

IMPROVING YOUR FINANCIAL WELLNESS BY UNDERSTANDING YOUR TSP

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THANK YOU FOR JOINING US TODAY FOR THE PRESENTATION IMPROVING YOUR FINANCIAL WELLNESS BY UNDERSTANDING YOUR TSP. I WOULD LIKE TO WELCOME BACK OUR PRESENTER, ANDREW HALL FROM THE INSTITUTE FOR FINANCIAL EDUCATION. HE HAS PRESENTED ON VARIOUS FINANCIAL TOPICS FOR US BEFORE. THANK YOU FOR BEING WITH US TODAY, ANDREW. I CAN HAND IT OVER TO YOU TO LET YOU TELL A LITTLE BIT ABOUT YOURSELF. AND YOU CAN ALSO FORWARD THE SLIDES.

OKAY. ALL RIGHT. WE ARE GOOD TO GO. THANKS, EVERYBODY FOR COMING HERE TODAY WE WILL TALK ABOUT UNDERSTANDING YOUR TSP A LITTLE BIT MORE. A QUICK BACKGROUND ABOUT MYSELF, SO YOU KNOW I RUN A NATIONAL NONPROFIT ORGANIZATION THAT I FOUNDED AND I HAVE TRAVELED AROUND THE COUNTRY TEACHING NOT ONLY PRIVATE EMPLOYEES BUT A SIGNIFICANT AMOUNT OF FEDERAL EMPLOYEES OVER THE LAST 10 TO 12 YEARS. ANYWHERE FROM VIRTUALLY, ALL OVER THE COUNTRY TO IN THE ACTUAL DEPTHS OF THE PENTAGON AND EVERYWHERE IN BETWEEN. I AM QUITE WELL-VERSED WITH THIS STUFF. MY GOAL TODAY IS TO EDUCATE YOU AND GET YOU TO START ASKING QUESTIONS ABOUT YOUR LIFE AND HOPEFULLY LEAD YOU TO MAKE SOME DECISIONS ABOUT YOUR LIFE AND OVERALL IMPROVE YOUR FINANCIAL WELLNESS. BY THE END OF TODAY I DON'T THINK I WILL BE ABLE TO GIVE YOU ALL OF THE ANSWERS TO EVERYONE IN THIS CALL BECAUSE IT IS A COMPLETE DIFFERENT SITUATION BUT WE WILL TALK ABOUT WHAT YOU NEED TO KNOW MORE THAN JUST THE BASICS. WHAT YOU NEED TO ASK YOURSELF IN ORDER TO PUT YOURSELF IN A BETTER POSITION WHEN IT COMES TO THE TSP. TSP IS ONE PART OF YOUR OVERALL FINANCIAL WELLNESS. YOUR INCOME STRATEGY, HEALTHCARE STRATEGY, INVESTMENT, LONG-TERM CARE, LEGACY PLAN, TAX STRATEGY, WHICH IS HUGE WHICH WE WILL TALK ABOUT TODAY. ARE ALL DIFFERENT PIECES OF YOUR OVERALL FINANCIAL PLAN TO IMPROVE YOUR FINANCIAL WELLNESS. WE WILL HONE IN MAINLY ON THE TSP BUT KNOW ALL THESE OTHER AREAS ARE AREAS OF OPPORTUNITY FOR YOU TO DO WELL. LET'S GET IN HERE AND GET GOING. I DO WANT TO THROW THIS DISCLAIMER OUT THERE. THE PRESENTATION DOES NOT IN ANY WAY ADVOCATE FOR AND I AM NOT OFFERING ADVICE OR MAKE HARD ADMONITIONS ABOUT THE STOCK MARKET OR ANY OF THE UNDER RELATED INVESTMENT SECURITIES ETC. FINANCIAL DECISIONS ARE IMPORTANT OBVIOUSLY. INDIVIDUALS ARE ENCOURAGED TO SEEK ADVICE FROM LICENSE PROFESSIONALS FOR ACTIONABLE RECOMMENDATIONS. I AM JUST HERE TO GET SOME EDUCATION AND HOPEFULLY GET YOU TO START ASKING SOME QUESTIONS ABOUT YOUR LIFE. LET'S START WITH THIS.

THE FOUNDATION. SECTION 1. TSP BASICS. WHAT IS A TSP? ALL RIGHT? HOW IS IT FUNDED? IT IS A EMPLOYER-SPONSORED RETIREMENT SAVINGS PLAN. VERY SIMILAR TO A 401(K) OFFERED IN

THE PRIVATE SECTOR. ALL RIGHT? BUT IT IS PAID FOR AND FUNDED BY THE FEDERAL GOVERNMENT. SO ESSENTIALLY IF YOU ARE IN THE PRIVATE SECTOR YOU HAVE A 401(K). IF YOU ARE IN THE PUBLIC OR FEDERAL SECTOR YOU HAVE A TSP. CONTRIBUTIONS THAT ARE INVESTED INTO THIS FUND ARE IN FIVE DIFFERENT FUNDS THAT EXIST AND WE WILL GO TO THOSE HERE AS WE GET INTO THIS A LITTLE BIT. IT IS CLASSIFIED AS A QUALIFIED RETIREMENT PLAN. SO THAT MEANS, IT HAS SPECIAL TAX CONSIDERATION. CONTRIBUTIONS ARE MADE VIA AUTOMATIC PAYCHECK DEDUCTION. MONEY GOES IN AND IT GETS INVESTED IN ONE OF FIVE WAYS. IT WILL BE TRADITIONAL OR RAW. AND THAT WILL MAKE A LOT MORE SENSE HERE ONCE WE START GETTING INTO, YOU KNOW, ONCE WE GET INTO THIS PRESENTATION. OKAY? A QUALIFIED RETIREMENT PLAN. HOW IS IT FUNDED? 1% OF YOUR SALARIES ARE AUTOMATICALLY PUT INTO YOUR TSP FOR YOU WHETHER YOU DECIDE TO CONTRIBUTE OR NOT. THE RIGHT? 100% OF YOUR NEXT 3% GOES IN AND 50% OF YOUR NEXT 2% GOES IN. WHAT THAT REALLY BOILS DOWN TO IS THAT IF YOU PUT IN 5% OF YOUR SALARY THE FEDERAL GOVERNMENT MATCHES 5% OF YOUR SALARY AS WELL. ALL RIGHT? THAT IS LIKE BARE MINIMUM, THE VERY LEAST THAT YOU HAVE TO DO IF YOU HAVE TO PUT MY PERCENT OF YOUR SALARY IN THERE. YOU DON'T HAVE TO BUT YOU ARE GOING TO WANT TO BECAUSE THAT IS WHAT THE GOVERNMENT MATCHES. ALL RIGHT? WHAT OPTIONS DO YOU HAVE? WHAT ARE SOME OF THE LIMITS AND THINGS LIKE THAT? THE OPTIONS AS FAR AS THE LIMIT YOU CAN PUT IN, YOU CAN MAKE TRADITIONAL CONTRIBUTIONS WHICH IS -- PRETAX. ROCK CONTRIBUTIONS IS AFTER-TAX OR YOU CAN MAKE A COMBINATION OF BOTH. THAT BIG NOTE AT THE BOTTOM LEFT OF THE SCREEN, GOVERNMENT MATCH ONLY INTO THE TRADITIONAL SIDE REGARDLESS OF HOW YOUR CONTRIBUTIONS ARE ALLOCATED. OKAY? SO WHAT THAT BASICALLY MEANS IS YOU CAN PUT YOUR 5% INTO THE ROTH TSP. AND THE GOVERNMENT'S 5% WILL GO INTO THE TRADITIONAL. THEY STILL MATCH THE 5% BUT THERE'S WILL GO IN TRADITIONAL AND YOURS WILL GO INTO THE RAW. IT IS A MESS AND I HEAR IT QUITE OFTEN THAT YOU HAVE TO PUT YOUR 5% INTO THE TRADITIONAL IN ORDER TO GET THE MATCH. THAT IS NOT TRUE. YOU CAN PUT YOUR 5% INTO THE WATER AND YOU WILL STILL GET THE MATCH IN THE TRADITIONAL. OKAY? BASICALLY YOU CONTRIBUTE FROM YOUR PAYCHECK. UP TO THE LIMIT. YOU CAN PUT 20,500 IN IF YOU'RE 49 YEARS OR YOUNGER AND IF YOU ARE 50 YEARS AND OLDER YOU CAN PUT \$27,000 OF YOUR PAYCHECK IN. THERE WAS NO BURNING LIMITS THAT ACTUALLY AFFECT CONTRIBUTION ELIGIBILITY. IF YOU MAKE \$500,000 A YEAR, I DON'T KNOW HOW MANY GOVERNMENT EMPLOYEES ARE MAKING \$500,000 A YEAR. BUT BASICALLY WHAT I AM SAYING IS YOU CAN MAKE AS MUCH AS YOU WANT AND YOU CAN STILL CONTRIBUTE THE 20,500 OR THE 27,000 IF YOU ARE OLDER THAN 50. EVEN IF YOU ARE INTO THE RAW. OKAY, SO EVEN IF YOU'RE INTO THE RAW IF YOU MAKE \$180,000 A YEAR OR ANYTHING LIKE THAT YOU STILL CONTRIBUTE TO THE RAW TSP UP TO THOSE LIMITS. 20,004 27,000. ANOTHER WAY YOU CAN CONTRIBUTE IS ACTUALLY ROLLING ALL ACCOUNTS INTO YOUR CURRENT TSP ACCOUNT. SO IF YOU EVER TRADITIONAL IRA YOU CAN ACTUALLY COMBINE THAT INTO YOUR TSP IF YOU WOULD LIKE. HOWEVER IF YOU HAVE A ROTH IRA YOU CANNOT ROLL THAT INTO TSP. THAT IS THE KEY THING TO NOTE. IF YOU HAVE AN OLD EMPLOYER SPONSOR PLAN EVEN IF IT IS TRADITIONAL OR RAW YOU CAN ROLL THAT INTO TSP. SEVERAL OF THE ONLY KEY THING THAT CANNOT BE BOLD IN THE TSP IS YOUR RAW ROTH IRA. BUT ROTH EMPLOYER-SPONSORED PLANS TRADITIONAL IRAS ARE ALL FAIR GAME TO BE INTO THE ROTH. SO LET'S TALK ABOUT THE ALLOCATION. OKAY SO WE KNOW THE EMPLOYER SPONSOR PLAN IS TSP. YOU KNOW YOU CAN CONTRIBUTE UP TO THOSE LIMITS. 20,020 \$7000.

