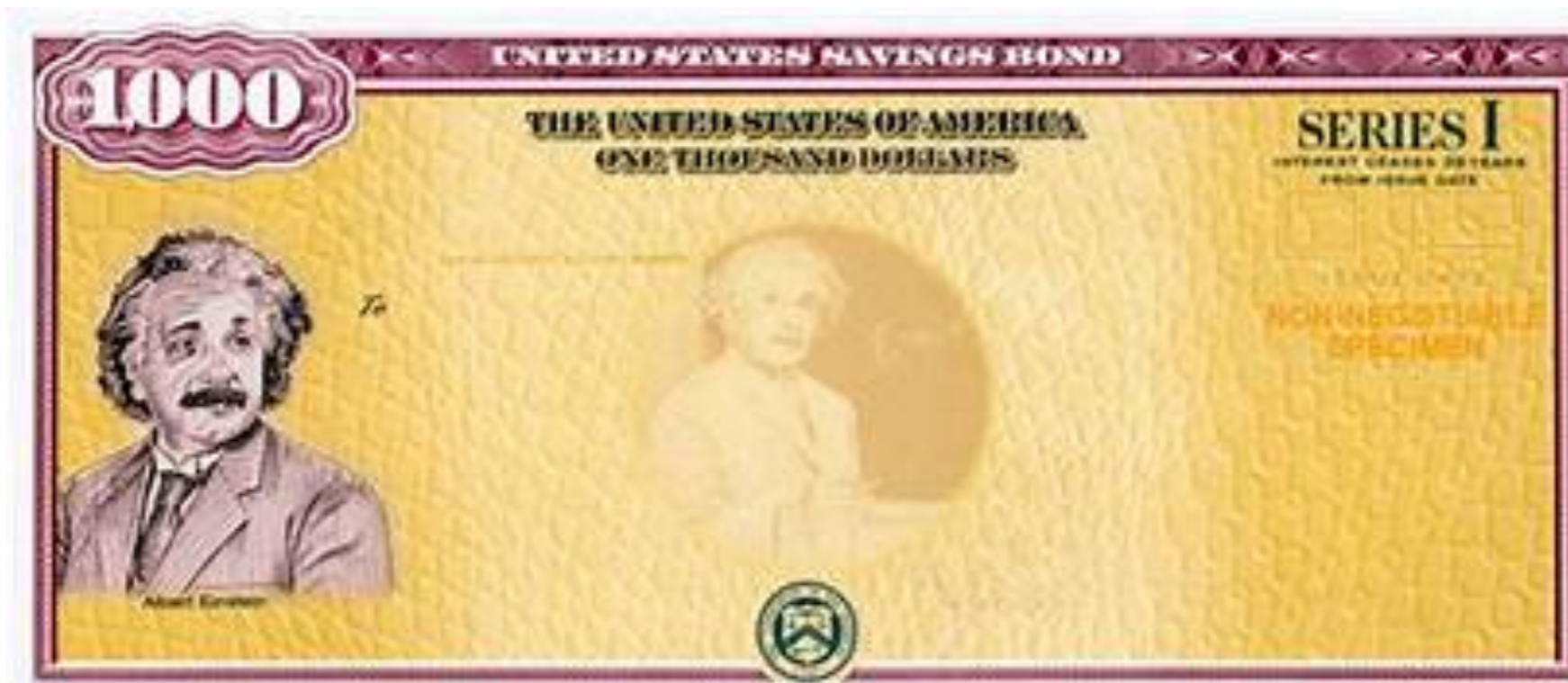
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# Thrift Savings Plan Beneficiaries

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**Beneficiary information may be submitted entirely online:**

- \* Confirm beneficiary info annually
- \* May designate “equally to all beneficiaries”
- \* Contingent beneficiaries do not have to be linked to a primary beneficiary
- \* To cancel a previous beneficiary designation, you must make a new one



**BONUS!!!**

Source: [treasurydirect.gov](https://www.treasurydirect.gov)



# G FUND

## Government Securities Investment Fund

### Information

as of December 31, 2020

**Assets** \$267.2 billion\*

**Net Administrative Expenses\*\***

\$0.49 per \$1,000 account balance, 0.049% (4.9 basis points)

\* Assets under management include allocated assets from the L Funds.

\*\* An expense ratio of .049% translates to 4.9 basis points or \$0.49 per \$1,000 account balance.

