



VESTING IN THE THRIFT SAVINGS PLAN

VIDEO DISCUSSION GUIDE

NAVY FINANCIAL READINESS

HANDOUTS

- ✓ Vesting in the Thrift Savings Plan
Counselor Checklist
- ✓ Basic Investing
- ✓ Military Retirement
- ✓ Thrift Savings Plan
- ✓ Spending Plan Worksheet

CFS Preparation: Distribute and discuss the Vesting in the Thrift Savings Plan Checklist and accompanying handouts to support this video-based training course. Checklists and handouts can be found online at <https://finred.usalearning.gov/SPL/ServiceResources/NavyResource/TouchpointCurriculum>.



PART ONE: INTRODUCTION

CFS Introduction: Welcome to this training course on Vesting in the Thrift Savings Plan (TSP) and congratulations on reaching this important milestone in your career. The goal for today's class is to understand what it means to be vested in the TSP, but we will also cover the importance of preparing for retirement, learn how the TSP works, and tips to manage your TSP account. Together we will watch a series of videos and pause for a group discussion on some of the important topics. We have a lot to cover so let's get started!



Vesting
in the TSP
Overview



Why Save for
Retirement

DISCUSSION QUESTIONS

1. Speaking of retirement, how do you feel about saving and investing early in your military career? Does seeing the numbers and potential growth of your accounts encourage you?

CFS Talking Points (refer to *Basic Investing* Handout): Understand that not everyone has retirement savings on their to-do list or even as a priority in their life. However, knowing how interest can work for us, how time can assist in accumulating and compounding our earnings, and the destruction that inflation can have, it is best to start as soon as possible. I encourage you to talk with your leadership or your older family members and ask them what they wish they had done differently regarding retirement savings. Remember that even a small investment toward retirement can have a big impact while you are young. If you decide to wait 10, 20, 30 years, a much larger portion of your income will need to go toward retirement savings to prepare for the day that you are no longer working.

2. When thinking about an enjoyable retirement, how can TSP play a part?

CFS Talking Points (refer to *Military Retirement* and *Thrift Savings Plan* Handouts): TSP can supplement the more common ways to pay for retirement like Social Security and pensions. If you don't plan on a pension then it is a good idea to target your personal investing goals at a higher level to fill the gap.

KNOWLEDGE CHECK

Question: At what age do most people qualify for Social Security?

Answer: Most who qualify for Social Security benefits are eligible at age 62. However, full benefits are not available until a person's full retirement age (FRA) as defined by Social Security based on your birth year. Remind students that if they wait until age 70, the monthly benefit will be much larger. Your situation is unique so make sure to visit www.ssa.gov to estimate benefits based on your specific information.



PART TWO: RETIREMENT PLANNING

CFS Introduction: In the next section, we will review the components of the Blended Retirement System. By gaining a better understanding of the military's retirement plan, you can fully take advantage of the benefits to help build your own retirement.



Military
Retirement
Overview

DISCUSSION QUESTION

1. What are the four components of the Blended Retirement System that can help you save for retirement?

CFS Talking Points (refer to the “Understanding the TSP” section of the checklist and *Military Retirement* and *Thrift Savings Plan* Handouts): The features of the Blended Retirement System include the following four components:

- Thrift Savings Plan (TSP)
- Military pension
- Lump-sum option
- Continuation Pay

You can contribute \$20,500 to your TSP in 2022. Under the BRS you will receive 1% in automatic contributions from your branch of service. By contributing 5% of your base pay you can take advantage of 4% service matching contributions. Put this all together and contributing 5% of your base pay to the TSP will result in receiving 5% in total service contributions for a total of 10%. Whether you are part of the BRS or not, you may be eligible for a pension after serving 20 years. BRS participants have the option to take a lump-sum payment in exchange for a reduced monthly pension amount and can choose to receive Continuation Pay if offered by their branch of service.

KNOWLEDGE CHECK

Question: Roughly, how much will your pension be if you retire with 20 years of service?

Answer: 40% of your retirement base pay



PART THREE: THRIFT SAVINGS PLAN

CFS Introduction: The next videos and informational screen will go into how the TSP works and how to use this benefit to assist in meeting your retirement funding goals.



Vesting in
the TSP

DISCUSSION QUESTIONS

1. What does the term vesting mean, and what is vesting for those under the Military's Blended Retirement System (BRS)?

CFS Talking Points: Vesting refers to the time when all government provided contributions in your retirement account are yours to keep. Service members under the BRS will be fully vested after completing two years of military service.



Understanding
the TSP

2. What are the investment funds that are available in TSP?

CFS Talking Points (refer to *Thrift Savings Plan* Handout): The TSP includes individual fund (G, F, C, S, and I funds) and Lifecycle fund options. Expanded investment options are now available through the mutual fund window, pending account requirements. Visit www.tsp.gov for more details and the most up-to-date information on investment fund options in the TSP.



How to Manage
Your TSP

3. What is the difference between Roth and Traditional contributions?

CFS Talking Points: Roth contributions are taxed before they go into TSP and then they are not taxed when distributed. Traditional contributions are not taxed before they go into TSP but are taxed when they are distributed.



TSP Max – Take
it to the Limit

4. Your TSP account is yours which means you are in charge of managing it. What steps can you take now to ensure you are handling your retirement plan properly?

CFS Talking Points: Check to make sure your address in myPay is accurate. Check your tax treatment on contribution and update the percentage of contribution of pay. If you've forgotten your account number and password, go to <https://www.tsp.gov/signin/forgot-password/>. Login at www.tsp.gov to view your allocation of current balance and future contributions; update if needed; review and update your beneficiaries.

5. What changes are on the horizon for the TSP in 2022?

CFS Talking Points: It is important to know that the TSP experienced a major transition in 2022. Some of the upgrades include a mobile app and more investment options. Visit www.tsp.gov for the most up-to-date information.

KNOWLEDGE CHECK

Question: TSP matching under BRS is based on contributions from what type of pay?

Answer: Basic pay

Question: When are BRS participants vested in contributions provided by the government?

Answer: Matching begins after two years and is immediately vested. The 1% automatic contribution is vested after two years.



PART FOUR: CONCLUSION



Final
Thoughts

CFS Conclusion: Now that we have completed this training, please remember that you have support through your installation's Personal Financial Manager (PFM), Military OneSource, and www.tsp.gov for your TSP and BRS questions. Please remember to sign your checklist and input into NSIPS to acknowledge completion of this course.

Helpful Contact Information:

Military OneSource: www.militaryonesource.mil or 1-800-342-9647

Thrift Savings Plan: www.tsp.gov or the ThriftLine at 1-877-968-3778