IT CAN BE EITHER TRADITIONAL OR IT CAN BE ROLLOVER. BUT HOW DO WE INVEST THE MONEY INSIDE OF THOSE ACCOUNTS? RIGHT? THERE ARE DIFFERENT ALLOCATIONS. THERE ARE FIVE ESSENTIALLY. SEE THE GRAPH. THE C AND I AS YOU SEE THERE -- INTERNATIONAL STOCKS, THOSE OF THE STOCKS. ALL THOSE REALLY DO IS FOLLOW MAJOR -- I GUESS WOULD BE THE PROPER WAY TO SAY THAT. SO YOU PROBABLY HEARD THE S&P 500 OR THE INTERNATIONAL KIND OF EQUIVALENT INDEX. THAT IS ALL THOSE INVESTMENTS. THAT IS ALL THAT IS. THERE IS A C FUND AND S&P 500 ARE VERY CLOSELY RELATED. SO IF YOU HAVE A SPOUSE WITH A JOB THAT IS NOT REALLY THE FEDERAL GOVERNMENT AND THEY HAVE A 401(K) OR IF YOU HAVE AN IRA, THROUGH VANGUARD OR SOME COMPANY AND YOU INVEST IN THE S&P 500 IS BASICALLY THE SAME THING AS THE C FUND. OKAY? -- THOSE ARE THE RISKIEST PARTS OF THE TSP. THAT IS GOING TO DO WHATEVER THE MARKET DOES. THAT IS THE BOTTOM LINE -- 40% IN THE YEAR. IT'S THE MONEY DURING COVID-19 THAT LOST 30 TO 40%. IT'S THE MONEY THAT OVER THE LAST DECADE IS PROBABLY DONE REALLY WELL. UNDERSTANDING THAT HAS POTENTIAL FOR GOING UP AND DOWN. ESPECIALLY IN TODAY'S WORLD WHERE VOLATILITY SEEMS LIKE AN ALL-TIME HIGH AND WE ARE COMING OFF OF 10 TO 12 YEARS OF THE BEST PERFORMING FUNDS WE HAVE SEEN. THEN THERE ARE TWO OTHER FUNDS. THERE IS THE S FUND WHICH IS ESSENTIALLY A BOND INDEX. IT'S WHAT PAYS SIMPLE INTEREST. IN THE G FUND WHICH IS BASICALLY A GOVERNMENT ACT FUND WITH A STATED INTEREST, RIGHT? THE G FUND IS THE LEAST RISKY AT ALL. YOU'RE NEVER GOING TO LOSE A PRINCIPLE OF WHAT YOU PUT IN AND YOU ONLY GET A FIXED AMOUNT OF INTEREST. THE S FUND IS LESS RISKY IN GENERAL. STILL A LITTLE BIT OF RISK THERE. NOW IF YOU DON'T KNOW HOW TO ALLOCATE YOUR INVESTMENT -- OR WHATEVER, THERE'S A THING CALLED THE L FUND. THE LIFECYCLE FUND. OKAY? FOR INDIVIDUALS WHO ARE NOT EXACTLY SURE HOW TO ALLOCATE THESE FUNDS ALLOCATED ACCORDING TO APPROXIMATE RETIREMENT DATE. IF YOU LOOK AT THE 2040 FUND OR THE 2030 OR 2020 THEY WILL BE ALLOCATED A LITTLE DIFFERENTLY. YOU CAN SEE THE GRAPH IS AN EXAMPLE OF LIFECYCLE FUND. THIS LIFECYCLE FUND IS 2035 FUND. IF YOU RETIRE IN ABOUT 13 YEARS FROM NOW TSP WILL ADJUST YOUR ALLOCATIONS FOR YOU. YOU CAN SEE THEY WILL PUT 31% IN THE C 33% IN THE G -- AND YOU GET CLOSER AND CLOSER TO THAT TARGET DATE, 2035 OR WHATEVER TARGET DATE YOU'RE IN, THAT WARREN SECTION, THE G FUND WILL TELL YOU TO GROW BIGGER AND BIGGER AND BIGGER. THE IDEA IS THE CLOSER AND CLOSER YOU GET TO YOUR TARGET RETURN DATE THE CLOSER, THE LESSON WAS MORE RISK OF -- IT SHOULD BE. IF YOU HAVE OPTIONS TO INVEST INSIDE OF TSP. LET'S TALK ABOUT HOW THE TAXES WORK ON TSP. YOUR TSP IS QUALIFIED MONEY. SELECT TAX IT IS SIMILAR TO A 401(K) -- OR EVEN AN IRA. ALL RIGHT? TRADITIONAL TSP, PRE-TAX DOLLARS. IF YOU TAKE MONEY OUT, LET'S SAY YOU RETIRE AT 52 YEARS OLD WERE YOU HAVE AN OLD TSP OUT THERE THERE ARE PENALTIES POTENTIALLY BEFORE TAKING IT OUT AT 59 1/2. WE WILL TALK A LITTLE MORE ABOUT THAT IN THE POSTRETIREMENT SECTION. ALL RIGHT? ONCE YOUR 72 YEARS OLD YOU STILL HAVE A REQUIRED MINIMUM DISTRIBUTION. YOU WILL BE FORCED TO TAKE MONEY OUT OF THAT 72 WHETHER YOU WANT TO OR NOT AND IT IS TAXABLE COMPLETELY TAXABLE UPON YOUR DEATH AND WITHDRAWAL AND WHATEVER ORDINARY INCOME TAX RATE YOU -- THAT IS PRETTY MUCH THE SAME FOR 401(K)s AND IRAS, TRADITIONAL. WHAT'S A GOOD ROTH. ROTH IS AFTER-TAX DOLLARS. HERE IS ONE REALLY UNIQUE THING. YOUR ROTH TSP STILL HAS AN R&B AT 72 YEARS OLD YOU STILL HAVE TO TAKE MONEY OUT OF THE ROTH AT 72 YEARS OLD THERE WILL NOT BE TAXED IT IS TAX-FREE UPON WITHDRAWAL OR DEATH BUT YOU STILL HAVE TO TAKE IT

