



# VESTING IN THE THRIFT SAVINGS PLAN

## MY CHECKLIST

NAVY FINANCIAL READINESS

Congratulations on completing two years of service in the Navy! This anniversary marks an important milestone in your military career and Thrift Savings Plan (TSP). Under the Blended Retirement System (BRS), eligible Sailors who complete two years of service become vested in the TSP.

## HANDOUTS

- ✓ Spending Plan Worksheet
- ✓ Thrift Savings Plan
- ✓ Military Retirement

This checklist, supplemented with information and referrals from the Fleet and Family Support Center (FFSC) staff, can help address any questions you may have about the BRS and TSP. Please read the following important information about BRS, TSP and vesting before reviewing the checklist items.

## ★ WHAT IS THE BLENDED RETIREMENT SYSTEM (BRS)?

The Blended Retirement System (BRS) is a modernized retirement plan that went into effect for all new service members on January 1, 2018. Components of the BRS include a defined contribution, consisting of government automatic and matching contributions to a Service member's TSP, a defined benefit (also known as a pension) after at least 20 years of service, a midcareer incentive called continuation pay and a lump-sum option at retirement.

## ★ WHAT IS THE THRIFT SAVINGS PLAN (TSP)?

The Thrift Savings Plan (TSP) is a type of retirement saving plan open to federal employees and members of the uniformed services. Similar to a civilian 401(k), the TSP offers the opportunity for Sailors to save and invest for retirement. Under the BRS, you may receive up to 4% in Service Matching Contributions, on top of the Service Automatic (1%) Contribution into your TSP. Automatic and matching contributions continue through the end of the pay period during which you reach 26 years of service.

## ★ WHAT DOES THE TERM "VESTING" MEAN?

Vesting in the TSP means that you have met the service requirements that entitle you to keep the automatic (1%) contribution and any service matching contributions. For Sailors in BRS, vesting occurs after completing two years of service

\*Members who were serving as of December 31, 2017, and who opted into the BRS will start receiving the automatic 1% government contribution and matching contribution up to 4% of their basic pay immediately. They are also immediately vested in service matching contributions and their earnings. They will be vested after two years in the 1% automatic contributions.

\*Members who joined on or after January 1, 2018 are automatically enrolled in BRS and they will begin receiving the 1% government automatic contribution 60 days after entering service and will begin receiving matching contribution up to 4% of their basic pay after completing two years of service. They will be vested after two years in both the 1% automatic and the service matching contributions.



- Update your personal spending plan using the “Spending Plan Worksheet.” A good spending plan helps you manage your money, plan for your financial goals, and prepare for emergencies. Here are four tips financial experts suggest could help you get started.

Tip 1: Understand your current situation.

In this step, it’s important to understand what’s REALLY going on with your money today. Track your spending and earnings for the next 30 days, or use your statements to track your last 30 days. How long you do the tracking is up to you.

Tip 2: Know where your money should go.

Financial experts offer these general guidelines when budgeting your money:

- Save and/or invest 10% – 15% of pretax pay.
- Strive to keep transportation expenses including car payments, insurance, gas and maintenance to 15% - 20% of pretax pay.
- Limit housing expenses, including mortgage or rent payment, taxes, utilities, maintenance, etc. to Basic Allowance for Housing (BAH) or 25% of pretax pay.

Tip 3: Create a plan.

Build a plan for setting aside money and putting limits on how much you’ll spend each month on categories.

Tip 4: Make adjustments.

Make sure to update your budget as life changes.

- Analyze your spending plan, and strongly consider contributing at least 5% of your basic pay each pay period to your TSP. Matching contributions can help to boost your retirement investing to a full 10% of your basic pay with only 5% coming out of your pocket. See the chart below for more information.



Defined Contribution Thrift Savings Plan (TSP)			
You Contribute	DoD Auto Contribution	DoD Matches	Total
0%	1%	0%	1%
1%	1%	1%	3%
2%	1%	2%	5%
3%	1%	3%	7%
4%	1%	3.5%	8.5%
5%	1%	4%	10%

- Make the most of pay increases, bonuses and continuation pay to help achieve your financial goals.



## UNDERSTANDING THE TSP

- Review the "Thrift Savings Plan" and "Military Retirement" handouts.
- Visit [www.tsp.gov](http://www.tsp.gov) to learn more about the TSP, contribution limits and investment choices.
- Check MyPay at [mypaydfas.mil](http://mypaydfas.mil) to start, stop, or change the contribution amounts to your TSP.
- Evaluate your retirement goals and review annual TSP limits. Whether you're in the Blended Retirement (BRS) or Legacy "High 3" Retirement System, you can save up to \$19,500\* (in 2020) into your Thrift Savings Plan (TSP).

*\*Limits may be higher than \$19,500 in certain situations, see TSP.gov for more information.*

- Decide between Traditional or Roth contributions in your TSP account.
- Review the investment fund options to determine which fund(s) work for your objectives, risk tolerance and time horizon.



## MANAGING YOUR TSP

- Manage your TSP account visit [TSP.gov](http://TSP.gov), log in with your account number. If you have misplaced or lost your account number, visit [tsp.gov/tsp/forgottenAccount.html](http://tsp.gov/tsp/forgottenAccount.html) to request the account number be mailed to you.
- Review and update beneficiaries in your TSP account, if applicable.
- Update contact information for your TSP account, if applicable.

\_\_\_\_\_  
*CFS/PFM Printed Name*

\_\_\_\_\_  
*Counselor Printed Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Date*