**Rates of Return**



**Trailing Annualized Returns (After Expenses)**

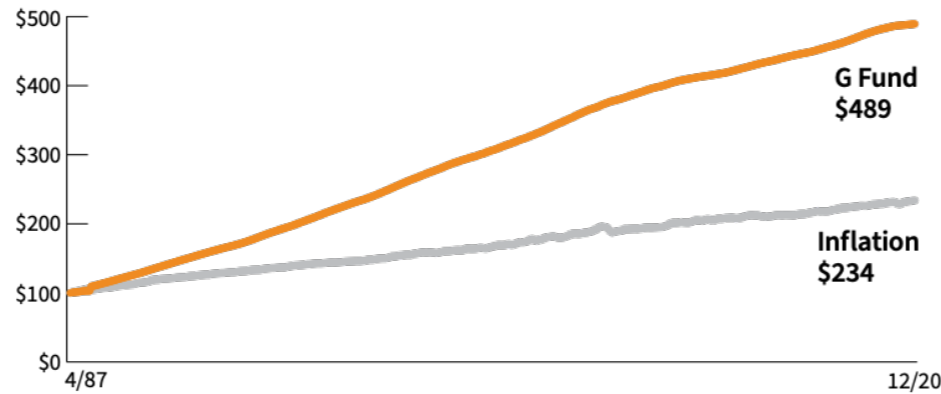
1-Year	0.97%
3-Year	2.03%
5-Year	2.05%
10-Year	2.04%
Since Inception April 1, 1987	4.82%

### Key Features

- The G Fund offers the opportunity to earn rates of interest similar to those of U.S. government notes and bonds but without any risk of loss of principal and very little volatility of earnings.
- The investment objective of the G Fund is to ensure preservation of capital and generate returns above those of short-term U.S. Treasury securities.
- The G Fund is invested in short-term U.S. Treasury securities specially issued to the TSP. Payment of principal and interest is guaranteed by the U.S. government. Thus, there is no “credit risk.”
- The interest rate resets monthly and is based on the weighted average yield of all outstanding Treasury notes and bonds with 4 or more years to maturity.
- Earnings consist entirely of interest income on the securities.
- Over long periods of time, the G Fund has historically outperformed inflation and has generated returns higher than those of investments in short-term Treasury securities, although past performance is no guarantee of future results.

Year	G Fund
Inception date	4/1/1987
1 year	1.38%
3 year	1.53%
5 year	1.96%
10 year	1.93%
Since inception	4.72%

### Growth of \$100 Since Inception



Source: [tsp.gov](https://www.tsp.gov)

# How Does It Work?

**An I Bond is a security that earns interest based on both a fixed rate and a rate that's set twice a year based on inflation.**

**For November 2021 - April 2022, that interest rate was 7.12%.**

**Declared rate May 2022 - October = 9.62%**

Source: [treasurydirect.gov](https://www.treasurydirect.gov)

# Who Can Own an I Bond?

**If you have a Social Security number, and meet one of three conditions:**

**US citizen - whether you live in the United States or not**

**US resident**

**Civilian employee of the US, no matter where you live**

**The registration is the name of the owner (either a person or entity),**

**the Taxpayer Identification Number, and, if applicable, the**

**second-named owner or beneficiary.**

Source: [treasurydirect.gov](https://www.treasurydirect.gov)

# What Do Bonds Cost?

**You pay the face value of the bond. You pay \$50 for a \$50 bond. (The bond increases in value as it earns interest.)**

**Electronic I bonds come in any amount to the penny for \$25 or more.**

**You could buy a \$50.23 bond.**

**Paper bonds are sold in five denominations; \$50, \$100, \$200, \$500, \$1,000**

**You may acquire up to \$10,000 in electronic I bonds / year**

**You may acquire up to another \$5,000 in paper bonds / year**

Source: [treasurydirect.gov](https://www.treasurydirect.gov)



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Financial Institutions

Government



Individuals

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- ▶ Learn about TreasuryDirect
- ▶ Find the value of your savings bonds (Calculator)
- ▶ Search for Matured Bonds (Treasury Hunt)
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- ▶ Cash paper savings bond
- ▶ Interest rates for Series EE

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Try Treasury Hunt to search for matured bonds and held interest payments. Also, see the Matured Unredeemed Debt (MUD) Report.

FiscalData.treasury.gov is our brand-new site featuring federal financial data in machine-readable formats. Explore and download the data today!

Currently, callers to 844-284-2676 may experience longer than normal wait times. You may elect to submit your question or inquiry by e-mail to Treasury.Direct@fiscal.treasury.gov or

tm#

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## Investments and Retirement Planning



**“The moment you reach the future, it’s already the past.  
So why should I set aside money to spend yesterday?”**

# WHAT YOU NEED TO KNOW



**History of Thrift Savings Plan**

**How it works now**

**What to look forward to**

TSP





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