OUT WHICH MEANS THAT MONEY CAN NEVER EARN INTEREST TAX-FREE AGAIN. THIS IS A UNIQUE TO A ROTH TSP ALL OTHER LOTS ARE NOT SUBJECT TO THIS. ROTH DISTRIBUTIONS CONSIDERED INCOME WHEN DETERMINING SOCIAL SECURITY FROM A ROTH TSP BUT NOT MANY OTHER ROTH ACCOUNT. THAT IS A REALLY UNIQUE PART OF THE TSP BUT JUST REALLY UNDERSTANDING THE TAXES AND A LOT OF YOU CAME TO OUR TAX WEBINAR EARLIER IN THE YEAR OR HAVE QUESTIONS ON THAT. LET US KNOW. IT IS TRADITIONAL OR ROTH. YOU HAVE TO UNDERSTAND THAT TRADITIONAL WILL BE TAXED AT SOME POINT. BUT IF YOU SIT THERE AND HAVE \$300,000 IN YOUR TSP WHEN YOU RETIRE AND IT IS ALL TRADITIONAL YOU DON'T HAVE \$300,000. ALL RIGHT? YOU HAVE A BUSINESS PARTNER. UNCLE SAM. AND UNCLE SAM IS GOING TO TELL YOU AT SOME POINT IN THE FUTURE HOW MUCH YOU OWE HIM. SO LET'S KEEP THAT IN MIND AT ALL TIMES. SO THERE YOU GO. DO YOU HAVE IT. THERE IS KIND OF THE END OF OUR FIRST SECTION WHICH IS THE TSP BASICS. EMPLOYER SPONSOR PLAN. YOU CAN CONTRIBUTE UP TO 23 \$527,000 IF YOU ARE 50 OR OLDER. THE GOVERNMENT WILL MATCH UP TO 5% OF YOUR SALARY. YOU CAN PUT IT IN THE -- FUND. IF YOU ARE NOT SURE DO THE LIFECYCLE FUND AND YOU CAN PICK TRADITIONAL RAW. LET'S TALK ABOUT SOME OF THE INS AND OUTS OF WHAT YOU NEED TO KNOW ABOUT THIS COMPANY RETIREMENT. THIS IS PRETTY MUCH WHY YOU ARE STILL WORKING. WHILE YOU ARE STILL WORKING, NOT LEARNING ABOUT YOUR TSP YOU CAN TAKE TWO DIFFERENT TIMES OF LOANS FROM YOUR TSP EVEN IF YOU NEEDED. THERE IS A RESIDENTIAL AND GENERAL-PURPOSE LOAN. ALL RIGHT? THESE CAN BE POWERFUL. I HEAR ALL THE TIME I'M TAKING ALONG THROUGH TSP IT'S A BAD IDEA . IT'S OUR GOODBYES. BECAUSE YOU ARE GOING TO LOSE THE OPPORTUNITY TO EARN INTEREST. YES AND NO. TAKING A TSP LOAN FROM YOUR ACCOUNT JUST TO PAY SOMETHING OFF AND HAVE NO REAL PLAN LEADERSHIP OR DIRECTION IN YOUR FINANCIAL LIFE, YES, THAT IS NOT GOOD. BUT UTILIZING AND LEVERAGING ASSETS TO CREATE MORE WEALTH AND PUT YOURSELF IN A BETTER POSITION TO PUT YOURSELF ON A MORE FINANCIALLY FIT PLAN CAN BE GOOD. BUT LIKE YOU SAID AT THE BEGINNING CONSULT A PROFESSIONAL WHO WILL BUILD A PLAN WITH YOU OR A MENTOR OR SOMEBODY THAT WILL HELP ENSURE THAT FINANCIALLY MAKE SENSE. BUT THERE ARE TWO TYPES OF LOANS. RESIDENTIAL LOAN MUST BE YOUR PRIMARY LOAN. OKAY? AND THE MOST YOU CAN TAKE OUT THIS 50% OF YOUR INVESTED ACCOUNT BALANCE UP TO \$50,000. SO YOU CAN TAKE MORE THAN \$50,000 OUT. RIGHT? IN GENERAL YOU CAN HAVE A RESIDENTIAL LOAN OR PRIMARY LOAN. IF YOU TAKE A GENERAL LOAN OUT YOU HAVE ESSENTIALLY FIVE YEARS TO PAY THE LOAN BACK. IF YOU HAVE A RESIDENTIAL LOAN OUT YOU HAVE 15 YEARS TO PAY THAT INTEREST BACK. ALL RIGHT? THE LOAN BACK. AND IT CHARGES TO INTEREST. IT CHARGES YOU WHATEVER INTEREST THE G FUND IS PAYING. THE TIME OF WRITING THIS IT WAS .065. THAT CHANGES AROUND EVERY CORNER. POTENTIALLY MONTHLY. BUT AT THE END OF THE DAY THE INTEREST YOU ARE PAYING IS GOING BACK TO YOU. YOU ARE PAYING THE INTEREST YOURSELF. THERE WAS NO INTEREST GAINED BY THE GOVERNMENT OR ANYTHING LIKE THAT. THE INTEREST YOU PAY ON THESE LOANS GOES TO YOUR SELF. YOU MUST PAY THE LOAN BACK WITHIN 90 DAYS OF ANY SEPARATION INCLUDING RETIREMENT OR IT IS CONSIDERED DISTRIBUTION. IF YOU ARE RETIRE AND OVER 59 1/2 YEARS OLD AND YOU HAVE ALONE OUT AND SAY I JUST DON'T WANT TO PAY THAT BACK FINE. YOU WILL GET TAXED ON ONE OF THE DISTRIBUTION IS. IF YOU'RE UNDER 59 1/2 YOU WILL GET TAXED ON WHATEVER THE OUTSTANDING BALANCES BUT IF YOU ARE UNDER 59 1/2 YOU ALSO WILL GET A 10% PENALTY ON THAT BALANCE AS WELL. SITTING WITH A FINANCIAL EXPERT OR SOMEBODY TO ENSURE

THAT YOU ARE HANDLING IT PROPERLY IS GOING TO BE A REALLY GOOD PLAN FOR YOU. OKAY? SO THAT IS THE LOAN OPTIONS THAT YOU HAVE. THERE IS ONE MORE TYPE OF WITHDRAWAL AND IT'S A HARDSHIP WITHDRAWAL. AND THIS IS LIKE A LAST-DITCH EFFORT. ALL RIGHT? BUT IT IS PERMANENT. ONCE YOU PULL THE MONEY OUT YOU CANNOT PUT IT BACK IN. AS A SUBJECT TO A 10% PENALTY IF YOU ARE UNDER 59 1/2 YEARS OLD YOU ARE ABLE TO CHOOSE WHERE THE MONEY COMES OUT FROM TRADITIONAL OR ROTH. IT REQUIRES SPOUSAL CONSENT IF YOU'RE MARRIED. YOU MUST HAVE TO SHOW A FINANCIAL NEED IN ORDER TO GET THE MONEY OUT, RIGHT? NEGATIVE CASH LOAN, LEGAL, ETC. BUT ONCE YOU DO THIS IF YOU DO THIS YOU ARE NOT ALLOWED TO CONTRIBUTE TO THE TSP OR GET THE MATCHING FOR SIX MONTHS AFTER YOU DO THIS. SO I JUST WANTED TO PUT THAT OUT THERE. THIS PROVISION EXISTS. THAT I HAVE SEEN SITUATIONS WHERE IT IS ACTUALLY A GOOD FINANCIAL DECISION TO DO THIS. HOWEVER, THIS IS A VERY SERIOUS CONSIDERATION IF AND WHEN YOU NEED TO DO IT SO I WANT TO PUT IT OUT HERE TO LET YOU KNOW IT IS POSSIBLE. IN CASE YOU'RE IN A SITUATION WHERE YOU NEED IT. THE OTHER KIND OF PRERETIREMENT IS SOMETHING CALLED A AGE IN-SERVICE DISTRIBUTION. 59 1/2 YEARS OLD. YOU CAN TAKE UP TO FOUR PER YEAR WHILE EMPLOYED. IF YOU ACTUALLY TAKE A DISTRIBUTION THERE GOING TO WITHHOLD 20% OF TAXES AUTOMATICALLY UNLESS IT'S ROLLED OVER INTO ANOTHER ACCOUNT. YOU ARE ALLOWED TO ROLL THE TRADITIONAL OR ROTH IRA AND THEN YOU CAN DECIDE BETWEEN YOUR TRADITIONAL OR YOUR ROTH BALANCE SO AS LONG AS YOU ARE OVER 59 1/2 YOU HAVE ACCESS TO THE MONEY AND TAX RAMIFICATIONS ARE GOING TO BE WHAT THEY ARE. ALL RIGHT? SOME OF THESE RULES, I WANT TO PUT A DISCLAIMER ON HERE. I MIGHT SAY IT AGAIN AT THE END. TSP ACTUALLY JUST GOT A REQUEST FOR PROPOSAL AND THEY GOT A NEW VENDOR. WE DON'T KNOW EXACTLY WHAT THAT MEANS YET. THEY ARE TALKING ABOUT WHAT IS GOING TO DO. WE DO WILL CHANGE A LITTLE BIT OF THE INTERFACE AND THE USER INTERFACE. THEY WILL BUILD AN APP FOR YOUR PHONE AND THINGS LIKE THAT AND HOPE TO GIVE YOU A LITTLE BIT BETTER CUSTOMER SERVICE. BUT AS OF RIGHT NOW WE DON'T KNOW ALL THE NEW RULES OF WHAT WILL CHANGE. FOR ALL PURPOSES MOST THINGS WILL GO OVER TODAY OR GOING TO STAY IN FORCE. IF NOT JUST A LITTLE BIT OF IMPROVEMENT HERE AND THERE ON TOP OF IT. I DO WANT TO PUT THAT OUT THERE. BUT AS OF RIGHT NOW THIS IS WHAT WE KNOW AND THIS IS HOW IT WORKS. WE ARE TALKING ABOUT THE CHANGE TODAY. SO LET'S LOOK AT, ONE MORE THING ACTUALLY. THE QUESTION CAME UP THAT I JUST SAW. REALLY GOOD QUESTION. I'M TALKING ABOUT THIS 59 1/2-YEAR-OLD RETIREMENT SERVICES DISTRIBUTION. ALL RIGHT? AND LET'S SAY I RETIRE MY MINIMUM RETIREMENT AGE OF 58 YEARS OLD. IF YOU RETIRE ACTUALLY AT THE AGE OF 55 OR OLDER, YOU CAN ACCESS THE MONEY IN YOUR TSP AS LONG AS IT STAYS IN TSP WITHOUT THE 10% PENALTY FOR BEING UNDER 59 1/2 YEARS OLD. YOU HAVE TO REMAIN IN TSP AND YOU HAVE TO WORK UNTIL YOU'RE 55. SO FOR MY CROWD THAT IS 57 OR 58 YEARS OLD AND HAS 30 YEARS OF SERVICE, AND IS GETTING READY TO RETIRE, BUT YOU NEED TO TAKE THE DISTRIBUTION FOR YOUR TSP IN ORDER TO SURVIVE. THAT'S OKAY. YOU CAN. THAT IS THE ONE EXCEPTION TO THE RULE. THAT EXCEPTION IS NOT JUST TSP SPECIFIC. IT ALSO, IF YOU WORK AT AT&T YOU CAN ALSO TAKE, AND YOU RETIRE AT 56 YOU CAN TAKE A DISTRIBUTION FROM YOUR 401(K) AND NOT BE SUBJECT TO A 10% PENALTY. ALL RIGHT? ONE PROVISION THAT ALLOWS THAT STUFF TO HELP OUT A LITTLE BIT. OKAY? LET'S TALK ABOUT WHERE WE HAVE DONE AND WE KNOW WHAT THE BASICS ARE. WE KNOW WHAT THE RULES ARE WHILE YOU ARE IN GETTING THE ACCESS TO TSP. LET'S TALK

