



Maximizing Your TSP for 2023

Presented by ProFeds

Maximizing Your TSP for 2023

Welcome

- About today's topic
- Our audience today
- Q&A – the ProFeds Support Team standing by
- Handouts – available for download
- Recorded – how to get the replay
- Stay until the end!

Maximizing Your TSP for 2023

Your ProFeds Presenter



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- ProFeds Founder
- Developer of the FedImpact Retirement Workshop
- Host of the FedImpact Podcast

Support Team

- Standing by for your questions

FedImpact
Retirement Training
presented by ProFeds

Maximizing Your TSP for 2023

Maximizing Your TSP for 2023
Highlighting the important changes
for the new year and how to leverage
the TSP to your advantage

Agenda

- Contribution limits
- Agency match
- Available funds
- Tax diversification
- Timing your changes for 2023
- FAQ's & biggest regrets (and our challenge to you!)

What this webinar will NOT cover



Contribution Limits to the TSP

Contribution Limits for 2023

- IRS sets the limits each year on how much can be contributed to the TSP
- Limits* have changed for 2023:
 - Regular contributions: \$22,500/year (\$865.38/pp)
Open to all employees regardless of age
 - Catch-up contributions: extra \$7,500/year (\$288.46/pp)
Open only to employees turning age 50 or older in 2023

* These limits only apply to the amount the employee is contributing (not the agency's contribution amount)

Update your contribution amounts effective in the last pay period of 2022 (to be paid in first payday of 2023)!



Agency Match

To Get the Full Match

- Employees must contribute at least 5% of their salary to the TSP each pay period
- Breakdown:
 - Automatic: 1% (no matter what you do)
 - Match: 4% (but you must contribute 5%)



Missing Out on Some of the Match

- Let's examine a case study
 - Employee is age 45
 - Employee has a salary of \$100,000/yr
 - They plan to contribute the full amount allowable this year (\$22,500) to the TSP (22.5% of their salary)
 - Will they get the full 5% match? It depends!

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Too much, too early	Scenario #1	Scenario #2
Annual income	\$100,000	\$100,000
Pay period contribution	\$865.38/pp	\$1,125/pp
Annual employee contribution	\$22,500	\$22,500 (TSP rejects after pp20)
Automatic 1%	\$1,000	\$1,000
Matched 4%	\$4,000	\$3,077

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Spread your contributions over ALL 26 pay periods!

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**TSP
Funds**

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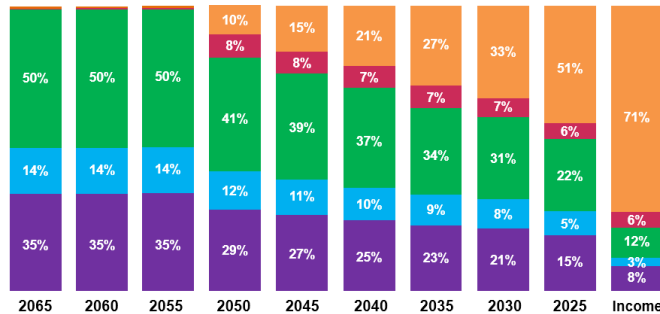
Fund Choices in the TSP – Regular Funds

Fund	Description	Index
G	Government securities	No index (interest rate based)
F	Mix of government & corporate bonds	Barclay's Capital U.S. Aggregate Bond
C	Large-cap U.S. stocks	Standard & Poor's 500
S	Small & mid-cap U.S. stocks	Dow Jones U.S. Completion Total Stock Market Index
I	Mostly large-cap foreign stocks	Morgan Stanley Capital Int'l EAFE (Europe, Australasia, Far East)

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G F C S I

Fund Choices in the TSP – Lifecycle Funds



*Allocations shown as of 1/2022. Each quarter, fund reallocates to become more conservative.

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Mutual Fund Window in the TSP

- TSP now offers an option to invest in mutual funds (must first invest in Core funds then transfer into MFW)
- The minimum initial transfer is \$10,000 and cannot exceed 25% of your total TSP value (at time of transfer)

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Fund Choices in the TSP

- For your existing money in TSP (prior contributions)
 - You may choose to be invested in any of the regular funds (G,F,C,S & I), Lifecycle Funds, or the Mutual Fund Window in any combination you wish
 - Up to TWO times per month you can:
 - Change how your existing money is invested (called an “interfund transfer”)
 - If you exhaust your two transfers, you are only permitted to change to the G Fund for the remainder of the month

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Fund Choices in the TSP

- For your new money in TSP (future contributions)
 - You may choose to be invested in any of the regular funds (G,F,C,S & I) or Lifecycle Funds in any combination you wish
 - Throughout the year you can:
 - Change the amount of your new contributions (\$ or %)
 - Change the funds that your new money will be invested in (regular funds or lifecycle funds)



Tax Diversity

Tax Diversification

- The concept of the tax buckets
- Choosing when to take money from each bucket
- Ideally, each bucket works independently of one another

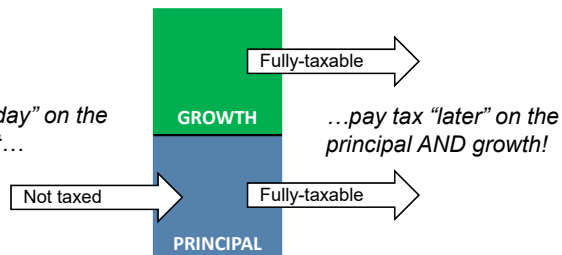


Tax-Advantaged Options in TSP (TRADITIONAL)

When \$\$\$ goes in

When \$\$\$ comes out

Save tax "today" on the principal, but...

