**TSP Guide**

Not for Consumer Distribution

Over $550 Billion Dollars of federal employee retirement money is invested in the Thrift Savings Plan (TSP) Funds, half of which is sitting in the G Fund earning on average 2.3% annually. The TSP is the federal employee version of a 401K.

In order for a federal employee to move their TSP money, they must be qualified to do so. Since all of your Webinar Leads are still working for the federal government, we will focus on them.

Federal employees who are law enforcement, fire fighters, air traffic controllers, and anyone else who is considered “Special Category”, can retire and then transfer their TSP money into an annuity, in the year they turn age 50. For non-Special Category federal employees, they can retire in the year they turn age 55 and then transfer their money into an annuity.

In either instance, unless they follow IRS Reg 72T, they will pay the 10% early withdrawal penalty. If done properly, there will be no income tax on a direct transfer from their TSP to the annuity company.

If the federal employee is still working, and plans on continuing their federal employment, they can make four TSP withdrawal a year when they turn age 59 ½ years old. That is called an “in-service transfer”.

Once they retire, they can make unlimited TSP transfers every year, but they must be one month apart.

There are six TSP Funds: G Fund, F Fund, C Fund, S Fund, I Fund, and L Funds:

**G Fund**

The G Fund assets are managed by the Federal Retirement Thrift Investment Board. The G Fund buys a nonmarketable U.S. Treasury security that is guaranteed by the U.S. Government, so it can’t lose money.

**F, C, S, and I Funds**

The Federal Retirement Thrift Investment Board currently contracts BlackRock Institutional Trust Company, N.A. (BlackRock) to manage the F, C, S, and I Fund assets. The F and C Fund assets are held in [separate accounts](https://www.tsp.gov/sitehelp/glossary/glossary.html?term=SeparateAccount).

These Funds are [index funds](https://www.tsp.gov/sitehelp/glossary/glossary.html?term=IndexFund), and invested in order to replicate the risk and return of its benchmark index. The F, C, S, and I Funds remain invested regardless of the performance of the securities markets or the overall economy, so they can and have lost money. In short, these Funds are not managed to minimize losses or maximize gains!

**G Fund**

* **Description:** Government securities (only issued to the TSP).
* **Objective:** Interest income without risk of loss of principal.
* **Risk:** Inflation risk.

 **F Fund**

* **Description:** Government, corporate, and mortgage-backed bonds
* **Objective:** To match the performance of the Barclays Capital U.S. Aggregate Bond Index
* **Risk:** Market risk, Credit risk, Prepayment risk, Inflation risk

 **C Fund**

* **Description**: Stocks of large and medium-sized U.S. companies
* **Objective:** match the performance of the S&P 500 Index
* **Risk:** Medium-to-High

 **S Fund**

* **Description:** Stocks of small to medium-sized U.S. companies (not included in the C Fund)
* **Objective:** match the performance of the Dow Jones U.S. Completion TSM Index
* **Risk:** Medium-to-High

**I Fund**

* **Description:** International stocks of more than 20 developed countries
* **Objective:** match the performance of the MSCI EAFE (Europe, Australasia, Far East) Index
* **Risk:** High

**L Funds**

* **Description:** Invested in the G, F, C, S, and I Funds
* **Objective:** To provide professionally diversified portfolios based on various time horizons, using the G, F, C, S, and I Funds
* **Risk:** Medium –to-High