ABOUT SEPARATION AND HOW THAT WORKS. THIS IS WHERE THE PLANNING REALLY COMES IN. THERE ARE TWO STAGES OF LIFE. IT'S LIKE THE MOUNT EVEREST ANALOGY. MOST PEOPLE CAN GET TO THE SUMMIT OF MOUNT EVEREST BUT IT'S GETTING DOWN THAT IS THE HARD PART. SAME THING IN RETIREMENT. YOU CAN GET TO THE TOP AND YOU CAN GET THERE AND PUT YOUR HEAD DOWN AND YOU CAN ACCUMULATE MONEY BUT ON THE BACK HALF MAKING SURE YOU'RE ACCESSING THAT THE MOST EFFICIENT WAY WE TALK ABOUT TAXES AND LONG-TERM CARE, WHAT FUNDS TO TAKE FROM, HOW DO I COORDINATE WITH MY OTHER BENEFITS, MY INSURANCE, ETC. LET'S TALK ABOUT THESE RULES THAT WE HAVE GOING ON. IF YOU HAVE A TSP AND YOU WANT TO ACCESS IT YOU HAVE A COUPLE DIFFERENT OPTIONS. ONE WAY IS YOU CAN ACTUALLY SET YOURSELF UP FOR AN INSTALLMENT PAYOUT. THE INSTALLMENT PAYMENT IS A SITUATION WHERE YOU TELL THEM, I WANT MONTHLY QUARTERLY OR ANNUALLY PAYOUTS. IT'S THE FIXED DOLLAR AMOUNT OR IT'S EITHER BASED ON LIFE EXPECTANCY. SO YOU CAN SAY YOU NEED TO BE \$1000 A MONTH EVERY MONTH OR YOU NEED GIVE ME WHATEVER THE LIFE EXPECTANCY CHART SAYS MY PAYOUT IS. PAYOUTS WILL CONTINUE UNTIL IT STOPS OR THERE IS NO MORE MONEY. YOU CAN CHOOSE BETWEEN YOUR TRADITIONAL ROTH BALANCES. ANYTHING THAT COMES OUT OF YOUR TSP IS AMENDED TO 20% WITHHOLDING. IT CANNOT BE WAIVED. THE TAXES ARE ALWAYS GOING TO BE WITHHELD IF YOU ARE MARRIED WITH THREE DEPENDENTS. THEY KIND OF TELL YOU WHAT TO WITHHOLD. WE DON'T RECOMMEND IT. I DON'T RECOMMEND IT WITH THIS METHOD BECAUSE WHAT THIS IS SAYING IS YOU ARE BASICALLY SETTING YOURSELF UP FOR A SET AMOUNT OF TIME. YOU GET A SET AMOUNT OF PAYMENTS AND THE MONEY MAY OR MAY NOT BE THERE. IT'S A LITTLE BIT RIGID. IF YOU'RE DOING A FIXED PAYMENT INSTEAD OF USING THE ACTUAL INSTALLMENT METHOD GUESS WHAT? YOU CAN ACTUALLY TELL THEM EVERY 30 DAYS I WANT TO TAKE A SINGLE PAYMENT. YOU CAN DO THAT NOW YOU DON'T WORRY ABOUT THE INSTALLMENT AND THAT RUNNING OUT ALL YOUR MONEY RUNNING OUT OR ANYTHING LIKE THAT. SO THE SECOND OPTION IS THE SINGLE AND/OR LUMP SUM PAYOUT. EVERY 30 DAYS YOU CAN TAKE A DISTRIBUTION FROM YOUR TSP. YOU COULD SET IT TO COME UP ON MEDICALLY. BUT EVERY 30 DAYS YOU CAN TAKE THE DISTRIBUTION. ANYTHING THAT COMES OUT IS 20% WITHHELD. THERE IS NO LIMIT ON THE NUMBER OF WITHDRAWALS YOU HAVE HOWEVER YOU CAN ONLY CHOOSE ONCE EVERY 30 DAYS. SO ESSENTIALLY YOU COULD IF YOU WANTED TO TAKE YOUR MONEY OUT, ALL OF YOUR MONEY OUT AND ROLL IT INTO A SELF-DIRECTED IRA IF YOU WANTED TO. OR YOU COULD SAY, EVERY SIX MONTHS I'M GOING TO TAKE SIX MONTHS WORTH OF LIVING EXPENSES OUT AND PUT IT IN MY BANK ACCOUNT. IT'S MORE FLEXIBLE TO DO IT THIS WAY. YOU HAVE A LOT OF OPTIONS TO DO IT THIS WAY. SO THIS WAY IS BASICALLY SAYING, THE MONEY IS RUNNING AND YOU CAN CHOOSE IF AND WHEN TO TAKE IT OUT. YOU CAN CHOOSE IF I WANT TO TAKE YOU FROM THE TRADITIONAL LIFE I WANT TO TAKE IT FROM THE RAW. YOU CAN CHOOSE IF YOU WANT TO DO A QUARTERLY, MONTHLY, EVERY SIX MONTHS. ONCE A YEAR. YOU CAN ROLL IT OVER. IT'S REALLY FLEXIBLE THAT STANDPOINT. THE THIRD OPTION IS BASICALLY SOMETHING CALLED AN ANNUITY PAYOUT. THE ANNUITY PAYOUT YOU DON'T HAVE TO DO IT ALL YOU CAN USE A -- BUT WHEN YOU'RE LOOKING AT YOUR TSP STATEMENT AND IT SAYS, BASED OFF OF YOUR BALANCE ON THE FRONT PAGE THERE WAS THE NUMBER OFF TO THE RIGHT. YOU'LL GET \$1500 A MONTH. WHAT THAT IS SAYING, IF YOU TURN YOUR TSP INTO A SINGLE PREMIUM ANNUITY THAT IS WHAT WOULD BE GUARANTEED TO YOU FOR LIFE. WHAT YOU DO IF YOU TURN IT INTO ANNUITY KNOW THIS. YOU REALLY LOSE COMPLETE CONTROL OF THAT MONEY IF