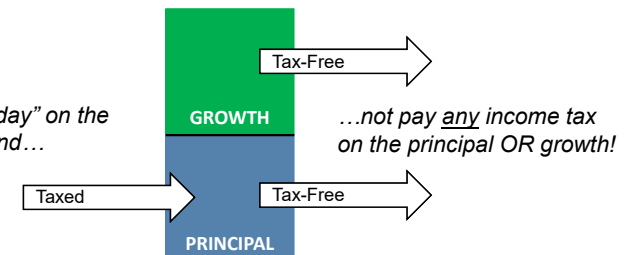


Tax-Advantaged Options in TSP (ROTH)

When \$\$\$ goes in

When \$\$\$ comes out

Pay tax "today" on the principal, and...



Limitations in TSP

- The TSP does NOT allow participants to differentiate how the Traditional or Roth monies are invested!
- For instance, you can't put your Roth contributions in the C Fund and your Traditional contributions in the G Fund



Timing Your Changes for 2023

Time for Making Changes

- Considering making changes to your TSP for 2023?
 - Login to TSP.gov
 - Make changes effective in the last pay period of 2022, so the first payday of 2023 includes the new contribution amount



Update Your Beneficiaries

Get Your Beneficiary Updated

- Make certain you have a valid designation of beneficiary on file with the TSP!
- Whoever is named WILL get your money (even a former spouse!)
- Login to TSP.gov to update!
- TIP: Even if you THINK you have a beneficiary designated, login to double check!

Frequently Asked Questions



Q: *I thought I made changes to the funds I was invested in, but it only seems to affect my new contributions?!*

A: *There are two ways to change how you invest in the TSP. First, where your EXISTING money is. Second, where your NEW money will go.*

Q: *Is there an advantage to contributing a certain dollar amount instead of a percentage of my salary?*

A: *Maybe! If you plan to only contribute enough to get the 5% match, you should choose the “%” option. If you plan to contribute exactly \$22,500 (or \$30,000), you should choose the “\$” option.*

Q: *Can I make a contribution to the TSP out of my checking account?*

A: *No – you are only permitted to contribute to the TSP through your paycheck, so be certain to make that election early enough in the year!*

Q: *If I retire before the end of the year, can I still contribute the full amount to TSP?*

A: *Yes – you are permitted to contribute the full \$22,500/year (or \$30,000/year) into the TSP regardless when in the year you retire (as long as you made at least that much in that year).*

Q: *I have an outstanding TSP loan. Does this count against how much I can contribute to TSP?*

A: *No – all employees are permitted to contribute up to the IRS limits. Any loan repayment amount is completely separate from the contributions of “new” money to the TSP.*

Q: *Is it true that my agency only matches contributions made to the Traditional TSP?*

A: *No – you may choose to contribute to the Traditional and/or the Roth side of the TSP, but the agency’s match will always be deposited into the Traditional side of your account.*

Q: *I've been told that my spouse and I make too much money to contribute to the Roth TSP. Is that true?*

A: *No – those income limits only apply to private sector Roth IRAs (not Roth TSP). Couples with an MAGI more than \$228k are disqualified from contributing to a Roth IRA (but this has no effect on TSP)!*

Q: *Most of my money in TSP is labeled as “Traditional” – can I change that to make it “Roth”?*

A: *No! The TSP does not allow you to “convert” Traditional money to make it Roth money inside the TSP. You can only do this in a private sector account through a Roth conversion strategy. Get help for this!*

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Regret vs. Challenge

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Regret	Challenge
Getting started too late	Know that most never feel 'ready'
Not contributing more (and sooner)	Find a way to up your game
Missing out on agency match	5% – Every. Single. Pay Period.
Too aggressive or too conservative	Keep your emotions out & align choices
Trying to time the market	Stop it – slow and steady wins the race
Not taking tax diversity seriously	Consider Traditional & Roth strategy
Not seeking professional advice	Tip the odds in your favor – do it now

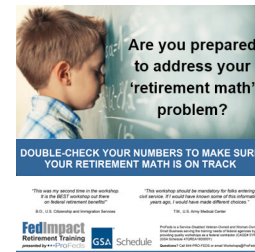
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How Can You Tip the Odds in Your Favor?

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Double-check Your Retirement Math



- Attend a workshop:
 - In-person training
 - No cost to attend
 - Covers all of the federal benefit topics and decisions to be made
 - One-on-one help available
- See all the details at FedImpact.com/Attend

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Handouts & Replay



- Handouts
 - Download
 - Emailed
- Replay
 - Link will be emailed to all registered participants

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Next Webinar



- Next webinar topic!
 - **Striving for Financial Freedom in Retirement:** How taking these steps early can help you to retire with financial confidence
- Sign-up at: FedImpact.com/Webinar

Find a workshop: FedImpact.com/Attend
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