

CFS Intro: Welcome to TSP training. You are here to learn about retirement planning, how the Thrift Savings Plan (TSP) works, and how to invest in your personal account. You will learn the basics about retirement and how to take advantage of the TSP as you watch these videos. I hope you are excited about reaching this milestone in your career and learning more about how this impacts your future. Are you ready?

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 now while you are young? Does seeing the numbers or your potential retirement 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 only a portion of your income needs to go toward retirement while you are young. A large portion of your income is available for other savings and spending. 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 of a secure 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.

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 contributions in your retirement account are yours to keep. Service members under the BRS will be fully vested at their 2 year mark.

PART 2: Financial Planning

CFS Intro: In the next section, we will discuss ways to prioritize your finances to have money available to save and invest. By taking a close look at what you spend money on, a few adjustments can free up funds to put toward your retirement.

Play Video 3

Discussion Question



3. Military Retirement Overview

Do you have a current spending plan that you utilize to plan and track your expenses? If so, what ways can you improve your plan to allow for additional retirement contributions? If not, how do you plan on getting on track to meet your goals?

CFS Talking Points: Ask participants what system they use to plan out their finances. Suggest different methods for different styles such as: Excel templates, electronic tracking apps, websites, and paper forms. Have participants discuss areas of spending they can decrease to reduce expenses. Examples include: decreasing entertainment expenses, dining out, cellphone plans, etc. Suggest they review how much is designated for tax withholding and make adjustments so they are not overpaying to receive a large tax return.

Knowledge Check

Question: Financial experts suggest guidelines for spending. What is the recommended percentage of pretax income for vehicle, housing, and saving for short and long-term goals?

Answer:

- Vehicle expenses — 15%-20%
- Housing expenses — 25% or BAH
- Saving/investing — 10%-15%

PART 3: Retirement

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. After hearing the list of the “8 Great things about TSP,” were you familiar with these points? What element of TSP will benefit you?

CFS Talking Points: Review and elaborate on each point.

- It's easy
- It's portable
- Less commitment
- Tax-friendly now
- Tax-friendly later
- Investment flexibility
- Low cost
- It's for retirement

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 — 1% auto contribution is vested after 2 years. Matching begins after 2 years and is immediately vested.

Play Video 8



8. Final Thoughts

CFS Talking Points: Now that we have completed training please remember as mentioned in the last video that you have support through your Installation Personal Financial Manager, Military OneSource, and TSP.gov with 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.