AND WHEN YOU DO THAT AND NOW YOU'RE ENTERING A CONTRACT WITH CURRENTLY METLIFE. TO PAY YOU A SET AMOUNT EVERY YEAR FOR THE REST OF YOUR LIFE. THERE IS GOOD AND BAD. THE GOOD IS IF YOU'RE HUNDRED AND FIVE YEARS OLD AND YOU'RE NOT A GOOD MANAGER OF YOUR MONEY YOU WILL CONTINUE TO GET THAT CHECKED THE REST OF YOUR LIFE. THE BAD IS, IF YOU DON'T SET THAT UP RIGHT AND MAYBE SAY, YOU DIE AFTER A YEAR OF TAKING IT, YOU FORFEIT YOUR BALANCE AND YOUR HEIRS MIGHT NOT GET ANYTHING. SO IF YOU'RE GOING TO USE IT YOU HAVE TO BE VERY CAREFUL WHEN YOU DO THIS BECAUSE IT'S LIKE A PERMANENT DECISION. THERE ARE DIFFERENT WAYS YOU CAN SET UP KIND OF LOOKING AT THE CHART, RIGHT? YOU CAN TAKE IT OFF OF YOUR LIFE WHICH IS, SINGLE LIFE LEVEL PAYMENT THAT WILL BE LIKE YOUR HIGHEST PAYMENT THAT YOU CAN GET. OR YOU CAN SAY, I'M GOING TO GET \$1000 A MONTH. WHENEVER I DIED \$1000 A MONTH IS GONE AND WHATEVER'S LEFT OVER ON MY TSP GOES TO THE INSURANCE COMPANY. OR YOU CAN SAY FOR \$900 A MONTH AGO TO GUARANTEE EVEN IF I DIED SOMEBODY IS GOING TO GET THAT \$900 A MONTH FOR UP TO 10 YEARS, RIGHT? WHEN YOU START OUT AND ADDING THE SURVIVOR ANNUITY OR SURVIVOR BENEFITS OR A JOINT SURVIVOR OR SOMETHING LIKE THAT THE PAYOUT GETS LESS AND LESS AND LESS. ESSENTIALLY YOU'RE JUST MAKING A DEAL WITH THE INSURANCE COMPANY AND THEY WILL LOOK AT YOUR LIFE AND DECIDE HOW MUCH OF THE PAYOUT THEY ARE GOING TO GIVE YOU. BUT JUST KNOW IF YOU DO THIS YOU'RE GOING TO, IT'S A PERMANENT DECISION. OKAY? BUT THOSE ARE THE THREE OPTIONS TO DO YOUR TSP WHEN YOU RETIRE. YOU ALSO HAVE THE OPTION, IT IS KIND OF LIKE WITH A LUMP SUM. IF YOU WANT TO YOU CAN DO A ROLLOVER DIRECT TRANSFER INTO YOUR OWN SELF-DIRECTED IRA. IF AND WHEN YOU DO THIS IT IS NOT A TAXABLE EVENT THAT OCCURS. ALL RIGHT? YOU ARE ACTUALLY ABLE TO DO IT AS MANY TIMES AS YOU WANT. ALL RIGHT? ONCE YOU ARE IN YOUR OWN SELF-DIRECTED IRA IF THAT IS HOW EVERYONE YOU CAN INVESTED IN THE SAME EXACT ONES THAT YOU ARE CURRENTLY INVESTED IN IF YOU WANT. YOU CAN KEEP IT FOR LITTLE FEES IF YOU WANT. BUT IT DOES GIVE YOU A LITTLE MORE FLEXIBILITY FROM THE STANDPOINT IF IT IS IN AN IRA ANYTHING IN A ROTH IS NOT SUBJECT TO REQUIREMENT AND DISTRIBUTION. AND YOU ALSO HAVE THE ABILITY ONCE IT IS IN AN IRA TO CONVERT FROM TRADITIONAL TO ROTH WHICH IS A VERY BIG THING ESPECIALLY NOWADAYS WHEN IT COMES TO TAXES AND ESTATE PLANNING. CURRENTLY YOU ARE NOT ALLOWED TO CONVERT MONEY FROM YOUR TSP IN YOUR TSP FROM THE TRADITIONAL BALANCE TO THE ROTH BALANCE OF THAT IS AN OPTION YOU ARE GOING TO TAKE AND THE ONLY OPTION YOU HAVE TO DO IS ROLL IT INTO AN IRA. IT MAY BE A GOOD OPTION FOR SOME PEOPLE IT MAY NOT BE A GOOD OPTION FOR OTHERS. I'M NOT HERE TO TELL YOU WHAT YOU SHOULD DO. I'M JUST HERE TO TELL YOU THESE ARE THE OPTIONS THAT YOU HAVE. OKAY. SO, THESE ARE THE INS AND THE OUTS OF THE IRA. HERE ARE SOME QUESTIONS COMING UP I WILL BE ABLE TO ANSWER. BUT YOUR TSP IS MORE THAN LIKELY THE RIGHT PLANNING GOING TO OUTLIVE YOU. SO WHAT HAPPENS WHEN YOU DIE? SOMEBODY WILL INHERIT THE IRA. IF YOUR SPOUSE INHERITS IT THEY RECEIVE SOMETHING CALLED A BENEFICIARY PARTICIPATION CSB ACCOUNT. IF IT IS YOUR SPOUSE THERE IS REALLY VERY LITTLE DIFFERENCE BETWEEN THE PRIMARY TSP AND THIS ONE TIME PARTICIPANTS HE TSP EVERYTHING WE HAVE TALKED ABOUT FOR THE LAST 30 MINUTES BASICALLY HOLDS TRUE. THEY CAN MOVE IT INTO THEIR OWN TSP IF THEY WANT AT THAT TIME. OR THEY CONVERT IT TO A SELF-DIRECTED IRA IF YOU HAVE A SPOUSE THAT DOESN'T WORK FOR THE FEDERAL GOVERNMENT AND THEY INHERIT YOUR TSP I WANT TO PUT IT IN YOUR OWN IRA. THEY CAN.

OR THEY CAN KEEP IT AS A BENEFICIARY TSP ACCOUNT. IF YOU KEEP IT AS A BENEFICIARY YOU HAVE ACCESS TO THAT ACCOUNT RIGHT AWAY. HOWEVER A BENEFICIARY TSP ACCOUNT KEPT AS A BENEFICIARY TSP ACCOUNT IS SUBJECT TO REQUIREMENT DISTRIBUTIONS AND ALL THE INHERITED IRA RULES. SO IT'S A GOOD THING FOR CURRENT SPOUSE TO DO WOULD BE ESSENTIALLY TO ROLL IT INTO THEIR OWN SELF-DIRECTED IRA OR MOVE IT INTO THEIR OWN TSP IF THEY ARE A FEDERAL EMPLOYEE . THAT WAY THERE IS A LOT MORE FLEXIBILITY IN WHAT THEY CAN DO WITH IT. HOWEVER IF THE SPOUSE IS UNDER 59 1/2 YEARS OLD AND NEEDS THAT MONEY IT MIGHT BE BEST TO KEEP IT AS A BENEFICIARY TSP. IF IT'S A NON--- INHERITED BASICALLY LET'S SAY YOU PASS ON AND YOU LEAVE YOUR BENEFICIARY TSP YOUR KID AND YOUR KID HAS TENURE TO TAKE THAT OUT AND THEY COMPLETELY -- THE WHOLE TSP OUT. HERE'S SOMETHING REALLY BAD. IF YOU HAVE, SAY YOU LEAVE YOUR ACCOUNT TO SOMEBODY, BENEFICIARY TSP AND THEY KEEP IT AS A BENEFICIARY TSP AND THEN THAT PERSON DIES. NOW THAT WHOLE ACCOUNT HAS TO BE CAST AT ONCE. THAT COULD BECOME A TAX NIGHTMARE. TO BASICALLY IT USUALLY MAKES SENSE FOR A TSP TO BECOME THEIR OWN TSP WITH A SPOUSE OR A IRA WITH THE NONSPOUSE. OKAY? WHAT HAPPENS ESSENTIALLY AFTER YOU DIE WITH TSP. LASTLY BUT NOT LEAST, THIS IS THE IMPORTANT THING HERE. THIS IS THE DECISION YOU MAKE. OKAY? WE TALK ABOUT THE INS AND OUTS OF TSP. BUT THAT, YOU KNOW, QUESTIONS YOU ASK YOURSELF ABOUT RENT TO THEM WHAT IS ACTUALLY GOING ON AND HOW IT IS ACTUALLY WORKING. RIGHT? IT'S IMPORTANT YOU WRITE ON YOUR GOALS AND PUT THEM WHERE YOU CAN READ THEM EVERY DAY, RIGHT? I THINK THAT IS REALLY IMPORTANT. HOW DO YOU WANT TO ACCESS YOUR MONEY? WHAT DO YOU WANT YOUR IDEAL SITUATION TO LOOK LIKE WITH THE AND THEN YOU CAN MAKE A DECISION OF HOW TO WITHDRAW YOUR MONEY AND PUT YOURSELF IN A FINANCIALLY BETTER POSITION AND UTILIZE THE LEVERAGING OF TSP THAT YOU'RE SAFE. THINK ABOUT THE FUNDS. DO YOU WANT TO PAY MORE TAXES OR LESS TAXES? I THINK MOST PEOPLE PROBABLY SAY I WANT TO PAY LESS TAXES. IF THAT IS THE CASE, CONSIDER CONVERTING MONEY OR TAX ESTATE PLAN MOVING MONEY FROM TRADITIONAL TO ROTH OR START CONTRIBUTING TO YOUR ROTH TSP IF YOU ARE IN A GOOD TAX BRACKET TO DO SO. WOULD HE WANT TO DO? PAY MORE FOR THESE MSPS? TSP ACTUALLY FORCES A STYLE OF INVESTING CALLED -- INVESTING WHERE YOU JUST INVEST IN THE S&P 500 AS A WHOLE. THE STOCK MARKET IS ALL. THE INTERNATIONAL MARKET AT ALL. THIS FORM OF INVESTING NATURALLY CARRIES LESS FEES. SOMETIMES IT CAN BE THE MOST EFFICIENT AND BEST THING IN THE WORLD BUT THE DOWNSIZES SOMETIMES YOU ARE NOT AS DIVERSE AS YOU COULD BE INVESTING OTHER WAYS. BUT AGAIN WHAT'S IMPORTANT TO YOU? WHAT'S IMPORTANT TO YOU WITH ESTATE PLANNING? DO YOU WANT TO LEAVE A LEGACY? THIS TAXATION OF YOUR ERRORS UPON YOUR DEATH IS HUGE. RIGHT? WE JUST TALKED ABOUT THE FISHER HE TSP LEAVING THAT AND LEAVING IT TO A NON- AIR AND HAVING IT TO CASH OUT OVER 10 YEARS. IF YOU LEAVE A HALF-MILLION DOLLAR TSP AND THEY HAVE TO TAKE OUT OF 10 YEARS, YOU WANT THEM TO DO IT AS EFFICIENTLY AS POSSIBLE ON TOP OF WHAT THEY ARE ALREADY EARNING. ALL OF A SUDDEN YOUR TSP COULD BE TAXING 35% WHEN YOU HAVE BEEN AND 22% TAX BRACKET. YOU CAN PREVENT THAT FROM HAPPENING AND YOU WANT THAT NOT TO HAPPEN THAT'S WHY BUILDING A GOOD FINANCIAL PLAN COMES FROM. WHICH LONG-TERM CARE PLAN? WHAT'S GOING TO HAPPEN IN AN EMERGENCY. OKAY? IF YOU ARE USING -- YOU ARE NOT USING YOUR TSP TO CREATE INCOME FOR YOURSELF EVERY MONTH. YOU ARE LEVERAGING SOME OF IT TO CREATE MORE AND A BETTER SITUATION FOR YOURSELF. OR

