

CFS Intro: 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 of today's class is for you to learn about retirement planning, how the TSP works, and the investment choices available for 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!

Play Videos 1 & 2

Discussion Questions



1. Vesting in the
TSP Overview



2. Why Save for
Retirement?

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: 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 towards 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: 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: 62. Remind students that if they wait until age 70, the monthly benefit will be much larger. Go to ssa.gov to estimate benefits based on your specific information.

PART 2: Retirement Planning

CFS Intro: 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.

Play Video 3

Discussion Question



3. Military Retirement Overview

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

CFS Talking Points: The features of the Blended Retirement System include the Thrift Savings Plan (TSP), the military pension, the lump sum option and Continuation Pay.

You can contribute \$19,500 in your TSP in 2020. Under the BRS you will automatically 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: What percentage of your pay must you contribute in your TSP to receive the maximum match from the government?

Answer: 5%

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

Answer: 40% of your retirement base pay

PART 3: Thrift Savings Plan

CFS Intro: Our next round of videos will dive into TSP with information on how the plan works and how to utilize this benefit to assist in meeting your retirement funding goals.

Play Videos 4, 5, 6 & 7



4. Vesting in the TSP



5. Understanding the TSP



6. How to Manage Your TSP



7. TSP Max - Take It to the Limit

Discussion Questions

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

Answer: 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.

2. 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 account in myPay is accurate. Check your tax treatment on contribution and update the percentage of contribution of pay. Order your account number and password through www.tsp.gov. Login at www.tsp.gov to view your allocation of current balance and future contributions; update if needed; review and update your beneficiaries.

Knowledge Check

Question: TSP matching under BRS is based on what pay contribution?

Answer: Basic Pay

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

Answer:

1. Opt-in — Matching vested immediately, 1% auto contribution vested after 2 years total service.
2. New accessions — Matching begins after two years and is immediately vested. The 1% auto contribution is vested after two years.

Play Video 8



8. Final Thoughts

CFS Talking Points: Now that we have completed this training, please remember that you have support through your Installation Personal Financial Manager, Military OneSource, and TSP.gov for your TSP and BRS questions.

CFS Note: Provide contact information for Installation Personal Finance Manager, Military One Source www.militaryonesource.mil or 1-800-342-9647, TSP — www.tsp.gov or ThriftLine 1-877-968-3778.