POTENTIALLY EVEN, I KIND OF LOST MY TRAIN OF THOUGHT. SORRY GUYS. IF YOU ARE NOT USING THAT TSP INCOME YOU ARE USING SOME OF THE TSP LEVERAGE TO CREATE MORE WEALTH FOR YOURSELF AND MORE WILL FOR YOUR FAMILY AND MORE PROTECTION FOR YOUR FAMILY. AND WITH THE RETURN THIS IS ONE THING YOU CANNOT CONTROL. I TAKE OVER THE LAST 10 OR 12 YEARS A LOT OF US HAVE KIND OF, A LOT OF OUR WEAKNESSES AND OUR OWN FINANCIAL PLANS HAVE BEEN COVERED UP BY THE SPECTACULAR RETURNS WE HAVE RECEIVED IN GENERAL. NOW WE ARE A LITTLE BIT OUT OF THE WASHING GROUND. WE DON'T HAVE MUCH CONFIDENCE LIKE WE ONCE HAD. AT A CERTAIN POINT IN LIFE IT IS SQUEEZING THE EXTRA ONE OR 2% OF RETURN WORTH THE RISK? AT A CERTAIN POINT VOLATILITY TRUMPS CONTROL. THESE ARE THE QUESTIONS YOU DID ASK YOURSELF WHEN YOU ARE STARTING TODAY, HOW IS MY OVERALLS FINANCIAL WELLNESS? I WANT TO SUMMARIZE ALL THIS UP HERE. WE WENT OVER A LOT OF STUFF TODAY. THIS WAS MORE OF A TECHNICAL WORKSHOP. WE WILL TALK MORE ABOUT STRATEGIC PLANNING AND A WORKSHOP COMING UP. I BELIEVE WE WILL BE ON THE LOOKOUT FOR THAT. BUT LET'S BREAK IT DOWN. IF YOU GET NOTHING ELSE FROM TODAY THIS IS WHAT YOU NEED TO KNOW. FUNDING. YOU COULD PUT IT IN THE -- TSP OR YOU CAN FUND IT BIWEEKLY THROUGH YOUR CHECK. ALL RIGHT? THE ALLOCATION, YOU'RE GOING TO INVEST IN DIFFERENT INDICES. THERE ARE DIFFERENT INDICES YOU CAN INVEST IN. IF YOU DON'T KNOW WHAT YOU DOING PUT IT IN THE LIFECYCLE FUNDS WITH THE CLOSEST THING TO YOUR AGE. WITHDRAWAL WHILE YOU ARE WORKING YOU CONTROL YOURSELF MONEY AND PAY YOURSELF BACK INTEREST. OR ONCE YOU ARE SEPARATED FROM SERVICE YOU CAN ACTUALLY TAKE INSTALLMENTS OR ANY LUMP-SUM PAYMENT YOU WANT OR ANNUITY. ALL RIGHT? AND OF COURSE YOU HAVE THE OPTION FOR ROYAL WORK TRADITIONAL. CREATING A LONG-TERM TAX PLAN WILL BE CRUCIAL AROUND THE ROTH AND TRADITIONAL AREA. ALL RIGHT? SO THAT'S A RUN DOWN OF THE, TSP. ALL RIGHT? BASICALLY THERE ARE. HERE ARE SOME RESOURCES FOR YOU. OBVIOUSLY TSP.GOV , AARP, FROM SEVERAL ON-TIME CALCULATORS. YOU GUYS HAVE ACCESS TO THIS. ALL RIGHT? WHICH IS GREAT. OUR WEBSITE IS ON THERE. IF YOU WANT TO TALK TO US DIRECTLY ABOUT HELPING YOU FORMULATE A PLAN OR ANYTHING LIKE THAT. AND ALSO YOUR, EAP AND FO H, -- RESOURCES FOR YOU AS WELL AND I WILL ACTUALLY HAVE CYNTHIA TALK YOU ABOUT THOSE HERO QUICK. THE NECK OKAY. THANK YOU SO MUCH. THAT WAS A LOT OF SOLID INFORMATION ON TSP. IF YOU WOULD LIKE MORE INFORMATION ON THIS OR OTHER HEALTH AND WELLNESS TOPICS PLEASE GIVE US A CALL OR VISIT US ONLINE AT FO H FOR YOU.COM. THE EAP IS AVAILABLE TO HELP YOU OR YOUR FAMILY WORK THROUGH PERSONAL, WORK-RELATED, LEGAL AND FINANCIAL ISSUES. AND SO NO IF YOUR QUESTION DOES NOT GET ANSWERED TODAY YOU CAN CALL EAP FOR A FINANCIAL COMPENSATION AT NO COST TO YOU. AND SUPPORT IS AVAILABLE 24 SEVEN SERVICES ARE COMPLETELY CONFIDENTIAL. FINALLY I JUST WANT TO REMIND YOU THE RECORDING TRANSCRIPT COPY OF THE SLIDES AND RESOURCE HANDOUTS WILL BE EMAILED WITH YOU WITHIN 24 HOURS OF TODAY'S WEBINAR. ALSO THERE WILL BE UPLOADED TO APPALACHIA FOR YOU.COM AND ABOUT TWO WEEKS. WE DID HAVE A SIGNIFICANT AMOUNT OF QUESTIONS AND I'M GLAD WE HAVE SOME TIME FOR ENTERED INTO THOSE. ANDREW, DO YOU SEE SOME OF THOSE? I GATHER THEM UP IN AN EMAIL FOR YOU.

I LIKE THAT. THAT IS THE GOOD WAY. I GOT THE EMAIL RIGHT HERE. THANK YOU, CYNTHIA.

OKAY.

SO LET ME, I'D OF GO THROUGH THIS ONE BY ONE AND ANSWER THEM. I THINK THESE ARE GOOD. A LOT OF THEM HAVE TO DEAL WITH THE SAME TOPIC. THAT IS ALWAYS A BIG ONE. SO LET'S SEE. BUT IT'S LIKE A 401(K) CAN ONE ROLLOVER TSP FUNDS INTO A VANGUARD LOW-COST IRA ACCOUNT? IF SO WHAT ARE THE TERMS? YES. YOU CAN. AS LONG AS YOU ARE OVER 59 1/2 YEARS OLD YOU CONTROL YOUR TSP FUNDS INTO ANY SELF-DIRECTED IRA AT VANGUARD OR ANY OTHER COMPANY. THE COST WILL DEPEND ON WHAT YOU INVEST IT IN. SO THE SECOND PART OF THIS QUESTION, THE TSP OR VANGUARD OF LOWER-COST RATES? AT THE END OF THE DAY IT IS THE UNDERLYING INVESTMENT THAT YOU ARE INVESTING IN. SO IF YOU LOOK AT THE COST RATIO OF THE UNDERLYING INVESTMENT YOU CAN FIND VERY SIMILAR IF NOT VIRTUAL IDENTICAL FUNDS WITH TSP THAT YOU ACTUALLY HAVE THE SAME RATIO IF NOT LESS IN SOME AREAS. EITHER WAY WHETHER IT IS TSP OR SELF-DIRECTED IRA , LOW-COST INDEXES, THE COST RATIO IS LOW BECAUSE THE INDEX STYLE OF VETTING IN GENERAL IS JUST VERY VERY LOW. SO THAT IS WHY TSP FEES ARE SO LOW BECAUSE IT FORCES YOU TO USE AN INDEX STRATEGY. IF YOU HAVE YOURSELF DIRECTED IRA YOUR ROTH WOULD BE EXTREMELY LOW. CAN YOU CONTRIBUTE TO TRADITIONAL TSP AND ROTH IRAS SIMULTANEOUSLY? GREAT QUESTION. THIS IS WHERE NOMENCLATURE IS VERY IMPORTANT. YES. YOU CAN MATCH OUT YOUR TSP. YOU ARE 60 YEARS OLD, YOU CAN PUT 27,000 \$500, \$20,000 INTO A TSP INSIDE YOUR ROTH TSP. AS LONG AS YOU AS A COUPLE DON'T MAKE TOO MUCH, WHICH IS LIKE \$200,000 OR HUNDRED AND 50 OR SOMETHING LIKE THAT FOR AN INDIVIDUAL. I DON'T KNOW THE NUMBER OF MY HEAD. YOU CAN ALSO CONTRIBUTE \$7000 TO YOUR OLD ROTH IRA. GUESS YOU CAN CONTRIBUTE TO A TSP AND AN IRA SIMULTANEOUSLY. THIS IS MORE OF A NOMENCLATURE QUESTION. IS ROTH TSP AND ROTH IRA THE SAME? NO. ROTH TSP 'S EMPLOYER-SPONSORED PLAN. IRAS ARE INDIVIDUAL SPONSORED PLANS. THE TAXES WORK SIMILARLY. AN IRA HAS VERY LITTLE NOT REGULATION BUT LIKE RESTRICTIONS ON IT. WHEREAS TSP HAS MANY MORE RESTRICTIONS ON HOW YOU CAN USE IT AND HOW YOU CAN ACCESS IT AND HOW YOU PASS IT ON AND HOW YOU INVESTED. SO TSP'S EMPLOYER-SPONSORED. IRA, I FORGOT YOU CAN'T SEE ME. I'M OVER YOUR USING HAND GESTURES. THE ROTH TSP IS EMPLOYER-SPONSORED. THE IRA IS INDIVIDUALLY SPONSORED. IS THERE WAY TO TRANSFER YOUR CURRENT BALANCE WHICH IS ON TUBES AND TRADITIONAL TSP 12 ROTH?

KNOW YOU CAN ONLY CONTRIBUTE FUTURE COMPETITIONS. YOU CANNOT TRANSFER FROM TRADITIONAL TO ROTH YOU CAN ONLY DO THAT IN IRA. IF YOU'RE OLDER, OVER 72 YEARS OLD, RIGHT? IF YOU'RE OLDER, IF YOU'RE 72 YEARS OLD OR OLDER, AND YOU ARE STILL WORKING, THE REQUIREMENT DISTRIBUTION ON ONLY YOUR TSP DOES NOT FACTOR IN UNTIL YOU RETIRE. SO YOU WANT TO WORK UNTIL YOUR 75. YOU ARE NOT GOING TO HAVE TO TAKE A DISTRIBUTION THROUGH A TSP INTO YOUR 75 OR UNTIL ONE OF THE DAY AS YOU RETIRE. IF YOU HAVE IRAS OR OLD 401(K)s OR SOMETHING LIKE THAT -- STILL APPLIES TO THAT. OKAY? NEXT ONE HERE. ALONE FOR REPAYMENT INTEREST COMES BACK TO ME, WOULD YOU MEAN? YES. SO IF YOU WERE TO GO TO THE BANK IN UTICA ALONE FOR \$10,000 THEY CHARGE YOU 2% INTEREST RATE. YOU END UP PAYING BACK LIKE \$12,000 TO THE BANK OVER AN AMOUNT OF TIME. \$2000 GOES TO THE BANK AT 10,000 GOES BACK TO YOUR LOAN TO PAY OFF. IF YOU TAKE A LONG FOR YOURSELF IN UTICA \$10,000 LOAN AND THEY MAKE YOU PAY BACK \$11,000 OVER

FIVE YEARS, ALL \$11,000 GOES BACK INTO YOUR ACCOUNT. SO THAT IS WHAT I MEAN BY PAYING INTEREST. IF YOU HAVE TSP RAW AND YOU STILL GET THE MATCHING CONTRIBUTION YES. YOU DO. CAN YOU CONTRIBUTE 20,500 INTO THE TRADITIONAL AND THE ROTH? NO. IT'S A TOTAL TSP TRADITIONAL OR ROTH ALL THAT SIMPLY IS IS AN ADJECTIVE ABOUT HOW IT IS TAXED. SO GETTING THAT NOMENCLATURE AGAIN IS REALLY REALLY. THE \$20,500 LIMIT IS THE AMOUNT THAT YOU CAN PUT INTO TSP IS ALL. YOU CAN BUT \$90,000 IN ROTH IN 1500 AND TRADITIONAL OR VICE VERSA AND ALL INTO ONE. AND THAT IS THE TOTAL. THIS IS ALSO GOOD QUESTION. GOOD QUESTIONS, EVERYONE. CAN YOU ELABORATE ON THE NO EARNINGS LIMIT THAT CONTRIBUTION ELIGIBILITY? YES. IN IRA, SO I GET THIS ALL THE TIME. THIS IS IMPORTANT. PEOPLE SAY ON IT TOO MUCH MONEY TO CONTRIBUTE TO A ROTH IRA. BASICALLY A ROTH IRA DEPENDING ON HOW MUCH MONEY YOU PHYSICALLY MAKE THE MAYOR MAY NOT BE ELIGIBLE TO CONTRIBUTE. I DON'T KNOW WHAT THE LIMITS ARE AT THE TOP OF MY HEAD RIGHT NOW. I KNOW AS A MARRIED COUPLE IT'S LIKE 200 GRAND. SO LET'S SAY AS A MARRIED COUPLE YOU MAKE 220 GRANDEUR. YOU MAKE TOO MUCH MONEY. THE IRS WILL NOT ALLOW YOU TO CONTRIBUTE TO A ROTH IRA. BUT YOU, IF YOU MAKE THAT MONEY AND YOU ARE A FEDERAL EMPLOYEE IT DOESN'T MATTER. YOU CAN PUT ALL YOUR MONEY INTO A ROTH TSP . OKAY. THIS IS CLARIFICATION. IF MONEY IS COMING OUT OF TRADITIONAL AND ROTH OF A TSP THEY ONLY WITHHOLD THE MANDATORY 20% FOR -- NOT ROTH BECAUSE ROTH IS TAX-FREE. GOOD QUESTION. THIS IS A REALLY LONG QUESTIONS AND GIVE ME A SECOND WHILE I READ IT. GREAT QUESTION. REGARDING -- RETIREMENT IF YOU HAVE MORE THAN ONE RETIREMENT ACCOUNT SUBJECT TO R&D, U OF A TRADITIONAL TSP IN A 401(K) AND A TRADITIONAL IRA. YOU HAVE TO TAKE SOMETHING OUT FROM ALL OF THE ACCOUNTS? NO. YOU CAN PICK AND CHOOSE WHAT ACCOUNT YOU WANT TO TAKE IT FROM IT JUST HAS TO BE THE AGGREGATE. SO LET'S SAY I HAVE, YOU KNOW, LET'S JUST DO THE MATH. LET'S SAY I HAVE FIVE DIFFERENT ACCOUNTS OF \$20,000 EACH TOTALING \$100,000. MY R&D AT 72 IS ABOUT \$4000. 4%. I CAN CHOOSE TO TAKE A \$4000 FROM ONE ACCOUNT. I CAN CHOOSE TO SPREAD IT EQUALLY ACROSS ALL ACCOUNTS. IT DOESN'T MATTER. THE IMPORTANT THING IS THAT WHATEVER THE AMOUNT IS CALCULATED ON THE AGGREGATE HAS TO JUST COME DISTRIBUTE TO YOU. ALL RIGHT. SO, THE LAST THING HERE SAYS, DOES THE AMOUNT OF THE R&B DIFFER DEPENDING UPON THE COUNTS?

NOTICE TOTAL AMOUNT BALANCE. IF WE LEAVE FEDERAL SERVICE AT 60 AND ARE REQUIRED TO TAKE A TSP DISTRIBUTION CAN WE ROLL IT TO A NEW EMPLOYER 401(K)? YOU'RE NOT REQUIRED TO TAKE A TSP DISTRIBUTION AT AGE 60. THE ONLY REQUIREMENT YOU WILL EVER HAVE IS THAT OF THE REQUIRED DISTRIBUTION WHEN YOU'RE 72 YEARS OLD OR SOMETHING OF UPON DEATH. SO IF YOU NEEDED 60 YOUR PENSION THAT YOU ARE RECEIVING IS COMPLETELY DIFFERENT THAN YOUR TSP. RIGHT? 20% WITHHELD IS MANDATORY EVEN FOR A TOTAL OF SOME ROLLOVER TO ANOTHER IRA. NO. THEY DO NOT WITHHOLD THE 20% IF YOU DO A DIRECT TRANSFER. IF YOU DO WHAT WE CALL A -- ROLLOVER REALLY GIVE YOU THE MONEY IN THE NEW PUT 60 DAYS LATER YOU PUT IT SOMEWHERE ELSE, BUT IT IS WITHHELD. BUT IF YOU DO A DIRECT TRANSFER A 20% IS NOT THERE. OKAY. SO, THIS IS A GOOD QUESTION. SO BASICALLY IT SAYS, THE CONTRIBUTION LIMIT IS \$27,000 A YEAR BUT I WANT TO ROLLOVER AN OLD IRA INTO MY TSP. THAT IS NOT PART OF THE CONTRIBUTION. THE CONTRIBUTION IS SIMPLY NEW MONEY GOING IN. ANOTHER QUESTION, NOT REALLY DEALING WITH TSP BUT ALSO IMPORTANT. IF ONE SELECTS A 50% SPOUSAL BENEFIT OF THE SPOUSE DIES THERE'S A 50%

RETURN TO RETIREE. WE ARE TALKING ABOUT THE ANNUITY. SORRY I WAS THINKING -- NO. SO IF YOU SELECT THE 50% SPOUSAL BENEFIT IT WELL, YOU KNOW, THAT AMOUNT IS ON YOU KIND OF LIKE FOREVER THAT YOU ARE GOING TO GET. ALL RIGHT. WE HAVE TIME FOR JUST A COUPLE MORE QUESTIONS. AND THEY ARE HERE. SO I WILL ANSWER THEM. AND THEN WE WILL BE DONE. IF I PUT \$100 A MONTH IN MY RAW TSP AND 100 OF MY TRADITIONAL, DO I GET THE 5% ON 100 OF MY TRADITIONAL OR 200 ON BOTH?

THAT WAS WORDED A LITTLE WEIRD BUT I THINK WE ARE GETTING AT HERE, YOUR MATCH IS ALWAYS GOOD TO GO IN THE TRADITIONAL. SO WHETHER YOU PUT, IF YOU PUT ALL OF YOURS INTO ROTH OR TRADITIONAL IT DOESN'T MATTER. THE MASS WILL ALWAYS GO IN THE TRADITIONAL. SO IF I PUT, YOU KNOW, TO HAVE PERCENT OF MY SALARY IN 2 1/2 INTO ROCK, I STILL GET MY PRESENT IN THE TRADITIONAL. OKAY. ALL RIGHT. HERE WE GO. BACK TO THIS PERCENTAGE THING. I'M GETTING A LOT OF QUESTIONS ON THIS SO I WILL KEEP HAMMERING IT. MY UNDERSTANDING IS THAT WHEN I WITHDRAW FUNDS FROM THE -- 20% WILL BE WITHHELD FOR TAX WHICH IS NOT WHAT MOST FINANCIAL ADVISORS SUGGEST TO PAY THE TAX IF YOU'RE GOING TO CONVERT THE MONEY. JUST TO PAY TAX FROM YOUR BROKERAGE ACCOUNT NOT TO YOUR TSP. IT IS NOT POSSIBLE FOR TSP PARCEL C. IT IS POSSIBLE. YOU'RE NOT GOING TO WITHDRAW FROM TSP IN ORDER TO , YOU'RE NOT GOING TO WITHDRAW IN ORDER TO CONVERT YOU ARE GOING TO DO A DIRECT TRANSFER THEREFORE THE 20% IS NOT GOING TO BE THERE. OKAY? TO REITERATE, NO PENALTY IF YOU WANT TO TAKE MONEY OUT OF YOUR TSP IF YOU ARE AT MRA AND 30 YEARS OF SERVICE. CORRECT. AS LONG AS YOU, IF YOU ARE 55 AND RETIRED YOU CAN TAKE TSP WITHOUT THE 59 1/2-YEAR-OLD RESTRICTION. HAD TO MAKE A ROTH ACCOUNT CONTRIBUTION. EVERYTHING IS EASY BUT MOST YOU HAVE MY PACK AND YOU JUST GOING TO CHANGE IT. YOU HAVE THE ACCESS TO DO THAT. I THINK IT IS DONE IN MY PACK. NOT DONE ACTUALLY AT THE CSP.GOV. MATT SZCZUR MY PAY SYSTEM. OKAY? I THINK I REALLY ANSWER THAT QUESTION. OKAY. IF YOU CAN'T REMEMBER HOW YOU CHECK ALL OF THE STUFF GO TO TSP.GOV. THE NEW PRINTER STATEMENT AT TSP.GOV IF YOU HAVE ROTH IT WILL LITERALLY SAY, THE COLUMNS WILL BE LAID OUT AND IT WILL SAY, TRADITIONAL BALANCE, AGENCY CONTRIBUTION, ROTH BALANCE. SO IF YOU HAVE ZERO, IT IS RIGHT THERE ON THERE. YOU WILL SEE IT. IT WILL BE ON THE PAGE WHERE IT IS A SPREADSHEET LOOKING THING ALMOST. AND IT SAYS TRADITIONAL ROTH ETC. HERE IS THE LAST QUESTION. I THINK IT'S A GOOD ONE AND ON. GIVING -- ROTH WILL BE COUNTED AS INCOME FOR SOCIAL SECURITY TAX CALCULATIONS IS AN ADVISABLE ONE TIME 59 AFTER ROLLOVER MY TSP OFF BALANCE TO MY ROTH IRA? I'M NOT SAYING THIS IS THE ADVICE BUT YOU ARE THINKING CORRECTLY. BECAUSE THEY ROTH IRA DISTRIBUTION IS NOT GOING TO BE COUNTED TOWARDS INCOME FOR THE TAXABILITY OF YOUR SOCIAL SECURITY BUT WOULD BE CONSIDERED PROVISIONAL FOR YOUR SOCIAL SECURITY. DO YOU HAVE IT. PLENTY OF TIME FOR QUESTIONS. I GOT THROUGH ALL OF THEM. I THINK THEY WERE ALL VERY GOOD QUESTIONS.

GREAT. WE HAVE REACHED THE TOP OF THE HOUR. WE WILL GO AHEAD AND COMPLETE OUR WEBINAR FOR TODAY. IF WE DID NOT GET TO YOUR QUESTION OR IF YOU HAVE ADDITIONAL CONCERNS PLEASE CALL THE EAP TO SPEAK WITH ONE OF OUR CONSULTANTS AND THEY CAN HELP YOU WITH YOUR SPECIFIC SITUATION. IF YOU WOULD LIKE TO VISIT ANDREW'S WEBSITE IT'S THE INSTITUTE FOR FINANCIAL EDUCATION, IFEONLINE.ORG OR MYIFE.ORG. A REMINDER

WHEN YOU EXIT TODAY'S WEBINAR YOU WILL HAVE A ONE QUESTION SATISFACTION SURVEY WHICH WILL APPEAR AND YOU ALSO HAVE THE OPPORTUNITY TO PROVIDE US WITH SOME ADDITIONAL FEEDBACK IF YOU CHOOSE. I WOULD LIKE TO THANK ANDREW FOR PRESENTING TODAY AND I WANT TO THANK YOU FOR TAKING THE TIME TO PARTICIPATE. HAVE A WONDERFUL REST OF YOUR DAY. [Event Concluded]